

# 2025
# AUDITED FINANCIAL STATEMENTS

Sagicor Group

# Sagicor Group Jamaica Limited

Index

**31 December, 2025**


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Sagicor Group

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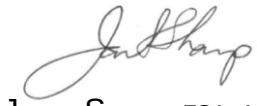
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**APPOINTED ACTUARY'S REPORT**
**TO THE SHAREHOLDERS**
**AND POLICYHOLDERS**

I have valued the policy actuarial liabilities of Sagicor Life Jamaica Limited and Sagicor Life of the Cayman Islands Ltd. for the consolidated statement of financial position at 31 December 2025, and the change in the consolidated income statement for the year then ended, in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods.

The valuations of the Sagicor Life Jamaica Limited and the Sagicor Life of the Cayman Islands Ltd. business were conducted in accordance with the International Financial Reporting Standard 17, Insurance Contracts. The valuation complies with the Caribbean Actuarial Association's Actuarial Practice Standard 0 for General Actuarial Practice (APS0) and Actuarial Practice Standard 6 for Actuarial Services in Connection with International Financial Reporting Standard 17 (APS6).

In my opinion the amount of the actuarial reserves and other policy liabilities of Sagicor Life Jamaica Limited and Sagicor Life of the Cayman Islands Ltd. reported in the annual financial statements prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2025, is appropriate for this purpose and the annual financial statements presents fairly the results of the valuation.



JANET SHARP, FSA, MAAA, CERA
APPOINTED ACTUARY FOR SAGICOR LIFE JAMAICA LIMITED AND
SAGICOR LIFE OF THE CAYMAN ISLANDS LTD

27 FEBRUARY 2026

INSURANCE | INVESTMENTS | BANKING | REAL ESTATE | RETIREMENT

DIRECTORS | Mr. Peter K. Melhado (Chairman) | Mr. Christopher W. Zacca, C.D., J.P. (President & CEO) | Mr. Peter Clarke | Dr. Jacqueline Coke Lloyd J.P. Mr. Stephen Facey, C.D. | Dr. Marjorie Fyffe Campbell | Mr. Paul Hanworth | Mr. Andre Mousseau | Mr. Mahmood Khimji Dr. the Most Hon. Dodridge D. Miller | Dr. Stephen McNamara, C.B.E | Mr. Jeffrey Hall | Mr. Philip Armstrong | Ms. Cathleen McLaughlin Dr. Sharma Taylor (Company Secretary)

# Independent auditor's report

To the Members of Sagicor Group Jamaica Limited

## Report on the audit of the consolidated and stand-alone financial statements

### Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Sagicor Group Jamaica Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2025, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act.

#### What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2025;
- the company statement of comprehensive income for the year then ended;

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G.K. Moore T.N. Smith DaSilva K.D. Powell.

- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated* and stand-alone *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) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## Our audit approach

### Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters, as it pertains to the stand-alone financial statements, in our report.

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| **Loans and leases – Probabilities of Default, Forward Looking Assumptions & Significant Increase in Credit Risk (Group)** | |
| Refer to Notes 2 (f), 3 (b) (iv), and 9 to the financial statements for disclosures of related accounting policies and balances.<br><br>As at 31 December 2025, loans and leases, after allowance for credit losses, totalled $157.6 billion on the Group's consolidated statement of financial position and represented 22.4% of total assets. The impairment provision recorded under the IFRS 9 Financial Instruments expected credit loss (ECL) model amounted to $2.6 billion.<br><br>The ECL impairment model takes into account reasonable and supportable forward looking information (FLI) as well as probabilities of default (PDs).<br><br>PDs represent the likelihood of a borrower defaulting on its obligation over the next twelve months or over the remaining lifetime of the obligation.<br><br>For loans and leases, PDs are developed based on the Group's specific historical default rates for each industry classification. In performing historical analyses, management identified economic variables impacting credit risk and ECLs for each portfolio. Various scenarios were identified, and weightings assigned using macro-economic factors as well as management's experience and judgement<br><br>To determine whether there is a significant increase in credit risk (SICR), the Group considers reasonable and supportable information that is available including information from the past and FLI. The underlying model and its calibration, including its sensitivity to FLI, requires the use of assumptions which are highly subjective and sensitive to the risk factors, the estimation of which requires significant judgment.<br><br>We focused on this area because of the complexity of the techniques used to determine PDs and the number of significant judgements made by management regarding possible future economic scenarios. | Our approach to addressing the matter, with the assistance of our valuation experts, included the following procedures amongst others:<br><br>• Updated our understanding of management's ECL model including any changes to source data and assumptions and tested the mathematical integrity of the model.<br><br>• Evaluated the design and tested the operating effectiveness of the relevant controls for the FLI and SICR in the ECL model.<br><br>• Evaluated the appropriateness of management's judgements pertaining to FLI, including macroeconomic factors and the basis of the multiple economic scenarios used.<br><br>• Sensitised the various inputs and assumptions as part of our reasonableness tests.<br><br>• Tested the completeness and accuracy of the historical data used on a sample basis, by agreeing the details of the customer payment profile to source documents.<br><br>• Tested the staging of a sample of loans by reference to the number of days outstanding on the loan.<br><br>• Tested the critical data fields used in the ECL model for the PD determination, such as default date, effective interest rate, write-off data, and loan type by tracing data back to source documents.<br><br>• Performed an independent qualitative assessment for a sample of borrowers to determine whether there was any adverse public information affecting the criteria used to perform the staging in relation to management's SICR.<br><br>• Evaluated the reasonableness of the weighting used for the worst case scenario by agreeing the forward looking economic information to published external sources or reputable third parties.<br><br>• Sensitised the probability weightings used in the calculation. |

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| **Valuation of insurance contract liabilities – Estimation of fulfilment cash flows (Group)**<br><br>Refer to Notes 2 (q), 3 (b) (i), 30, and 33 to the financial statements for disclosures of related accounting policies and balances.<br><br>As at 31 December 2025, insurance contract liabilities totalled $199.6 billion or 34.1% of total liabilities. Insurance contract liabilities measured under the variable fee approach and general measurement model consist of:<br>• 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.<br>• Fulfilment cash flows (FCFs) – These 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).<br><br>Measurement of the FCFs requires management judgements in estimating the probability weighted mean of expected future cash flows on a present value basis, in addition to applying a risk adjustment.<br><br>Estimates of expected cash flows incorporate best estimate assumptions for mortality, morbidity, longevity, expenses, and policyholder behaviour, as well as assumptions for discount rates and the risk adjustment. The assumptions are reviewed and updated at least annually by the Appointed Actuary.<br><br>We focused on this area due to the judgement applied by management when determining the FCFs and the assumptions described above. | Our approach to addressing the matter, with the assistance of our actuarial experts, included the following procedures amongst others:<br><br>• Updated our understanding on management's end to end process and controls supporting the determination of FCFs.<br><br>• Tested the accuracy and completeness, on a sample basis, of data inputs such as gross policy premium and reinsured amounts, used in the estimates of future cash flows.<br><br>• Assessed the independence, experience and objectivity of management's actuarial experts.<br><br>• Assessed the reasonableness of management's best estimate assumptions for mortality, morbidity, longevity, expenses and policyholder behaviour (lapse and surrenders), and economic assumptions for discount rates, and the adjustment for non-financial risk by:<br>  ○ Evaluating whether management's assumptions were determined in accordance with the requirements of IFRS 17.<br>  ○ Evaluating the Company's internal experience studies for appropriateness by considering published industry studies, market data and the product's specific facts and circumstances.<br><br>• Evaluated a sample of actuarial models used in management's determination of the FCFs, by:<br>  ○ Assessing the appropriateness of the modelling of product features.<br>  ○ Assessing the appropriateness of the application of best-estimate assumptions.<br><br>• 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 the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

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

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 and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone 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 and stand-alone financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone 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 and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone 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 or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone 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 and stand-alone 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.

## Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

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



Chartered Accountants
Kingston, Jamaica
2 March 2026

# Sagicor Group Jamaica Limited

Consolidated Statement of Financial Position

**31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | December 31, 2025 $ '000 | December 31, 2024 $ '000 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash resources | 6 | 13,200,473 | 22,586,502 |
| Cash reserve at Central Bank | 7 | 17,929,827 | 15,029,842 |
| Financial investments | 8 | 299,181,714 | 260,798,358 |
| Loans and leases, after allowance for credit losses | 9 | 157,560,278 | 138,670,942 |
| Pledged assets | 10 | 122,228,739 | 98,579,723 |
| Investment properties | 11 | 1,471,269 | 1,614,440 |
| Investment in joint ventures | 12 | 2,977,806 | 2,533,543 |
| Intangible assets | 15 | 6,589,309 | 6,941,398 |
| Property, plant and equipment | 16 | 7,620,005 | 7,097,551 |
| Right-of-use assets | 38 | 6,310,964 | 1,773,801 |
| Reinsurance contract assets | 30 | 27,556,654 | 3,552,974 |
| Insurance contract assets | 30 | 1,355,271 | 627,410 |
| Retirement benefit asset | 17 | 193,549 | 324,679 |
| Deferred income taxes | 18 | 7,305,629 | 8,151,039 |
| Taxation recoverable | 19 | 10,733,874 | 8,887,434 |
| Other assets | 20 | 21,381,417 | 20,625,054 |
| **TOTAL ASSETS** | | 703,596,778 | 597,794,690 |

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

# Sagicor Group Jamaica Limited

Consolidated Statement of Financial Position

**31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | December 31, 2025 $ '000 | December 31, 2024 $ '000 |
|---|---|---|---|
| **STOCKHOLDERS' EQUITY AND LIABILITIES:** | | | |
| **Stockholders' Equity Attributable to:** | | | |
| **Stockholders' of the Parent Company** | | | |
| Share capital | 22 | 8,999,157 | 8,997,402 |
| Equity reserves | 23 | 5,858,279 | 2,887,453 |
| Capital redemption reserve | | 3,121,572 | 3,121,572 |
| Special investment reserve | | 752,341 | 686,739 |
| Loan loss reserve | | (835,351) | (908,701) |
| Retained earnings reserve | | 10,763,161 | 9,013,161 |
| Retained earnings | | 86,387,676 | 78,369,076 |
| | | 115,046,835 | 102,166,702 |
| **Non-Controlling Interests** | 48 | 2,256,078 | 2,053,298 |
| **Total Equity** | | 117,302,913 | 104,220,000 |
| **Liabilities** | | | |
| Deposit and security liabilities | 27 | 331,792,650 | 285,242,068 |
| Deferred income taxes | 18 | 278,500 | 320,283 |
| Taxation payable | | 1,245,724 | 962,220 |
| Retirement benefit obligations | 17 | 5,173,576 | 5,000,719 |
| Lease liabilities | 38 | 5,862,473 | 1,895,975 |
| Insurance contract liabilities | 30 | 199,643,191 | 160,351,946 |
| Reinsurance contract liabilities | 30 | 366,240 | 620,373 |
| Investment contract liabilities | 31 | 23,391,908 | 21,941,329 |
| Other liabilities | 29 | 18,539,603 | 17,239,777 |
| **Total liabilities** | | 586,293,865 | 493,574,690 |
| **TOTAL EQUITY AND LIABILITIES** | | 703,596,778 | 597,794,690 |

**Approved for issue by the Board of Directors on the 2 March 2026 and signed on its behalf by:**

**Peter Melhado** **Chairman** **Christopher Zacca** **Director**

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

# Sagicor Group Jamaica Limited

Consolidated Income Statement

**Year ended 31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2025<br>$ '000 | 2024<br>$ '000 |
|---|---|---|---|
| Insurance revenue | 33 | 60,267,045 | 54,533,839 |
| Insurance service expenses | 33 | (65,623,755) | (44,556,096) |
| Net revenue/(expense) from reinsurance contracts held | 33 | 18,127,461 | (3,736,164) |
| INSURANCE SERVICE RESULT | | 12,770,751 | 6,241,579 |
| Interest income earned from financial assets measured at amortised cost and FVTOCI | 34 | 28,801,662 | 26,072,409 |
| Net (loss) / gain on de-recognition of financial assets measured at amortised cost | 34 | (93) | 1,123 |
| Net gain on de-recognition of financial assets measured at FVTOCI | 34 | 973,120 | 496,812 |
| Interest income earned and capital net gain from assets measured at FVTPL and other investment income | 34 | 17,599,797 | 11,818,552 |
| Interest expense | 34 | (9,771,133) | (9,080,028) |
| Credit impairment losses | 34/8 | (1,713,041) | (1,409,645) |
| NET INVESTMENT INCOME | 34 | 35,890,312 | 27,899,223 |
| Finance expenses from insurance contracts issued | 34 | (12,866,136) | (8,239,979) |
| Finance income / (expenses) from reinsurance contracts held | 34 | 16,528 | (39,939) |
| NET INSURANCE FINANCE EXPENSES | | (12,849,608) | (8,279,918) |
| NET INSURANCE AND INVESTMENT RESULT | | 35,811,455 | 25,860,884 |
| Fees and other income | 35 | 20,241,226 | 18,699,698 |
| Administration expenses | 36 | (31,635,841) | (28,358,642) |
| Depreciation and amortisation | 15/16 | (1,772,539) | (1,692,152) |
| Other taxes and levies | 37(a) | (994,450) | (937,791) |
| | | (14,161,604) | (12,288,887) |
| Share of profit from joint ventures | 12 | 281,418 | 226,379 |
| Impairment charge on goodwill | 15 | (186,066) | (700,000) |
| **Profit before Taxation** | | 21,745,203 | 13,098,376 |
| Taxation | 37(a) | (5,302,588) | (4,047,533) |
| **NET PROFIT** | | 16,442,615 | 9,050,843 |
| **Attributable to:** | | | |
| Stockholders of the parent company | 39 | 16,222,327 | 9,238,468 |
| Non-controlling interests | 48 | 220,288 | (187,625) |
| | | 16,442,615 | 9,050,843 |
| **Earnings per stock unit for profit attributable to the stockholders of the parent company during the year:** | | | |
| Basic and fully diluted | 39 | 4.16 | 2.37 |

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

# Sagicor Group Jamaica Limited

Consolidated Statement of Comprehensive Income

**Year ended 31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2025<br>$ '000 | 2024<br>$ '000 |
|---|---|---|---|
| **Net Profit for the year** | | 16,442,615 | 9,050,843 |
| **Other comprehensive income:** | | | |
| **Items that may be subsequently reclassified to profit or loss** | | | |
| **Fair value reserve:** | | | |
| Unrealised gains / (losses) on securities designated as FVTOCI | | 3,205,869 | (828,977) |
| Share of joint ventures unrealised gains on securities designated as FVTOCI | | 57,319 | 7,159 |
| | | 3,263,188 | (821,818) |
| Currency translation - | | | |
| Currency translation of foreign subsidiaries | | 292,152 | 95,338 |
| Currency translation of joint ventures | | 48,490 | 48,490 |
| | | 340,642 | 143,828 |
| Gains recycled to the income statement on sale and maturity of FVTOCI securities | | (997,301) | (476,392) |
| Provision for expected credit losses on securities designated as FVTOCI | 8 | (16,837) | 19,968 |
| Expected credit losses recycled to the income statement on sale and maturity of FVTOCI securities | | - | 282 |
| | | (1,014,138) | (456,142) |
| **Items that will not be subsequently reclassified to profit or loss** | | | |
| Owner Occupied Property (OOP) | | | |
| Unrealised gains on OOP | | 379,696 | 399,380 |
| | | 379,696 | 399,380 |
| Re-measurements of retirement benefits obligations | 37 | 92,186 | (930,039) |
| Total other comprehensive income recognised directly in stockholders' equity, net of taxes | | 3,061,574 | (1,664,791) |
| **Total Comprehensive Income** | | 19,504,189 | 7,386,052 |
| **Attributable to:** | | | |
| Stockholders of the parent company | | 19,301,409 | 7,620,707 |
| Non-controlling interests | | 202,780 | (234,655) |
| | | 19,504,189 | 7,386,052 |

Items in the statement above are stated net of taxes. The income tax relating to each component of other comprehensive income is disclosed in Note 37(c).

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

# Sagicor Group Jamaica Limited

Consolidated Statement of Changes in Equity

**Year ended 31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | Share Capital | Equity Reserves (Note 23) | Capital Redemption Reserve | Special Investment Reserve | Loan Loss Reserve | Retained Earnings Reserve | Retained Earnings | Equity Owners' Total | Non-controlling Interests Total | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 |
| **Balance as at January 1, 2025** | | 8,997,402 | 2,887,453 | 3,121,572 | 686,739 | (908,701) | 9,013,161 | 78,369,076 | 102,166,702 | 2,053,298 | 104,220,000 |
| Profit for the year | | - | - | - | - | - | - | 16,222,327 | 16,222,327 | 220,288 | 16,442,615 |
| Other comprehensive income, net of taxation | | - | 2,956,434 | - | - | - | - | 122,648 | 3,079,082 | (17,508) | 3,061,574 |
| Total comprehensive income for the year | | - | 2,956,434 | - | - | - | - | 16,344,975 | 19,301,409 | 202,780 | 19,504,189 |
| Transactions with owners - | | | | | | | | | | | |
| Employee stock option plan | | | | | | | | | | | |
| - value of services provided | 23 | - | 14,392 | - | - | - | - | - | 14,392 | - | 14,392 |
| Dividend | 25 | - | - | - | - | - | - | (6,483,354) | (6,483,354) | - | (6,483,354) |
| Treasury shares | 24 | 1,755 | - | - | - | - | - | 45,931 | 47,686 | - | 47,686 |
| Total transactions with owners | | 1,755 | 14,392 | - | - | - | - | (6,437,423) | (6,421,276) | - | (6,421,276) |
| Transfers between reserves - | | | | | | | | | | | |
| To special investment reserves | 2(o) | - | - | - | 65,602 | - | - | (65,602) | - | - | - |
| To loan loss reserves | 9 | - | - | - | - | 73,350 | - | (73,350) | - | - | - |
| To retained earnings reserves | | - | - | - | - | - | 1,750,000 | (1,750,000) | - | - | - |
| Total transfers between reserves | | - | - | - | 65,602 | 73,350 | 1,750,000 | (1,888,952) | - | - | - |
| **Balance as at December 31, 2025** | | 8,999,157 | 5,858,279 | 3,121,572 | 752,341 | (835,351) | 10,763,161 | 86,387,676 | 115,046,835 | 2,256,078 | 117,302,913 |

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

# Sagicor Group Jamaica Limited

Consolidated Statement of Changes in Equity

**Year ended 31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | Share Capital | Equity Reserves (Note 23) | Capital Redemption Reserve | Special Investment Reserve | Loan Loss Reserve | Retained Earnings Reserve | Retained Earnings | Equity Owners' Total | Non-controlling Interests Total | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at January 1, 2024** | | 8,879,881 | 3,597,762 | 3,121,572 | 617,317 | (590,850) | 7,703,161 | 76,450,203 | 99,779,046 | 2,435,953 | 102,214,999 |
| Profit for the year | | - | - | - | - | - | - | 9,238,468 | 9,238,468 | (187,625) | 9,050,843 |
| Other comprehensive income, net of taxation | 18 | - | (740,549) | - | - | - | - | (877,212) | (1,617,761) | (47,030) | (1,664,791) |
| Total comprehensive income for the year as restated | | - | (740,549) | - | - | - | - | 8,361,256 | 7,620,707 | (234,655) | 7,386,052 |
| Transactions with owners - | | | | | | | | | | | |
| Employee stock option plan | | | | | | | | | | | |
| - value of services provided | 23 | - | 30,240 | - | - | - | - | - | 30,240 | - | 30,240 |
| Dividend | 25 | - | - | - | - | - | - | (5,350,720) | (5,350,720) | (148,000) | (5,498,720) |
| Treasury shares | 24 | 117,521 | - | - | - | - | - | (30,092) | 87,429 | - | 87,429 |
| Total transactions with owners | | 117,521 | 30,240 | - | - | - | - | (5,380,812) | (5,233,051) | (148,000) | (5,381,051) |
| Transfers between reserves - | | | | | | | | | | | - |
| To special investment reserves | 2(o) | - | - | - | 69,422 | - | - | (69,422) | - | - | - |
| From loan loss reserves | 9 | - | - | - | - | (317,851) | - | 317,851 | - | - | - |
| To retained earnings reserves | | - | - | - | - | - | 1,310,000 | (1,310,000) | - | - | - |
| Total transfers between reserves | | - | - | - | 69,422 | (317,851) | 1,310,000 | (1,061,571) | - | - | - |
| **Balance as at December 31, 2024** | | 8,997,402 | 2,887,453 | 3,121,572 | 686,739 | (908,701) | 9,013,161 | 78,369,076 | 102,166,702 | 2,053,298 | 104,220,000 |

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

# Sagicor Group Jamaica Limited

Consolidated Statement of Cash Flows

**Year ended 31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2025<br>$ '000 | 2024<br>$ '000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| **Net profit** | | 16,442,615 | 9,050,843 |
| Adjustments for: | | | |
| **Items not affecting cash** | | | |
| Adjustments to reconcile net profit to net cash provided by operating activities | 40(a) | (72,169,450) | (36,003,494) |
| Interest and dividends received | | 39,325,757 | 36,677,623 |
| Interest paid | | (9,780,736) | (9,145,645) |
| Income and asset taxes paid | | (5,645,198) | (4,731,141) |
| **Net cash used in operating activities** | | (31,827,012) | (4,151,814) |
| **Cash Flows from Investing Activities** | | | |
| Investment in joint venture | | (143,431) | (320,796) |
| Distribution received from joint venture | | 143,431 | 379,300 |
| Proceeds from disposal of Investment Property, net | | 166,977 | 238,565 |
| Acquisition of property, plant and equipment | 40(a) | (899,099) | (723,917) |
| Purchase of intangible assets, net | 15 | (434,039) | (487,579) |
| **Net cash used in investing activities** | | (1,166,161) | (914,427) |
| **Cash Flows from Financing Activities** | | | |
| Deposits and securities liabilities excluding structured products | 40(c) | 43,698,871 | 21,925,934 |
| Loan payable | 40(c) | - | (2,180,000) |
| Finance lease repayment | 40(c) | (884,162) | (908,959) |
| Issue/(Purchase) of treasury stock, net | | 47,686 | 87,429 |
| Dividend paid to minority interests | | - | (148,000) |
| Dividends paid to stockholders | 25 | (6,483,354) | (5,350,720) |
| **Net cash generated from financing activities** | | 36,379,041 | 13,425,684 |
| Effect of exchange rate on cash and cash equivalents | | 784,863 | 298,879 |
| Increase in cash and cash equivalents | | 4,170,731 | 8,658,322 |
| Cash and cash equivalents at beginning of year | | 54,011,742 | 45,353,420 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 6 | 58,182,473 | 54,011,742 |

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

# Sagicor Group Jamaica Limited

Company Statement of Financial Position

**31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2025 $ '000 | 2024 $ '000 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash resources | 6 | 171,812 | 435,076 |
| Financial investments | 8 | 1,189,314 | 1,249,643 |
| Pledged assets | 10 | 156,518 | 150,115 |
| Investment in joint ventures | 12 | 878,466 | 735,063 |
| Investment in subsidiaries | 14 | 71,826,639 | 71,826,639 |
| Intangible assets | 15 | 42,022 | 55,745 |
| Property, plant and equipment | 16 | 262,117 | 249,661 |
| Deferred income taxes | 18 | 165,435 | 204,094 |
| Taxation recoverable | 19 | 180,575 | 125,073 |
| Other assets | 20 | 963,204 | 1,079,465 |
| **TOTAL ASSETS** | | 75,836,102 | 76,110,574 |
| **STOCKHOLDERS' EQUITY AND LIABILITIES:** | | | |
| **Stockholders' Equity Attributable to:** | | | |
| **Stockholders' of the Company** | | | |
| Share capital | | 8,999,157 | 8,997,402 |
| Equity reserves | | 28,510,729 | 28,496,337 |
| Retained earnings | | 23,256,903 | 22,888,825 |
| | | 60,766,789 | 60,382,564 |
| **Liabilities** | | | |
| Promissory notes | 27 | 8,952,766 | 9,726,934 |
| Taxation payable | | - | 474,083 |
| Other liabilities | 29 | 6,116,547 | 5,526,993 |
| **Total liabilities** | | 15,069,313 | 15,728,010 |
| **TOTAL EQUITY AND LIABILITIES** | | 75,836,102 | 76,110,574 |

**Approved for issue by the Board of Directors on the 2 March 2026 and signed on its behalf by:**

**Peter Melhado** **Chairman** **Christopher Zacca** **Director**

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

# Sagicor Group Jamaica Limited

Company Statement of Comprehensive Income

**Year ended 31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2025 $ '000 | 2024 $ '000 |
|---|---|---|---|
| **Revenue:** | | | |
| Investment income | 34 | 6,619,052 | 6,019,495 |
| Interest and net investment expense | 34 | (185,832) | (209,396) |
| Net Investment Income | 34 | 6,433,220 | 5,810,099 |
| Management fees | 35 | 7,086,524 | 6,812,187 |
| Other income | 35 | (5,271) | 15,415 |
| **Total revenue, net of interest and other investment expense** | | 13,514,473 | 12,637,701 |
| **Expenses:** | | | |
| Administration expenses | 36 | (6,461,002) | (5,865,969) |
| Depreciation | 16 | (91,589) | (66,344) |
| Amortisation of intangible assets | 15 | (17,170) | (43,045) |
| | | (6,569,761) | (5,975,358) |
| **Profit before Taxation** | | 6,944,712 | 6,662,343 |
| Taxation | 37(a) | (148,031) | (475,284) |
| **Net Profit being Total Comprehensive Income** | | 6,796,681 | 6,187,059 |

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

# Sagicor Group Jamaica Limited

Company Statement of Changes in Equity

**Year ended 31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | Share Capital | Equity Reserves (Note 23) | Retained Earnings | Grand Total |
|---|---|---|---|---|---|
| | | $ '000 | $ '000 | $ '000 | $ '000 |
| **Balance as at January 1, 2024** | | 8,879,881 | 28,466,097 | 22,052,486 | 59,398,464 |
| Profit for the year, being total comprehensive income | | - | - | 6,187,059 | 6,187,059 |
| Dividends paid to owners of parent | 25 | - | - | (5,350,720) | (5,350,720) |
| Treasury shares | 24 | 117,521 | - | - | 117,521 |
| Employee stock options | 40(a) | - | 30,240 | - | 30,240 |
| | | 117,521 | 30,240 | 836,339 | 984,100 |
| **Balance as at December 31, 2024** | | 8,997,402 | 28,496,337 | 22,888,825 | 60,382,564 |
| Profit for the year, being total comprehensive income | | - | - | 6,796,681 | 6,796,681 |
| Dividends paid to owners of parent | 25 | | - | (6,483,354) | (6,483,354) |
| Treasury shares | 24 | 1,755 | - | 54,751 | 56,506 |
| Employee stock options | 40(a) | - | 14,392 | - | 14,392 |
| | | 1,755 | 14,392 | 368,078 | 384,225 |
| **Balance as at December 31, 2025** | | 8,999,157 | 28,510,729 | 23,256,903 | 60,766,789 |

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

# Sagicor Group Jamaica Limited

Company Statement of Cash Flows

**Year ended 31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2025 $ '000 | 2024 $ '000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| **Net profit** | | 6,796,681 | 6,187,059 |
| Adjustments for: | | | |
| **Items not affecting cash** | | | |
| Adjustments to reconcile net profit to net cash provided by operating activities | 40(a) | (5,471,806) | (4,776,651) |
| Interest and dividends received | | 6,473,677 | 5,643,390 |
| Interest paid | | (199,942) | (301,826) |
| Income tax paid | | (583,369) | (39,027) |
| **Net cash generated from operating activities** | | 7,015,241 | 6,712,945 |
| **Cash Flows from Investing Activities** | | | |
| Acquisition of Property, plant and equipment | 16 | (104,119) | (161,582) |
| Investment in joint venture | | (143,431) | (320,796) |
| Distribution received from joint venture | | 143,431 | 379,300 |
| Purchase of intangible assets, net | 15 | (3,447) | (14,319) |
| **Net cash used in investing activities** | | (107,566) | (117,397) |
| **Cash Flows from Financing Activities** | | | |
| Securities liabilities | | (760,058) | (1,118,300) |
| Issue/(Purchase) of treasury stock, net | | 1,755 | 117,521 |
| Dividends paid to stockholders | 25 | (6,483,354) | (5,350,720) |
| **Net cash used in financing activities** | | (7,241,657) | (6,351,499) |
| Effect of exchange rate on cash and cash equivalents | | 10,389 | - |
| (Decrease) / Increase in cash and cash equivalents | | (323,593) | 244,049 |
| Cash and cash equivalents at beginning of year | | 1,684,719 | 1,440,670 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 6 | 1,361,126 | 1,684,719 |

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

**1. Identification and Principal Activities**

(a) Sagicor Group Jamaica Limited (SGJ, the Company) is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. It is 32.45% (2024 – 32.45%) owned by LOJ Holdings Limited (LOJH) which is also incorporated and domiciled in Jamaica and 6.06%% (2024 – 6.06% ) owned by Sagicor Life Inc which is domiciled in Barbados. In 2024, SLI sold 10.6% of its interest in SGJ to Sagicor Life Insurance Trinidad and Tobago Limited (SLITT), a wholly owned subsidiary.

Both LOJH and SLI are wholly owned by Sagicor Financial Company Limited(Sagicor),the ultimate parent company, which is incorporated and domiciled in Bermuda. Sagicor has an overall interest of 49.11% (2024 – 49.11%) in the Company. The other significant shareholder in SGJ is Pan Jamaica Group Limited with a 30.23% (2024 – 30.21%) holding.

The registered office of the Group is located at 28 - 48 Barbados Avenue, Kingston 5, Jamaica.

(b) The Company, its subsidiaries and joint ventures all have co-terminous year ends. The Company's subsidiaries and joint ventures, which together with the Company are referred to as "the Group", are as follows:

| Subsidiaries, and Joint Ventures | Principal Activities | Incorporated In | Holdings |
|---|---|---|---|
| ● Sagicor Life Jamaica Limited | Life insurance, health insurance annuities, retirement products, pension administration and investment services | Jamaica | 100% |
| ● Bailey Williams Limited | Real estate development | Jamaica | 70% |
| ● Sagicor Investments Jamaica Limited | Investment banking | Jamaica | 100% |
| ● Phoenix Equity Holdings Limited | Holding Company | Barbados | 100% |
| ● Advantage General Insurance Company Limited | General insurance | Jamaica | 60% |
| ● Sagicor Bank Jamaica Limited | Commercial banking | Jamaica | 100% |
| ● Grupo Sagicor G.S., G.A. and subsidiary | Group insurance and general insurance | Costa Rica | 50% |
| ● Sagicor Capital & Advice Spain S.L | Holding Company | Spain | 50% |
| ● Sagicor Panama, S.A. | Life and Health insurance | Panama | 100% |
| ● Sagicor Re Insurance Ltd. | Property and casualty insurance (captive) | Grand Cayman | 100% |
| ● Employee Benefits Administrator | Pension administration services | Jamaica | 100% |
| ● Sagicor Property Services Limited | Property management, real estate sales and rentals | Jamaica | 100% |
| ● Sagicor Pooled Investment Funds Limited | Pension fund management | Jamaica | 100% |
| ● Sagicor Insurance Brokers Limited | Insurance brokerage | Jamaica | 100% |
| ● Sagicor International Administrators Limited | Group insurance administration | Jamaica | 100% |
| ● Travel Cash Jamaica Limited | Microfinance | Jamaica | 51% |
| ● Sagicor Cayman Limited | Holding Company | Grand Cayman | 100% |
| ● Sagicor Investments (Cayman) Ltd. | Investment banking | Grand Cayman | 100% |
| ● Sagicor Life of the Cayman Islands | Life insurance | Grand Cayman | 100% |
| ● Sagicor Insurance Managers | Captives management | Grand Cayman | 100% |
| ● Alliance Financial Services Limited | Provision of remittance and cambio services | Jamaica | 100% |

All shareholdings remained the same as prior year.

**2. Material Accounting Policies**

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

**(a) Basis of preparation**

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS Accounting Standards) and interpretations issued by the IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS Accounting Standards and have been prepared under the historical cost convention as modified by the revaluation of fair value through other comprehensive income (FVTOCI) securities, investment property, certain property, plant and equipment and the determination of retirement benefit liabilities, using the projected united credit method and the determination of actuarial liabilities using methods described in note 2 (q).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**Standards, interpretations and amendments to existing standards effective during the current year**

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new interpretations and amendments, and have determined that there are no material impact which are relevant to its operations.

**Standards amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and is assessing their potential financial reporting and disclosure impact.

**Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments** (effective for annual reporting periods beginning on or after 1 January 2026). These amendments:
• clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
• clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
• add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
• make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

**Annual improvements to IFRS – Volume 11** (effective for annual reporting periods beginning on or after 1 January 2026). Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:
• IFRS 1 First-time Adoption of International Financial Reporting Standards;
• IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
• IFRS 9 Financial Instruments;
• IFRS 10 Consolidated Financial Statements; and
• IAS 7 Statement of Cash Flows.

**IFRS 18, 'Presentation and Disclosure in Financial Statements**' (effective for annual reporting periods beginning on or after 1 January 2027). This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
• the structure of the statement of profit or loss;
• required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
• enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

**IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'** (effective for annual reporting periods beginning on or after 1 January 2027). This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:
• it does not have public accountability; and
• it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.
There are no other IFRS Accounting Standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

**2. Material Accounting Policies (Continued)**

**(b) Basis of consolidation**

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 (negative goodwill). Any non-controlling interest balances represent the equity in a subsidiary not attributable to the Group's interests.

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 SGJ'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.

Non-controlling interest balances are increased/decreased by the non-controlling interest's proportionate share of changes in equity after the date of acquisition.

Investments in subsidiaries are stated in the Company's financial statements at cost less impairment.

(i) Change in ownership interests in subsidiaries

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest is an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) Associates and Joint Ventures

The investments in associated companies and joint ventures where significant influence exists are included in these consolidated financial statements under the equity method of accounting and in the stand-alone financial statements of the Company at cost less impairment. Investments in associated companies and joint ventures are originally recorded at cost and include intangible assets identified on acquisition. 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 in the associates and joint venture. The Group recognises in other comprehensive income, its share of post acquisition other comprehensive income.

**2. Material Accounting Policies (Continued)**

**(b) Basis of consolidation (Continued)**

(iii) Pension and investment funds

Insurers have issued deposit administration and units linked contracts in which 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 also manages a number of segregated pension funds, mutual funds and unit trusts. These funds are segregated and investment returns on these accrue directly to the unit-holders. The assets, liabilities and activity of these funds are not included in these consolidated financial statements unless the Group is acting as principal and has significant exposure to variable returns. Where a significant exposure to variable returns 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.

(iv) Employees share ownership plans (ESOP)

The Group operates two ESOP Trusts which acquire its shares on the open market. The Trusts hold the shares on behalf of employees. Until transfer to employees, shares held by the Trusts are accounted for as treasury shares. All dividends received by the Trusts are applied towards the future purchase of the Group's shares.

**(c) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The operating segments have been defined in accordance with performance and resource allocation decisions of the chief operating decision-maker. The chief operating decision-maker is the Group's President and CEO.

**(d) Foreign currency translation**

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is the Group's functional currency.

(ii) Transactions and balances

Transactions denominated in a foreign currency or transactions that require settlement in a foreign currency, are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary financial instruments items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. These rates represent the weighted average rates at which the Group trades in foreign currency.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in the income statement. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

Changes in the fair value of monetary securities denominated in foreign currency classified as FVTOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial instruments, such as equities held at FVTPL, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as FVTOCI financial assets, are included in the fair value reserve in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; income and expenses for each income statement are translated at average exchange rates; and

- All resulting exchange differences are recognised as a separate component of stockholders' equity in the currency translation reserve.

**2. Material Accounting Policies (Continued)**

**(d) Foreign currency translation (Continued)**

(iii) Group companies (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recorded in other comprehensive income. When a foreign operation is sold, such exchange differences are recycled to income statement as part of the gain or loss on sale.

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.

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 'other income'.

**(e) Cash and cash equivalents**

For the purposes of the statement of cash flow, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and balances at Central Banks (excluding statutory reserves), bank balances, investment securities, reverse repurchase agreements and bank overdrafts.

**(f) Financial assets**

(i) 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 and liabilities 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.

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.

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 (SPPI), such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

**2. Material Accounting Policies (Continued)**

**(f) Financial assets (Continued)**

(i) Classification of financial assets (Continued)

*Measured at FVTOCI*

Financial assets that are held for collection of contractual cash flows and for selling the assets, where cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instruments carrying value, which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity, through OCI, to profit or loss and recognised as part of net investment income. Interest income from these financial assets is included in the profit or loss using the effective interest rate method.

*Measured at FVTPL*

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. Interest income on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised and presented in the profit or loss within income earned and capital gains from assets measured at FVTPL and other investment income in the period earned. Interest income from these financial assets is included in profit or loss using the effective interest rate method.

Held for trading securities 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. Derivatives are also classified as held for trading unless designated as hedges. Assets held for trading are measured at FVTPL.

*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 past experience on how the cash flows of these assets were collected;
- How the asset's performance is evaluated and reported to key management;
- How risks are assessed and managed and how managers are compensated;
- How the Group intends to generate profits from holding a portfolio of assets; and
- The historical and future expectations of asset sales within a portfolio.

*Solely Payment 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 are SPPI. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

(ii) Embedded derivatives

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI. The Group may hold debt securities and preferred equity securities which may contain embedded derivatives. Where financial assets contain embedded derivatives, the embedded derivative is treated in the same manner as the host contract.

**2. Material Accounting Policies (Continued)**

**(f) Financial assets (Continued)**

(iii) Impairment of financial assets measured at amortised cost and FVTOCI

IFRS 9 requires the recognition of expected credit losses ("ECL") on financial assets measured at amortised cost and FVTOCI and off-statement of financial position loan commitments and financial guarantees.

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

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

To determine whether the life-time credit risk has increased significantly since initial recognition, the 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 delinquency, an adverse change in the 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.

(iv) 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 at origination of the financial asset instead of its gross carrying amount and incorporates the impact of ECLs in estimated future cash flows. This rate is used to calculate interest revenue and amortised cost. Their ECL is always measured on a lifetime basis, but they do not carry a day-1 loss.

(v) Definition of default

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

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

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

(vi) 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)**

**(f) Financial assets (Continued)**

(vii) 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; and
- 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*

ECLs 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. The Group has calculated these inputs based on the estimated forward looking economic and historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to contract and other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the life-time ECL on initial recognition. For ECL provisions modelled on a collective basis, provisioning is done based on groupings of exposures 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 periodically during the year. 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, in particular to changes in economic and credit conditions across a large number of geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole 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.

One key difference between Stage 1 and Stage 2 ECL is the respective PD horizon. Stage 1 and Stage 2 ECLs also incorporate different exposures at default which is based on the amortising schedule for non-revolving assets. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD. Stage 3 estimates will continue to leverage existing processes for estimating losses on impaired exposures, however, these processes have been updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. An ECL estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating ECL. The measurement of ECLs for each stage and the assessment of SICR 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 judgment.

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 ECLs 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.

The estimation and application of forward-looking information requires significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

**2. Material Accounting Policies (Continued)**

**(f) Financial assets (Continued)**

(vii) The general approach to recognising and measuring ECL (Continued)

*Forward looking information (Continued)*

The weightings assigned to each economic scenario were as follows:

| | Base | Upside | Downside |
|---|---|---|---|
| **December 31, 2025:** | | | |
| Sagicor Group Jamaica - investments portfolios | 80% | 10% | 10% |
| Sagicor Group Jamaica – Other lending portfolios | 65% | 10% | 25% |

| | Base | Upside | Downside |
|---|---|---|---|
| **December 31, 2024:** | | | |
| Sagicor Group Jamaica - investments portfolios | 80% | 10% | 10% |
| Sagicor Group Jamaica – Other lending portfolios | 65% | 10% | 25% |

Impairment on financial assets measured at amortised cost and FVTOCI are recognised in profit or loss. For FVTOCI debt instruments, an amount equal to the impairment recognised in profit or loss, is also recognised in OCI. Unrealised gains and losses arising from changes in fair value on FVTOCI assets are recognized in OCI. When a FVTOCI debt instrument is sold, the cumulative gain or loss and the cumulative provision for ECL previously recognised in OCI are reclassified to profit or loss as part of net gain on de-recognition of financial assets measured at FVTOCI.

(viii) Interest income and interest earned on assets measured at FVTPL

Interest income is earned based on the interest rate before allowances. Interest earned on assets measured at FVTPL is recognised based on the effective interest rate. For assets that are credit-impaired when purchased or originated, the carrying amount after allowances for ECL is the basis for applying the interest rate.

(ix) 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 or not the new terms are substantially different to 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; or
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan; or
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate; or
- Change in the currency the loan is denominated in; or
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

**2. Material Accounting Policies (Continued)**

**(f) Financial assets (Continued)**

(ix) Modification of loans (Continued)

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 renegotiation 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. At this point the Group will assess if the asset is POCI.

(x) Reclassified balances

The Group reclassifies debt securities where its business model for managing those investments changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

(xi) 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.

(xii) Presentation in the Income Statement and Statement of 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 and FVTOCI in the consolidated statement of income.
• Credit impairment losses are included in the consolidated statement of income.
• Gain or loss on derecognition of debt securities 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 amortised cost and FVTOCI in the consolidated statement of income.
• Credit impairment losses are included 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 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.

**(g) Investment properties**

Investment property consists of freehold land 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 determined by independent valuers, 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.

Rental income is recognised on an accrual basis.

**2. Material Accounting Policies (Continued)**

**(h) Leases**

(i) The Group's leasing activities and how these are accounted for are detailed below.

The Group leases various office spaces. Rental contracts are typically made for fixed periods of 6 months to 8 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. Where these exist, the Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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 to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. 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.

To determine the incremental borrowing rate, the Group:

I. where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

II. uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Sagicor Life Jamaica Limited, which does not have recent third party financing; and

III. makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and interest expense. The interest charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

i. the amount of the initial measurement of lease liability;
ii. any lease payments made at or before the commencement date less any lease incentives received
iii. any initial direct costs; and
iv. restoration costs.

**2. Material Accounting Policies (Continued)**

**(h) Leases (Continued)**

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. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of land and buildings, management has included various extension options in the lease liability, as relocating from existing locations would be onerous.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

**(i) Acceptances, guarantees, indemnities, letter of credit and undertakings**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:
(i) The amount of the loss allowance; and
(ii) The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the ECLs on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, the ECLs are recognised as a provision.

**2. Material Accounting Policies (Continued)**

**(j) Provision for credit losses determined under the Bank of Jamaica regulatory requirements**

The effect of the provision for credit losses determined under the Bank of Jamaica regulatory requirements is to preserve capital. No amounts are booked to the income statement in respect of regulatory provisions. Provisions calculated based on regulatory requirements that exceed the amounts required under IFRS are transferred from retained earnings to a non-distributable loan loss reserve in stockholders' equity.

The provision for credit losses determined under the Bank of Jamaica regulatory requirements comprises a "specific provision", a "special provision" and a "general provision". The specific and special provisions are determined based on each specific loan for which problems have been identified. The general provision is considered to be prudential in nature and is established to absorb portfolio losses.

The specific provision is established for the estimated net loss for all non-performing loans and performing loans that meet specified criteria. Loans are considered to be non-performing where a principal or interest payment is contractually 90 days or more in arrears. At the time of classification as non-performing, any interest that is contractually due but in arrears is reversed from the income statement and interest is thereafter recognised in the income statement on the cash basis only. The estimated net loss is defined as the net exposure remaining after deducting the estimated net realisable value of the collateral (as defined by and determined by the regulations) from the outstanding principal balance of the loan. The regulations quantify the specific provision at ranges from 20% to 100% of the estimated net loss of each non-performing loan depending on the length of time the loan has been in arrears. In addition, where a non-performing loan is fully secured but the collateral is unrealised for a period of 12 months, a provision of 50% of the amounts outstanding should be made. Where the collateral is unrealised for a further 6 months (with limited exceptions which allow for up to a further 15 months) a full provision is made. The regulations further require that the specific provision for each loan should not be less than 1% of the amounts outstanding.

In respect of loans that are considered sub-standard for reasons other than being non-performing, a special provision is established for the greater of 1% of the amounts outstanding or 20% of the estimated net loss. A general provision is established for all loans (other than loans for which specific and special provisions were established) at 1% of the amounts outstanding.

**(k) Property, plant and equipment**

Freehold land and buildings owned and used by the Group are treated as owner-occupied properties. These properties are stated at their fair values based on valuations by external valuers, less subsequent depreciation for buildings. Fair value represents the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at valuation date. All other property, plant and equipment are stated at historical cost less accumulated depreciation.

Increases in the carrying amounts arising from the revaluation of owner-occupied properties are included in the owner-occupied properties fair value reserve. Decreases that offset previous increases of the same asset are charged against the owner-occupied properties fair value reserve. All other reductions are taken directly to the income statement.

On the disposal of the property, the amount included in the fair value reserve is transferred to retained earnings.

Depreciation is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Annual depreciation rates are as follows:

| | |
|---|---|
| Leasehold improvements | 10% |
| Buildings | 2.5% |
| Furniture | 10% |
| Computer equipment | 20 - 33⅓% |
| Other equipment | 15% |
| Motor vehicles | 20% |
| Land is not depreciated | |

**2. Material Accounting Policies (Continued)**

**(k) Property, plant and equipment (Continued)**

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the profit or loss when the expenditure is incurred. On disposal of revalued assets, the revaluation amounts are transferred to retained earnings. Gains or losses recognised in income on disposal of property, plant and equipment are determined by comparing the net sale proceeds to carrying value.

**(l) Real estate developed**

Construction in progress for resale is classified as real estate held for resale and are accounted for in accordance with IAS 2, Inventory. They are valued at the lower of cost and net realisable value. Gains and losses realised on the sale of real estate are included in revenue at the time of sale. Impairment is assessed at each reporting date. Impairment losses are recognised in the income statement for the period.

**(m) Intangible assets**

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries or associates and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, as, in the case of a bargain purchase, the difference is recognised as negative goodwill directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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 impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

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 the goodwill disposed is the proportion of the fair value of the asset disposed to the total fair value of the operating segment.

(ii) Contractual customer relationships

This asset represents the present value of the benefit to the Group from customer lists, contracts, or customers relationships that can be identified separately and measured reliably. Customer relationships include those of insurance and banking customer relationships with an estimated useful life of 10 to 20 years.

(iii) Trademarks and licences

Trademarks and licences are shown at historical cost. They have a definite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful life.

**2. Material Accounting Policies (Continued)**

**(m) Intangible assets (Continued)**

(iv) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their expected useful life of 5 years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development team's employee costs and an appropriate portion of relevant overheads. All other costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**(n) Employee benefits**

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(i) Pension obligations

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The Group pays contributions to privately administered pension plans on a contractual basis. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are charged to the income statement in the period to which they relate.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality sovereign bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

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)**

**(n) Employee benefits (Continued)**

(ii) Other post-retirement benefit obligations

The Group provides supplementary health, dental 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 the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(iii) Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year-end date.

(iv) Share-based compensation

The Group operates equity-settled, share-based compensation plans namely; Long-term Incentive Plan (LTI) and Staff Share Purchase Plan (SSPP).

Share options
Senior Executives of the Group participate in a LTI for Share Options. Shares are purchased on the market and held in trust by the LTI Trust until they are transferred to Executives. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). 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. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity reserve for share based compensation over the remaining vesting period. 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, with a corresponding increase in the reserve for equity compensation benefits or in non-controlling interest. Proceeds received net of any directly attributable transaction costs are paid to the trust on transfer of share options being exercised. Any cost to the Group beyond the exercise price of the options is reported in equity as provided for under IFRS 2.

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.

Share grants
Senior Executives of the Group participate in a Long-term Incentive Plan for stock grants. Grants earned have a vesting period of four years after which they will expire. The market value of the shares issued at grant date is recognised as an expense in the measurement year to which the grants relate.

Share purchase plan
Non – Executive employees of the Group are eligible to purchase shares in the Sagicor Group Jamaica Limited at a discount under a share purchase plan.

(v) Bonus Plans

Annual Incentives Plan for Bonus
Senior Executives of the Group participate in an Annual Incentive plan for bonus which is paid on company and individual performance against a balanced score card.

**2. Material Accounting Policies (Continued)**

**(n) Employee benefits (Continued)**

(v) Bonus Plans (Continued)

Productivity bonus
The Group recognises a liability and an expense for productivity bonuses as profit-sharing, paid to Non- Executive administrative staff based on a formula that takes into consideration the net profit for the period. The Group recognises a provision where contractually obliged or where past practice has created a constructive obligation.

(vi) 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 separation. Benefits falling due more than twelve months after the year end date are discounted to present value.

**(o) Share capital, reserves and transfers**

Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

(i) Share issuance cost
Incremental costs directly attributable to the issue of new shares or options are shown in stockholders' equity as a deduction from the proceeds.

(ii) Mandatorily redeemable preference shares are classified as liabilities.

(iii) Dividends on ordinary shares are recognised in stockholders' equity in the period in which they are approved by the Company's Board of Directors.

Dividends for the year that are declared after the year end date are dealt with in the subsequent events note.

(iv) Treasury Stock

Sagicor Group Jamaica Limited shares held by Group member companies or the LTI and SSPP are carried as treasury stock on consolidation and reported in stockholders' equity.

(v) Reserve and transfers

Special investment reserve
Unrealised gains on investment properties are recorded in the income statement under IFRS. Regulatory reserve requirements are met through the following:

- Net unrealised gains brought forward at the beginning of each year are transferred to the special Investment reserve from retained earnings at 10%.
- Net unrealised gains earned during the year are transferred from retained earnings to the special investment reserve at 10%.

Transfers to retained earnings
Unrealised gains on certain quoted equities were recorded in the investment and fair value reserves under IFRS. Regulatory reserve requirements are met by transferring the following:

- Net unrealised gains brought forward at the beginning of each year are transferred from the investment and fair value reserves to retained earnings at 25%.
- Net unrealised gains earned during the year are transferred from the investment and fair value reserves to the retained earnings at 25%.

(vi) 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. Material Accounting Policies (Continued)**

**(p) Financial Liabilities**

(i) Classification

Financial liabilities are measured at initial recognition at fair value and are classified as and subsequently measured either at amortised cost, or at FVTPL. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Derivative financial liabilities are carried at FVTPL. All other financial liabilities are carried at amortised cost. Financial liabilities measured at FVTPL do not have a cumulative own credit adjustment gain or loss.

During the ordinary course of business, the Group issues investment contracts or otherwise assumes financial liabilities that expose the Group to financial risk. The recognition and measurement of the Group's principal types of financial liabilities are disclosed in the following paragraphs.

*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.

*Deposit liabilities*
Deposits are recognised initially at fair value and are subsequently measured at amortised cost using the effective yield method plus or minus transaction costs.

*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 and 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 loans payable and associated cost classified as interest expense. Loan obligations undertaken for the purposes of providing funds for on-lending, leasing or portfolio investments are classified as deposit and security liabilities and the associated cost is included in interest expense.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Structured products
Structured products are recognised initially at the nominal amount when funds are received. Derivatives are separately accounted for at FVTPL. The non-derivative elements are stated at amortised cost using the effective interest method.

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations**

(i) 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 |
| Living Benefits | Insurance contracts | GMM |
| Single Premium Health ar | Insurance contracts | GMM |
| Annuities | Insurance contracts | GMM |
| Universal Life contract with direct participation | Insurance contracts with direct participation features | VFA |
| Variable endowments with direct participation | Insurance contracts with direct participation features | VFA |
| Group Life & Health | Insurance contracts | PAA |
| General Insurance – Accident, Liability, Marine, Property, Motor | Insurance contracts | PAA |

(ii) 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.

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. 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(q)(iv)).

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

(ii) Definition and classification (Continued)

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 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.

(iii) 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. 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. 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 or in the group of remaining contracts. Expected profitability is determined at the sets of contract level, if the Group has reasonable and supportable information to access profitability at that level, otherwise profitability is assessed at the individual contract 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.

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

(iii) Unit of account (Continued)

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.

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.

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.

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

(iii) Unit of account (Continued)

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.

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.

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

(iii) Unit of account (Continued)

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.

(iv) Measurement

*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(b)(i)

Discount rate applied for discounting of future cash flows are listed below:

| | 2025 | | | | |
|---|---|---|---|---|---|
| | 1 Year | 5 Years | 10 Years | 20 Years | 30 Years |
| Jamaican portfolio | | | | | |
| JMD | 6.14% | 7.39% | 9.05% | 9.57% | 9.59% |
| USD | 4.88% | 5.61% | 6.61% | 6.94% | 6.95% |
| Cayman portfolio | | | | | |
| USD | 4.01% | 4.74% | 5.71% | 6.03% | 6.04% |

| | 2024 | | | | |
|---|---|---|---|---|---|
| | 1 Year | 5 Years | 10 Years | 20 Years | 30 Years |
| Jamaican portfolio | | | | | |
| JMD | 7.35% | 8.23% | 10.19% | 10.39% | 10.38% |
| USD | 5.87% | 6.33% | 6.67% | 6.78% | 6.78% |
| Cayman porfolio | | | | | |
| USD | 4.55% | 5.01% | 5.33% | 5.42% | 5.42% |

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

(iv) Measurement(Continued)

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.

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 nor 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 it intends on aggregating contracts with the right to reprice with contracts for which it does not have the right to reprice in the same portfolio.

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.

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.

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

(iv) Measurement (Continued)

*Contract boundary (Continued)*

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:

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

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

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.

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

(iv) Measurement(Continued)

*Risk adjustment for non-financial risk*

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and 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.

(v) 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 or insurance revenue and insurance service expenses are recognised) 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. 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;
b) cash flows arising from the contracts in the group at that date; and
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.

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

(iv) Measurement(Continued)

*Contractual service margin (Continued)*

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.

(vi) 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.

*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).

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

(vi) 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 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, 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;
   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.

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)

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 is 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.

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

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

*Changes in fulfilment cash flows (Continued)*
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.

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*
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.

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.

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

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

*Release of the CSM to net income / (loss) (Continued)*

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 | Net amount at risk and fund value |
| Universal Life contract with | Net amount at risk and fund value |
| Living Benefits | Sum insured |
| Payout Annuities | Periodic benefits |
| Endowment | Greater of maturity benefit and death benefit |
| Group Life | Maximum benefit |
| Deferred Annuities | Account value (during the accumulation period) |

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 whose cash flows are included in the reinsurance contract boundary. Refer to the Contract boundary section in note 2(q)(iv) 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.

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. 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.

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

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

*Onerous contracts – Loss component (Continued)*
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.

(vii) Initial and subsequent measurement – Groups of contracts measured under the PAA

The Group has determined that all contracts within the General Insurance and the Group Life and Health lines of business (with the exception of the Single premium group creditor products) have a coverage period of one year or less and are therefore automatically eligible for PAA. The Group does not have contracts that have a coverage period of more than one year that are measured under PAA.

For insurance contracts issued, insurance acquisition cash flows are expensed as incurred given that all contracts under PAA have contracts that are one year or less.

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.

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 has determined that for all groups of contracts issued for which there is no significant financing component, the LRC will not be discounted. At the inception of the contract, the Group considers the facts and circumstances, with the use of judgement, to determine if there is a significant financing component.

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.

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.

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

(vii) Initial and subsequent measurement – Groups of contracts measured under the PAA (Continued)

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. 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.

(viii) 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;
c) the CSM release.

In period cash-flow variance would go through CSM if they are investment component, premium related 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 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)**

**(q) Insurance Operations (Continued)**

(viii) Amounts recognised in the statement of income within the insurance service result (Continued)

*Insurance revenue (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.

(ix) Amounts recognised in the statement of income within the insurance service result

*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) ceding premiums paid;
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

Ceding premiums (reinsurance expenses) 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.

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 increase incurred claims recovery.

**2. Material Accounting Policies (Continued)**

**(q) Insurance Operations (Continued)**

(x) 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).

Net income (expenses) from reinsurance contracts held

For contracts measured under the PAA, there are no amounts within insurance finance income or expenses.

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.

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 'other income'.

**(r) Provisions**

Provisions are recognised when the Group has a present 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**(s) Revenue recognition**

Revenues from service contracts with customers consist primarily of management and administration fees earned from third party investment funds, pension plans and insurance benefit plans (managed funds or administrative service only (ASO) benefit plans). These service contracts generally impose single performance obligations, each consisting of a series of similar related services to the unitholder or policyholder of each fund or plan. The Group's performance obligations within these service arrangements are generally satisfied over time as the unitholders and policyholders simultaneously receive and consume contracted benefits over time.

**2. Material Accounting Policies (Continued)**

**(s) Revenue recognition (Continued)**

The Group also earns revenues for the provision of corporate finance, stockbroking, trust and related services to various customers.

Revenue from service contracts with customers is recognised when (or as) the Group satisfies the performance obligation of the contract. For obligations satisfied over time, revenue is recognised monthly or over some other period. For performance obligations satisfied at a point in time, revenue is recognised at that point in time.

The various fees are billed periodically and are collected either by deduction or within a short period of time.

(i) Fee income

The Group earns fee income from:

- Investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the Group actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument.
- Loan origination fees for loans which are likely to be drawn down are deferred, together with related direct costs, and recognised as an adjustment to the effective yield on the loan.
- Negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

Fee income is recognised on an accrual basis.

The Group charges customers for asset management and other related services using the following approaches:

- Front-end fees are charged to the client on inception. This approach is used particularly for single premium contracts. The consideration received is deferred as a liability and recognised over the life of the contract on a straight-line basis.
- Regular fees charged to the customer periodically either directly or by making a deduction from invested funds. Fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

(ii) Interest income

Jamaican banking regulations stipulate that, where collection of interest income is considered doubtful or payment is outstanding for 90 days or more, interest should be taken into account on the cash basis. See 2 (f) for policies with respect impairment for loan receivable. The difference between the regulatory and IFRS bases of interest recognition was assessed to be immaterial.

(iii) Land development and resale

The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the purchaser. An enforceable right to payment does not arise until legal title has passed to the purchaser. Therefore, revenue is recognised at a point in time when the legal title has passed to the purchaser.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds 12 months. The transaction price is therefore not adjusted for the effects of a significant financing component.

**(t) Interest (income)/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.

**2. Material Accounting Policies (Continued)**

**(u) Taxation**

(i) Current and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in OCI or directly in equity. In these cases, the tax is also recognised in OCI or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(ii) 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** | **Regulated Companies** | **Other lines of business** |
|---|---|---|---|---|
| Jamaica | 25% of profit before tax | Nil | 33.33% of profit before tax | 25% of profit before tax |
| Grand Cayman | Nil | Nil | Nil | Nil |
| Costa Rica | None | None | 30% of profit before tax | None |
| Panama | None | None | 25% of profit before tax | None |
| Barbados | None | None | None | 2% of profit before tax |

***Asset tax***

The Group is subject to an asset tax 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. Non-related entities are subjected to a fixed rate based on the total value of assets.

**2. Material Accounting Policies (Continued)**

**(v) Fiduciary activities**

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

**(w) Financial instruments**

Financial instruments carried on the statement of financial position include cash resources, investments, securities purchased under resale agreements, loans & leases, premiums due and unpaid, other assets, securities sold under repurchase agreements, due to banks and other financial institutions, customer deposits and other liabilities.

The fair values of the Group's and the Company's financial instruments are disclosed in the notes to the financial statements.

Financial assets and 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 realize the asset and settle the liability simultaneously.

**(x) Offsetting of financial instruments**

Financial assets and liabilities are offset with the net amount presented in the statements of financial position, only if the Group holds a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis or to realise assets and settle the liability simultaneously. The legal right to set off the recognized amounts must be enforceable in both the normal course of business, and in the event of default, insolvency or bankruptcy of both the Group and its counterparty. In all other situations they are presented gross. When financial assets and financial liabilities are offset in the statement of financial position, the associated income and expense items will also be offset in the income statement, unless specifically prohibited by an applicable accounting standard.

**(y) Securities purchased/sold under agreements to resell/repurchase**

Securities purchased under agreements to resell (reverse repurchase agreements) and securities sold under agreements to repurchase (repurchase agreements) are treated as collateralised financing transactions and are recorded at the amount at which the securities were acquired or sold plus accrued interest.

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or re-pledge the collateral; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

**(z) Presentation of current and non-current assets and liabilities**

In Note 42(c) (ii), the maturity profiles of financial and insurance assets and liabilities are identified.

## 3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

### *(a) Critical judgements in applying the Group's accounting policies*

(i) Consolidation of related entities

Management assessments were done for Sagicor Pooled Investment Fund and Sagicor Sigma Global Funds to ensure proper application of IFRS 10. A number of significant judgements were used regarding whether or not these entities had met the requirements to be consolidated within the financial statements of the Group and are highlighted below:

- Sagicor Pooled Investment Fund and Sigma Funds

  Sagicor Pooled Investment Funds and Sigma Funds are Pooled Investment Funds and Unit Trusts managed by the Group, but which have independent trustees. Determining whether the Group has control over the Pooled Investment Funds and the Unit Trusts requires judgement. This would include a consideration of the trustees' rights to remove the investment manager and an assessment of the exposure to variability arising from the aggregate economic interests of the Group in the Unit Trusts.

  Under IFRS 10, the single party substantive removal rights may in isolation be sufficient to conclude that the fund manager is an agent. However, the language in the Trust Deed is not specific on causes for which the manager can be removed. "Good and sufficient reason" envisaged by the Trust Deed may include negligence, poor financial performance and other reasons. However, the Deed also provides for the right for the manager to appeal. This appeal right and the requirement that the removal of the manager must be withheld by the independent party may limit the Trustee's freedom of removing the manager without good grounds for this. Under these circumstances, drawing a conclusion whether the removal rights of the Trustee are substantive rights requires significant judgement. Management considers that the Group does not have control of The Pooled Investment Fund and The Sagicor Sigma Funds. Although there are contractual terms which provide the Group with influence over The Pooled Investment Fund and The Sagicor Sigma Funds, the overall exposure of the Group to the variability of returns of Sagicor Sigma Funds is not sufficient to conclude that the Group has control. Therefore, the Sagicor Sigma Funds and Pool Investment Fund have not been consolidated in these financial statements.

**3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)**

***(b) Key sources of estimation uncertainty***

The Group makes estimates and assumptions that affect the reported assets and liabilities within the next financial year. The resulting accounting estimates will, by definition, seldom equal the related actual results. Areas of key sources of estimation uncertainty include the following:

(i) 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.

Contracts not measured under PAA

- 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 and, for contracts determined to be within the scope of IFRS 17, what measurement model is applicable. The Group was required to determine the classification of contracts issued in Participating product lines as insurance or investment contracts.
    - Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk. The Group issues investment contracts with discretionary participation features. In assessing whether these are within the scope of IFRS 17, the Group assessed if the discretionary amount is a significant amount of the total benefits.
    - Whether contracts that were determined to be within the scope of IFRS 17 meet the definition of an insurance contract with direct participation features, particularly:
      - 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.

**3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)**

**(b) Key sources of estimation uncertainty (Continued)**

(i) Insurance and reinsurance contracts(Continued)

Contracts not measured under PAA (Continued)

- Unit of account

  The Group was 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 a contract 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 was required to make judgements involved in the identification of portfolios of contracts (that is, having similar risks and being managed together) This included 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. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)**

***(b) Key sources of estimation uncertainty (Continued)***

(i) Insurance and reinsurance contracts (Continued)

Contracts not measured under PAA (Continued)

- 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 were 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 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.

**3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)**

***(b) Key sources of estimation uncertainty (Continued)***

(i) Insurance and reinsurance contracts (Continued)

Contracts not measured under PAA (Continued)

- Discount rates

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

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

  Where cash flows vary with an underlying, cash flows are projected assuming returns on the underlying that are consistent with the discount rate.

- 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 70% to 75% (2024 - between 70% to 75%).

- 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.

**3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)**

***(b) Key sources of estimation uncertainty (Continued)***

(i) Insurance and reinsurance contracts (Continued)

Contracts not measured under PAA (Continued)

- Amortisation of the Contractual Service Margin (Continued)

  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.

- 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. 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.

**3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)**

***(b) Key sources of estimation uncertainty (Continued)***

(i) Insurance and reinsurance contracts (Continued)

Contracts not measured under PAA (Continued)

Contracts measured under PAA

- 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 the 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. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

**3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)**

***(b) Key sources of estimation uncertainty (Continued)***

(i) Insurance and reinsurance contracts (Continued)

Contracts measured under PAA (Continued)

- Areas of Judgement (Continued)

  The determination of whether laws or regulations constrain the Group's practical ability to set a different price or level of benefits for policyholders with different risk profiles, so that the Group might include such contracts in the same group, disregarding the aggregation requirements, is an area of judgement.

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

- Insurance and reinsurance contracts

  The Group applies the PAA to simplify the measurement of insurance contracts in its general insurance and group life and health insurance portfolios. 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.

- Liability for incurred claims

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

  The main assumption underlying these techniques is that a 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. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)**

***(b) Key sources of estimation uncertainty (Continued)***

(i) Insurance and reinsurance contracts (Continued)

Contracts measured under PAA (Continued)

- 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%.

- 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.

(ii) Pension and post-retirement benefits

The cost of these benefits and the present value of the pension and the other post-retirement liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and post-retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and post-retirement benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investments returns. The discount rate represents the interest rate that should be used to determine the present value of estimated future cash outflows required to meet the pension, life insurance and medical benefits as they fall due. The discount rate is based on yields on long term Government of Jamaica and CARICOM bonds. The expected rate of increase of medical costs is based on expected increases in utilisation and general increases in medical expenses above expected price inflation. Other key assumptions for the pension and post-retirement benefits cost and credits are based in part on current market conditions.

(iii) Income taxes

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

**3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)**

***(b) Key sources of estimation uncertainty (Continued)***

(iv) Impairment of financial assets (Continued)

In determining ECL, management is required to exercise judgement in defining what is considered a 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 the earlier sections 'Measurement' and 'Forward-looking information'.

- 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 | |

- Establishing staging for debt securities and deposits.

The Group uses its internal credit rating model to determine in which of the three stages an asset is to be categorized for the purposes of ECL. Once the asset has experienced a SICR the investment will move from Stage 1 to Stage 2. Sagicor has assumed that the credit risk of a financial instruments has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade or Sagicor risk rating of 1-3 is considered low credit risk. Stage 1 investments are rated (i) investment grade, or (ii) below investment grade 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 and have been downgraded more than 2 notches since origination. Stage 3 investments are assets in default.

**3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)**

***(b) Key sources of estimation uncertainty (Continued)***

(iv) Impairment of financial assets (Continued)

- 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 SICR and are moved to stage 2 based on the following:

  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 criterion is a backstop rather than a primary driver of moving exposures into stage 2.

  - 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 Jamaica, Cayman Islands and Costa Rica to a lesser extent. Management assesses data sources from the government, International Monetary Fund (IMF) and other reliable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for each portfolio. Where projections are available, these are used to look into the future up to three years and subsequently the long-term average performance is then used for the remaining life of the product. These projections are re-assessed on a quarterly basis.

(v) Estimated impairment of intangible assets

Goodwill
The assessment of goodwill impairment involves the determination of the recoverable amount of the cash-generating units to which the goodwill has been allocated. Determination of the recoverable amount involves the estimation of future net income of these business units and the expected returns to providers of capital to the business units and the Group as a whole. Determinations of recoverable amounts can be sensitive to certain key inputs such as earnings forecasts, discount rates and terminal value growth rates. Amounts actually recovered from CGUs through either sale or use may differ from the amounts estimated.

Other intangible assets
The assessment of impairment of other intangible assets involves the determination of the intangible asset'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 asset's value in use, estimates are required of future cash flows generated because of the assets.

(vi) Hurricane Melissa Impact

The financial results and disclosures related to Hurricane Melissa are subject to significant estimation uncertainty. Management has exercised considerable judgment in determining the amounts recognised for the anticipated insurance claims and reinsurance recoveries. These estimates are based on information available as of the reporting date, and incorporate preliminary loss adjuster reports, historical experience, and updated macroeconomic scenarios. The actual outcome may differ from these estimates as additional information becomes available, including final adjuster reports and settlement of claims. Refer to Note 33 (a) for additional details.

**4. Responsibilities of the Appointed Actuary and External Auditors**

The Board of Directors pursuant to the Insurance Act appoints the Actuary whose responsibility is to carry out an annual valuation of the Group's policy liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and stockholders. In performing the valuation, the Actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Group and the insurance policies in force.

The stockholders pursuant to the Companies Act appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the stockholders. In carrying out their audit, the auditors also make use of the work of the appointed Actuary and the report on the policy liabilities.

## 5. Segmental Financial Information

Management has determined the operating segments based on the reports reviewed by the Group President and CEO that are used to make strategic decisions. The Group President and CEO is considered to be the Chief Operating Decision Maker (CODM).

The Group is managed on a matrix basis, reflecting both line of business and geography. Accordingly, segment information is presented in two formats. The Group is organised into four primary business segments and another which captures all other business activities:

(a) Long term insurance - Provides annuities, traditional life and universal life products.
(b) Short term insurance – Provides group life, group health and property & casualty offerings
(c) Commercial Banking – Comprises of personal banking, retail mortgages, small business (SME's) banking, treasury management and corporate banking.
(d) Investment Banking – Comprises of wealth management products and services offered to retail and institutional clients; including unit trusts, mutual funds, brokerage, asset management and corporate trust.
(e) Other – Comprises property management, captives management, remittance and cambio services, real estate investment and stockholders' funds.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the statement of financial position, but exclude items such as investment in joint ventures.

The Group measures the performance of its operating segments through a measure of segment profit or loss which is profit before taxation.

Segment liabilities that are reviewed by the CODM include insurance contract liabilities and interest-bearing liabilities.

Costs incurred by the support units of the Group are allocated to the business segments based on certain criteria determined by management. These criteria include staff complement, square footage and time spent providing the service to the business segment. The expenses that are allocated are mainly staff costs, depreciation and amortisation and other operating expenses and are treated as direct allocated costs.

Transactions between the operating segments are on normal commercial terms and conditions. There has been no change in the basis of the pricing of transactions over the prior year.

Eliminations comprise inter-company and inter-segment transactions.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2025 or 2024.

**5. Segmental Financial Information**

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | | | |
| | Long Term Insurance | Short Term Insurance | Commercial Banking | Investment Banking | Other & consolidation adjustments | Group |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Insurance revenue | 22,401,689 | 37,865,356 | - | - | - | 60,267,045 |
| Insurance service expenses | (13,497,144) | (52,126,611) | - | - | - | (65,623,755) |
| Net expense from reinsurance contracts held | (195,762) | 18,323,223 | - | - | - | 18,127,461 |
| Inter-segment insurance results | (462,560) | (459,064) | | | 921,624 | - |
| **Insurance service result** | 8,246,223 | 3,602,904 | - | - | 921,624 | 12,770,751 |
| Interest income earned and capital net gain / (loss) | 16,214,164 | 1,201,903 | 18,568,344 | 9,738,852 | 1,651,223 | 47,374,486 |
| Interest expense | - | (23,706) | (3,628,369) | (5,076,466) | (1,042,592) | (9,771,133) |
| Credit impairment reversal / (losses) | (999) | 844 | (1,688,556) | 14,440 | (38,770) | (1,713,041) |
| Inter-segment net investment income | (20,528) | (4,116) | (976) | (130,503) | 156,123 | - |
| Net investment income / (expenses) | 16,192,637 | 1,174,925 | 13,250,443 | 4,546,323 | 725,984 | 35,890,312 |
| Net insurance finance income / (expense) | (12,713,180) | (136,428) | - | - | - | (12,849,608) |
| **Net insurance and investment result** | 11,725,680 | 4,641,401 | 13,250,443 | 4,546,323 | 1,647,608 | 35,811,455 |
| Fees and other revenue | 301,804 | 148,675 | 10,591,493 | 2,054,940 | 7,144,314 | 20,241,226 |
| Inter-segment fee and other income | - | - | (4,936) | (20,066) | 25,002 | - |
| Share of results of joint ventures | - | 281,418 | - | - | - | 281,418 |
| Other operating expenses | (462,560) | (958,976) | (16,222,896) | (3,742,193) | (10,249,216) | (31,635,841) |
| Inter-segment other operating expenses | 462,560 | 434,485 | (29,717) | (1,598) | (865,730) | - |
| Depreciation, amortisation and impairment | - | (53,611) | (888,435) | (390,114) | (626,445) | (1,958,605) |
| Asset and other taxes | (137,696) | (42,078) | (499,282) | (231,331) | (84,063) | (994,450) |
| **Profit / (Loss) before taxation** | 11,889,788 | 4,451,314 | 6,196,670 | 2,215,961 | (3,008,530) | 21,745,203 |
| Taxation | (2,564,900) | (1,071,286) | (2,191,186) | (549,230) | 1,074,014 | (5,302,588) |
| **Net Profit / (Loss)** | 9,324,888 | 3,380,028 | 4,005,484 | 1,666,731 | (1,934,516) | 16,442,615 |

**5. Segmental Financial Information (Continued)**

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | | | |
| | Long Term Insurance | Short Term Insurance | Commercial Banking | Investment Banking | Other & consolidation adjustments | Group |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Attributable to: | | | | | | |
| Stockholders of the parent Company | | | | | | 16,222,327 |
| Non-controlling interests | | | | | | 220,288 |
| | | | | | | 16,442,615 |
| **Segment assets** | 187,936,324 | 52,620,974 | 241,530,100 | 157,978,820 | 46,471,343 | 686,537,561 |
| Unallocated assets | | | | | | 17,059,217 |
| **Total assets** | | | | | | 703,596,778 |
| **Segment liabilities** | 167,234,618 | 39,000,780 | 209,926,562 | 136,027,223 | 34,104,682 | 586,293,865 |
| **Total liabilities** | | | | | | 586,293,865 |
| **Other segment items:** | | | | | | |
| Capital expenditure: Computer software (Note15) | | | | | | (434,039) |
| Property, plant and equipment (Note 16) | | | | | | (936,503) |

**5. Segmental Financial Information (Continued)**

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | | | |
| | Long Term Insurance | Short Term Insurance | Commercial Banking | Investment Banking | Other & consolidation adjustments | Group |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Insurance revenue | 19,768,151 | 34,765,688 | - | - | - | 54,533,839 |
| Insurance service expenses | (14,866,903) | (29,689,193) | - | - | - | (44,556,096) |
| Net expense from reinsurance contracts held | (313,241) | (3,422,923) | - | - | - | (3,736,164) |
| Inter-segment insurance results | (462,556) | (459,564) | - | - | 922,120 | - |
| **Insurance service result** | 4,125,451 | 1,194,008 | - | - | 922,120 | 6,241,579 |
| Interest income earned and capital net gain / (loss) | 11,172,194 | 1,121,429 | 16,482,284 | 8,366,931 | 1,246,058 | 38,388,896 |
| Interest expense | (617) | (25,023) | (3,416,148) | (5,079,606) | (558,634) | (9,080,028) |
| Credit impairment reversal / (losses) | (366) | (174) | (1,254,520) | (32,913) | (121,672) | (1,409,645) |
| Inter-segment net investment income | (192,746) | (8,981) | (1,126) | (222,948) | 425,801 | - |
| Net investment income / (expenses) | 10,978,465 | 1,087,251 | 11,810,490 | 3,031,464 | 991,553 | 27,899,223 |
| Net insurance finance income / (expense) | (8,185,337) | (94,581) | - | - | - | (8,279,918) |
| **Net insurance and investment result** | 6,918,579 | 2,186,678 | 11,810,490 | 3,031,464 | 1,913,673 | 25,860,884 |
| Fee and other revenue | 151,286 | 142,628 | 9,843,108 | 1,816,109 | 6,746,567 | 18,699,698 |
| Inter-segment fee and other income | - | - | (4,485) | (23,813) | 28,298 | - |
| Share of results of joint ventures | - | 226,379 | - | - | - | 226,379 |
| Other operating expenses | (462,556) | (982,170) | (14,475,629) | (3,372,860) | (9,065,427) | (28,358,642) |
| Inter-segment other operating expenses | 462,556 | 487,637 | 28,734 | 735 | (979,662) | - |
| Depreciation,amortisation and impairment | - | (151,060) | (834,379) | (148,335) | (1,258,378) | (2,392,152) |
| Asset and other taxes | (114,753) | (45,002) | (462,726) | (226,272) | (89,038) | (937,791) |
| **Profit / (Loss) before taxation** | 6,955,112 | 1,865,090 | 5,905,113 | 1,077,028 | (2,703,967) | 13,098,376 |
| Taxation | (881,378) | (431,213) | (2,090,455) | (182,861) | (461,626) | (4,047,533) |
| **Net Profit / (Loss)** | 6,073,734 | 1,433,877 | 3,814,658 | 894,167 | (3,165,593) | 9,050,843 |
| Attributable to: | | | | | | |
| Stockholders of the parent Company | | | | | | 9,238,468 |
| Non-controlling interests | | | | | | (187,625) |
| | | | | | | 9,050,843 |

**5. Segmental Financial Information (Continued)**

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | | | |
| | Long Term Insurance | Short Term Insurance | Commercial Banking | Investment Banking | Other & consolidation adjustments | Group |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Segment assets** | 170,557,652 | 27,257,109 | 215,462,425 | 134,611,008 | 47,372,953 | 595,261,147 |
| Unallocated assets | | | | | | 2,533,543 |
| **Total assets** | | | | | | 597,794,690 |
| **Segment liabilities** | 146,987,088 | 14,575,725 | 186,216,557 | 115,898,076 | 29,897,244 | 493,574,690 |
| **Total liabilities** | | | | | | 493,574,690 |
| **Other segment items:** | | | | | | |
| Capital expenditure: Computer software (Note15) | | | | | | (487,579) |
| Property, plant and equipment (Note 16) | | | | | | (727,883) |

The Group's geographic information:

| | Jamaica | Cayman Islands | Other & Consolidation adjustments | Total |
|---|---|---|---|---|
| | 2025 | | | |
| | $'000 | $'000 | $'000 | $'000 |
| Revenue | 121,669,320 | 6,213,437 | 281,418 | 128,164,175 |
| Total assets | 645,789,199 | 54,836,833 | 2,970,746 | 703,596,778 |
| | 2024 | | | |
| | $'000 | $'000 | $'000 | $'000 |
| Revenue | 107,037,961 | 4,584,472 | 226,379 | 111,848,812 |
| Total assets | 548,581,723 | 46,679,424 | 2,533,543 | 597,794,690 |

Geographically, the segments are Jamaica, Cayman Islands and Other (Costa Rica, Barbados and Panama).

Segment assets consist of investments that match insurance and banking liabilities, intangible assets and other operating assets such as receivables and cash. They exclude investments in joint ventures.

Segment liabilities comprise insurance liabilities, financial liabilities arising mainly from investment contracts and borrowing arrangements.

The prior year amounts were restated to separately disclose external from inter-segment revenues and expenses.

## 6. Cash Resources

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| Balances with banks payable on demand | 7,965,241 | 16,270,152 | 171,812 | 435,076 |
| Cash in hand | 5,235,232 | 6,316,350 | - | - |
| Balances as per statement of financial position | 13,200,473 | 22,586,502 | 171,812 | 435,076 |
| Bank overdraft | (30,571) | (30,000) | - | - |
| Short term deposits | 23,004,178 | 23,617,815 | 399,405 | 804,691 |
| Securities purchased under resale agreement | 5,272,495 | 3,607,156 | 789,909 | 444,952 |
| USA Government Treasury Bills and bonds | 16,735,898 | 4,230,269 | - | - |
| Balances as per statement of cash flows | 58,182,473 | 54,011,742 | 1,361,126 | 1,684,719 |

Cash and cash equivalents represent deposits and investment securities with original maturities of less than 90 days.

## 7. Cash Reserves at Central Bank

Minimum cash reserve and liquid asset ratios in respect of deposit liabilities are required to be maintained by Sagicor Bank Jamaica Limited with the Bank of Jamaica. Cash reserves are not available for investment, lending or other use by the Bank.

The cash reserve requirements and Liquid Asset Ratio are the same for deposit-taking institutions (DTIs). The local and foreign currency cash reserve and liquid asset ratios are 6% and 14% of average prescribed liabilities respectively.

No interest is paid on cash reserves.

## 8. Financial Investments

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2025** | **2024** | **2025** | **2024** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Financial assets FVTPL -** | | | | |
| Debt Securities | | | | |
| Sovereign bonds | 110,473,247 | 94,499,533 | - | - |
| Corporate bonds | 33,004,208 | 35,297,266 | - | - |
| | 143,477,455 | 129,796,799 | - | - |
| Equities | | | | |
| Quoted and unquoted equities | 9,250,595 | 10,512,861 | - | - |
| Unit trusts | 31,843,511 | 31,121,288 | - | - |
| | 41,094,106 | 41,634,149 | - | - |
| **Total FVTPL** | 184,571,561 | 171,430,948 | - | - |
| **Financial assets at FVTOCI -** | | | | |
| Debt Securities | | | | |
| Sovereign bonds | 134,287,518 | 94,352,147 | - | - |
| Corporate bonds | 42,668,273 | 39,879,336 | - | - |
| | 176,955,791 | 134,231,483 | - | - |
| Equities | | | | |
| Quoted and unquoted equities | 93,716 | 84,952 | - | - |
| **Total FVTOCI** | 177,049,507 | 134,316,435 | - | - |
| **Investments at amortised cost, net of ECL -** | | | | |
| Debt Securities | | | | |
| Sovereign bonds | 2,337,868 | 554,263 | - | - |
| Corporate bonds | 3,478,242 | 7,011,068 | - | - |
| Securities purchased under resale agreement | 6,072,489 | 3,919,983 | 789,909 | 444,952 |
| Short term deposits | 47,900,786 | 42,145,384 | 555,923 | 954,806 |
| **Total investments at amortised cost, net of ECL** | 59,789,385 | 53,630,698 | 1,345,832 | 1,399,758 |
| **Less: Pledged assets (Note 10)** | (122,228,739) | (98,579,723) | (156,518) | (150,115) |
| **Total Financial Investments** | 299,181,714 | 260,798,358 | 1,189,314 | 1,249,643 |

Current portion of Financial Instruments disclosed under Note 42(c) (ii).

**8. Financial Investments (Continued)**

The table below shows the composition of FVTPL securities according to those securities that were mandatorily designated, and those that were designated by election.

| | The Group | | | The Group | | |
|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | |
| | Mandatory designation $ '000 | Designated by election $ '000 | Total $ '000 | Mandatory designation $ '000 | Designated by election $ '000 | Total $ '000 |
| Unit trust and equities | 41,094,106 | - | 41,094,106 | 41,634,149 | - | 41,634,149 |
| Debt securities | 9,614,397 | 133,863,058 | 143,477,455 | 8,961,796 | 120,835,003 | 129,796,799 |
| | 50,708,503 | 133,863,058 | 184,571,561 | 50,595,945 | 120,835,003 | 171,430,948 |

**Concentration of debt instruments**

The group also manages its exposure to credit risk by analysing the financial investments by whether corporate or sovereign, and the location and sector of the issuer.

The table below is a summary of financial instruments by location, sovereign and corporate.

| | The Group | |
|---|---|---|
| | 2025 $ '000 | 2024 $ '000 |
| **Debt securities** | | |
| Sovereign debt instruments | | |
| Jamaica | 211,653,346 | 174,747,212 |
| Trinidad & Tobago | 3,449,811 | 2,705,319 |
| Barbados | - | 166,051 |
| USA | 28,133,646 | 8,573,931 |
| Other | 3,861,830 | 3,213,430 |
| Corporate debt instruments | | |
| Jamaica | 24,137,607 | 38,224,938 |
| Trinidad & Tobago | 4,159,321 | 3,249,619 |
| Barbados | 1,917,383 | 1,885,333 |
| USA | 37,057,285 | 28,171,303 |
| Canada | 12,709 | 12,209 |
| Other | 11,866,418 | 10,644,268 |
| | 326,249,356 | 271,593,613 |

The table below is a summary sector concentration of corporate instruments.

| | The Group | |
|---|---|---|
| | 2025 $ '000 | 2024 $ '000 |
| Corporate debt instruments | | |
| Communication Services | 4,501,945 | 3,207,184 |
| Consumer Discretionary | 7,803,215 | 6,384,257 |
| Consumer Staples | 2,736,004 | 2,754,944 |
| Energy | 10,753,007 | 22,295,253 |
| Financials | 25,958,392 | 26,570,182 |
| Health Care | 5,142,709 | 3,769,364 |
| Industrials | 7,742,156 | 3,775,116 |
| Information Technology | 7,166,754 | 6,829,877 |
| Materials | 1,513,640 | 1,475,146 |
| Real Estate | 495,169 | 592,761 |
| Tourism | 249,280 | 311,538 |
| Utilities | 5,088,452 | 4,222,048 |
| | 79,150,723 | 82,187,670 |

**8. Financial Investments (Continued)**

Provision for credit losses recognised in the Group's income statement are as follow:

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Loans and Leases (Note 9) | (1,349,611) | (1,415,203) |
| Investments (Note 8) | (363,430) | 5,558 |
| Total per income statement | (1,713,041) | (1,409,645) |

The Group categorises its financial assets into investment grade, non-investment grade, watch, default and unrated. The maximum exposure to credit risk for financial assets carried at fair value represents their amortised cost, as this is the maximum amount of credit loss the Group and Company will suffer in the event of a total default of the counterparty. For financial assets carried at FVTOCI, the amounts shown in the tables will therefore not necessarily reconcile to the financial statements, as the carrying amounts have been adjusted for fair value movements.

The following tables contain analyses of the credit risk exposure of financial investments for which an ECL allowance is recognised.

| | The Group - 2025 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **FINANCIAL INVESTMENTS – AMORTISED COST** | **Stage 1 12-month ECL** | **Stage 2 lifetime ECL** | **Stage 3 lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| Credit grade: | | | | | |
| Investment | 2,199,163 | - | - | - | 2,199,163 |
| Non-investment | 55,267,220 | 175,909 | 2,572,634 | - | 58,015,763 |
| Gross carrying amount | 57,466,383 | 175,909 | 2,572,634 | - | 60,214,926 |
| Loss allowance | (6,722) | (5,351) | (413,468) | - | (425,541) |
| Carrying amount | 57,459,661 | 170,558 | 2,159,166 | - | 59,789,385 |

| | The Group - 2024 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **FINANCIAL INVESTMENTS – AMORTISED COST** | **Stage 1 12-month ECL** | **Stage 2 lifetime ECL** | **Stage 3 lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| Credit grade: | | | | | |
| Investment | 1,798,415 | - | - | - | 1,798,415 |
| Non-investment | 49,993,215 | 1,886,180 | - | - | 51,879,395 |
| Gross carrying amount | 51,791,630 | 1,886,180 | - | - | 53,677,810 |
| Loss allowance | (14,994) | (32,118) | - | - | (47,112) |
| Carrying amount | 51,776,636 | 1,854,062 | - | - | 53,630,698 |

**8. Financial Investments (Continued)**

**Credit risk exposure - financial investments subject to impairment**

| | The Group - 2025 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **DEBT SECURITIES - FVTOCI** | **Stage 1 12-month ECL** | **Stage 2 lifetime ECL** | **Stage 3 lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| Credit grade: | | | | | |
| Investment | 57,795,944 | - | - | - | 57,795,944 |
| Non-investment | 123,869,852 | 1,467,760 | - | - | 125,337,612 |
| Maximum credit exposure | 181,665,796 | 1,467,760 | - | - | 183,133,556 |
| Loss allowance | (100,765) | (20,223) | - | - | (120,988) |
| Maximum credit exposure less ECLs | 181,565,031 | 1,447,537 | - | - | 183,012,568 |

| | The Group - 2024 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **DEBT SECURITIES - FVTOCI** | **Stage 1 12-month ECL** | **Stage 2 lifetime ECL** | **Stage 3 lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| Credit grade: | | | | | |
| Investment | 32,337,404 | - | - | - | 32,337,404 |
| Non-investment | 105,583,804 | 1,398,645 | | 170,118 | 107,152,567 |
| Maximum credit exposure | 137,921,208 | 1,398,645 | - | 170,118 | 139,489,971 |
| Loss allowance | (103,620) | (43,097) | - | - | (146,717) |
| Maximum credit exposure less ECLs | 137,817,588 | 1,355,548 | - | 170,118 | 139,343,254 |

| | The Company - 2025 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **FINANCIAL INVESTMENTS - AMORTISED COST** | **Stage 1 12-month ECL** | **Stage 2 lifetime ECL** | **Stage 3 lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| Credit grade: | | | | | |
| Non-investment | 1,345,832 | - | - | - | 1,345,832 |
| Gross carrying amount | 1,345,832 | - | - | - | 1,345,832 |
| Loss allowance | - | - | - | - | - |
| Carrying amount | 1,345,832 | - | - | - | 1,345,832 |

**8. Financial Investments (Continued)**

**Credit risk exposure- financial investments subject to impairment**

| FINANCIAL INVESTMENTS - AMORTISED COST | The Company - 2024 ECL Staging | | | | |
|---|---|---|---|---|---|
| | Stage 1 12-month ECL | Stage 2 lifetime ECL | Stage 3 lifetime ECL | Purchased credit-impaired | Total |
| | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 |
| Credit grade: | | | | | |
| Non-investment | 1,399,758 | - | - | - | 1,399,758 |
| Gross carrying amount | 1,399,758 | - | - | - | 1,399,758 |
| Loss allowance | - | - | - | - | - |
| Carrying amount | 1,399,758 | - | - | - | 1,399,758 |

**Maximum exposure to credit risk - Financial instruments not subject to impairment**

For financial investments measured at FVTPL which are related to under the unit-linked insurance contracts and investment contracts, the unit holders bear the credit risk and the Group has no direct credit exposure. For the remaining portion of the FVTPL portfolio, the Group bears the credit risk.

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Financial assets designated at fair value | | |
| Debt securities | 9,498,079 | 8,961,796 |
| Equity securities | 33,272,489 | 33,072,952 |

**Loss allowances**

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

- Transfers between stages due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to inputs used in the calculation including the effect of ‘step-up’ (or ‘step down’) between 12-month and 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;

**8. Financial Investments (Continued)**

**Loss allowances (Continued)**

The following tables contain an analysis of the loss allowance financial investments for which an ECL allowance is recognised.

| | The Group - 2025 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **FINANCIAL INVESTMENTS – AMORTISED COST** | **Stage 1 12-month ECL** | **Stage 2 lifetime ECL** | **Stage 3 lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Loss Allowance as at January 1, 2025** | 14,994 | 32,118 | - | - | 47,112 |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 3 | (18,157) | - | 18,157 | - | - |
| Transfer from Stage 2 to Stage 3 | - | (24,452) | 24,452 | - | - |
| New financial assets originated or purchased | 20,058 | - | - | - | 20,058 |
| Financial assets fully derecognised during the period | (7,151) | (240) | - | - | (7,391) |
| Changes to inputs used in ECL calculation | (3,022) | (2,813) | 370,859 | - | 365,024 |
| Foreign exchange adjustment | - | 738 | - | - | 738 |
| **Loss Allowance as at December 31, 2025** | 6,722 | 5,351 | 413,468 | - | 425,541 |

| | The Group - 2024 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **FINANCIAL INVESTMENTS – AMORTISED COST** | **Stage 1 12-month ECL** | **Stage 2 lifetime ECL** | **Stage 3 lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Loss Allowance as at January 1, 2024** | 18,610 | 38,506 | - | - | 57,116 |
| Transfer from Stage 1 to Stage 2 | (18,488) | 18,488 | - | - | - |
| New financial assets originated or purchased | 25,723 | - | - | - | 25,723 |
| Financial assets fully derecognised during the period | (8,739) | (8,157) | - | - | (16,896) |
| Changes to inputs used in ECL calculation | (2,169) | (16,901) | - | - | (19,070) |
| Foreign exchange adjustment | 57 | 182 | - | - | 239 |
| **Loss Allowance as at December 31, 2024** | 14,994 | 32,118 | - | - | 47,112 |

**8. Financial Investments (Continued)**

**Loss allowances (Continued)**

| | The Group - 2025 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **DEBT SECURITIES - FVTOCI** | **Stage 1 12-month ECL** | **Stage 2 lifetime ECL** | **Stage 3 lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Loss Allowance as at January 1, 2025** | 103,620 | 43,097 | - | - | 146,717 |
| Transfers: | | | | | |
| New financial assets originated or purchased | 57,865 | - | - | - | 57,865 |
| Financial assets fully derecognised during the period | (47,625) | (597) | - | - | (48,222) |
| Changes to inputs used in ECL calculation | (14,246) | (23,360) | - | - | (37,606) |
| Foreign exchange adjustment | 1,151 | 1,083 | - | - | 2,234 |
| **Loss Allowance as at December 31, 2025** | 100,765 | 20,223 | - | - | 120,988 |

| | The Group - 2024 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **DEBT SECURITIES - FVTOCI** | **Stage 1 12-month ECL** | **Stage 2 lifetime ECL** | **Stage 3 lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Loss Allowance as at January 1, 2024** | 74,583 | 46,894 | - | - | 121,477 |
| Transfers: | | | | | |
| New financial assets originated or purchased | 27,688 | - | - | - | 27,688 |
| Financial assets fully derecognised during the period | (13,054) | (135) | - | - | (13,189) |
| Changes to inputs used in ECL | 14,081 | (3,990) | - | - | 10,091 |
| Foreign exchange adjustment | 322 | 328 | - | - | 650 |
| **Loss Allowance as at December 31, 2024** | 103,620 | 43,097 | - | - | 146,717 |

**8. Financial Investments (Continued)**

**Loss allowances (Continued)**

The most significant period-end assumptions used for the ECL were as follows:

**Economic variable assumptions for exposure corporate securities**

**Outlook for the next three (3) years from December 2025:**

| | | 2026 | 2027 | 2028 |
|---|---|---|---|---|
| S&P 500 Financial Index EPS | Base | 55 | 59 | 62 |
| | Upside | 99 | 107 | 112 |
| | Downside | 29 | 32 | 33 |
| World GDP growth rate | Base | 3.1% | 3.2% | 3.2% |
| | Upside | 4.6% | 4.8% | 4.8% |
| | Downside | 2.3% | 2.4% | 2.4% |
| WTI Oil Prices/10 | Base | 5.90 | 6.10 | 6.65 |
| | Upside | 10.15 | 10.50 | 11.44 |
| | Downside | 2.19 | 2.27 | 2.47 |

**Outlook for the next three (3) years from December 2024:**

| | | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| S&P 500 Financial Index EPS | Base | 45 | 47 | 52 |
| | Upside | 75 | 79 | 87 |
| | Downside | 24 | 25 | 28 |
| World GDP growth rate | Base | 3.2% | 3.3% | 3.2% |
| | Upside | 4.8% | 4.9% | 4.8% |
| | Downside | 2.3% | 2.4% | 2.3% |
| WTI Oil Prices/10 | Base | 6.90 | 6.60 | 6.44 |
| | Upside | 11.97 | 11.43 | 11.16 |
| | Downside | 2.57 | 2.45 | 2.39 |

**Outlook for the next three (3) years from December 2025:**

| | | 2026 | 2027 | 2028 |
|---|---|---|---|---|
| Jamaica | Base | Stable | Stable | Stable |
| | Upside | Positive | Positive | Positive |
| | Downside | Negative | Negative | Negative |

**Outlook for the next three (3) years from December 2024:**

| | | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| Jamaica | Base | Positive | Positive | Positive |
| | Upside | Positive | Positive | Positive |
| | Downside | Stable | Stable | Stable |

**8. Financial Investments (Continued)**

**Loss allowances (Continued)**

**Sensitivity analysis at December 2025**

The tables below show the sensitivity of the ECL to its various components.

| | | | ECL impact |
|---|---|---|---|
| **SICR criteria *** | **Actual threshold applied** | **Change in threshold** | **Change in threshold** |
| Investments | 2-notch downgrade since origination | 1-notch downgrade since origination | - |

* See note 2(f) (vii) for full criteria for staging. The staging for lending products is primarily based on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

| | | | ECL impact of | |
|---|---|---|---|---|
| **Loss Given Default** | **Actual value applied** | **Change in value** | **Increase in value** | **Decrease in value** |
| Investments – Corporate Debts | 53% | (- / + 5)% | 9,648 | (9,648) |
| Investments – Sovereign Debts (excluding Government of Barbados and Government of Jamaica) | 35% | (- / + 5)% | 2,425 | (2,425) |
| Investments – Sovereign Debts (Government of Jamaica) | 15% | (- / + 5)% | 10,227 | (10,227) |

| | | | ECL impact of | |
|---|---|---|---|---|
| **Weighting for downside scenario** | **Actual value applied** | **Change in value** | **Increase in value** | **Decrease in value** |
| Investments – excluding Government of Barbados | 10% (80% for base scenario and 10% for upside scenario) | ( - /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly | 8,868 | (8,868) |

**Sensitivity analysis at December 2024**

| | | | ECL impact |
|---|---|---|---|
| **SICR criteria *** | **Actual threshold applied** | **Change in threshold** | **Change in threshold** |
| Investments | 2-notch downgrade since origination | 1-notch downgrade since origination | 29,363 |

* See note 2 (f) (vii) for full criteria for staging. The staging for lending products is primarily based on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

| | | | ECL impact of | |
|---|---|---|---|---|
| **Loss Given Default** | **Actual value applied** | **Change in value** | **Increase in value** | **Decrease in value** |
| Investments – Corporate Debts | 53% | (- / + 5)% | 11,419 | (11,419) |
| Investments – Sovereign Debts (excluding Government of Barbados and Government of Jamaica) | 35% | (- / + 5)% | 5,775 | (5,775) |
| Investments – Sovereign Debts (Government of Jamaica) | 15% | (- / + 5)% | 11,226 | (11,226) |

**8. Financial Investments (Continued)**

**Sensitivity analysis at December 2024 (Continued)**

| Weighting for downside scenario | Actual value applied | Change in value | ECL impact of Increase in value | ECL impact of Decrease in value |
|---|---|---|---|---|
| Investments – excluding Government of Barbados | 10% (80% for base scenario and 10% for upside scenario) | ( - /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly | 9,016 | (9,016) |

**IFRS 9 maximum exposure to credit risk**
The following tables explain the changes in the maximum credit exposure at the beginning and the at end of the period due to these factors. For instruments at amortised cost, the gross carrying amount equals the maximum exposure.

**8. Financial Investments (Continued)**

**IFRS 9 maximum exposure to credit risk (Continued)**

| | The Group - 2025 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **FINANCIAL INVESTMENTS – AMORTISED COST** | **Stage 1 12-month ECL** | **Stage 2 lifetime ECL** | **Stage 3 lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Maximum exposure to credit risk as at January 1, 2025** | 51,791,630 | 1,886,180 | - | - | 53,677,810 |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 3 | (732,052) | - | 732,052 | - | - |
| Transfer from Stage 2 to Stage 3 | - | (1,704,076) | 1,704,076 | - | - |
| New financial assets originated or purchased | 168,614,573 | - | - | - | 168,614,573 |
| Financial assets fully recognized during the period | (187,433,642) | (5,691) | - | - | (187,439,333) |
| Changes in principal and interest | 25,227,997 | (51,949) | 136,506 | - | 25,312,554 |
| Foreign exchange adjustment | (2,123) | 51,445 | - | - | 49,322 |
| **Maximum exposure to credit risk as at December 31, 2025** | 57,466,383 | 175,909 | 2,572,634 | - | 60,214,926 |

| | The Group - 2024 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **FINANCIAL INVESTMENTS – AMORTISED COST** | **Stage 1 12-month ECL** | **Stage 2 lifetime ECL** | **Stage 3 lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Maximum exposure to credit risk as at January 1, 2024** | 40,049,979 | 2,246,264 | - | - | 42,296,243 |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 2 | (519,421) | 519,421 | - | - | - |
| New financial assets originated or purchased | 123,392,023 | - | - | - | 123,392,023 |
| Financial assets fully recognized during the period | (120,717,500) | (878,560) | - | - | (121,596,060) |
| Changes in principal and interest | 9,559,151 | - | - | - | 9,559,151 |
| Foreign exchange adjustment | 27,398 | (945) | - | - | 26,453 |
| **Maximum exposure to credit risk as at December 31, 2024** | 51,791,630 | 1,886,180 | - | - | 53,677,810 |

**8. Financial Investments (Continued)**

**IFRS 9 maximum exposure to credit risk (Continued)**

| | The Group - 2025 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **DEBT SECURITIES - FVTOCI** | **Stage 1 12-month ECL** | **Stage 2 lifetime ECL** | **Stage 3 lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Maximum exposure to credit risk as at January 1, 2025** | 137,921,208 | 1,398,645 | - | 170,118 | 139,489,971 |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 2 | (82,843) | 82,843 | - | - | - |
| New financial assets originated or purchased | 77,105,299 | - | - | - | 77,105,299 |
| Financial assets fully recognized during the period | (33,850,539) | (33,862) | - | (170,118) | (34,054,519) |
| Changes in principal and interest | (1,516,040) | (9,748) | - | - | (1,525,788) |
| Foreign exchange adjustment | 2,088,711 | 29,882 | - | - | 2,118,593 |
| **Maximum exposure to credit risk as at December 31, 2025** | 181,665,796 | 1,467,760 | - | - | 183,133,556 |

| | The Group - 2024 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **DEBT SECURITIES - FVTOCI** | **Stage 1 12-month ECL** | **Stage 2 lifetime ECL** | **Stage 3 lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Maximum exposure to credit risk as at January 1, 2024** | 137,214,528 | 1,396,069 | - | 168,659 | 138,779,256 |
| Transfers: | | | | | |
| New financial assets originated or purchased | 34,911,311 | - | - | - | 34,911,311 |
| Financial assets fully recognized during the period | (33,147,198) | (5,048) | - | - | (33,152,246) |
| Changes in principal and interest | (1,622,594) | (861) | - | 1,459 | (1,621,996) |
| Foreign exchange adjustment | 565,161 | 8,485 | - | - | 573,646 |
| **Maximum exposure to credit risk as at December 31, 2024** | 137,921,208 | 1,398,645 | - | 170,118 | 139,489,971 |

**8. Financial Investments (Continued)**

**IFRS 9 maximum exposure to credit risk (continued)**

| FINANCIAL INVESTMENTS - AMORTISED COST | The Company - 2025 ECL Staging | | | | |
|---|---|---|---|---|---|
| | Stage 1 12-month ECL | Stage 2 lifetime ECL | Stage 3 lifetime ECL | Purchased credit-impaired | Total |
| | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 |
| **Maximum exposure to credit risk as at January 1, 2025** | 1,399,758 | - | - | - | 1,399,758 |
| New financial assets originated or purchased | 16,793,641 | - | - | - | 16,793,641 |
| Financial assets fully recognized during the period | (16,853,804) | - | - | - | (16,853,804) |
| Changes in principal and interest | 6,237 | | | | 6,237 |
| **Maximum exposure to credit risk as at December 31, 2025** | 1,345,832 | - | - | - | 1,345,832 |

| FINANCIAL INVESTMENTS - AMORTISED COST | The Company - 2024 ECL Staging | | | | |
|---|---|---|---|---|---|
| | Stage 1 12-month ECL | Stage 2 lifetime ECL | Stage 3 lifetime ECL | Purchased credit-impaired | Total |
| | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 |
| **Maximum exposure to credit risk as at January 1, 2024** | 1,314,202 | - | - | - | 1,314,202 |
| New financial assets originated or purchased | 5,152,557 | - | - | - | 5,152,557 |
| Financial assets fully recognized during the period | (7,087,082) | - | - | - | (7,087,082) |
| Changes in principal and interest | 2,020,081 | - | - | - | 2,020,081 |
| **Maximum exposure to credit risk as at December 31, 2024** | 1,399,758 | - | - | - | 1,399,758 |

## 9. Loans and Leases, after Allowance for Credit Losses

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| Gross loans and advances | 159,235,076 | 140,250,814 |
| Less: Allowance for credit losses | (2,615,427) | (2,444,829) |
| | 156,619,649 | 137,805,985 |
| Loan interest receivable | 846,201 | 770,529 |
| | 157,465,850 | 138,576,514 |
| Lease receivables, net of allowance for credit losses | 94,428 | 94,428 |
| | 157,560,278 | 138,670,942 |

Current portion of Loans and Leases, after Allowance for Credit Losses disclosed under Note 42(c) (ii).

The provision for credit losses determined under Central Bank regulatory requirements was as follows:

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| Specific provision | 1,397,215 | 1,390,422 |
| General provision | 1,583,004 | 1,394,936 |
| | 2,980,219 | 2,785,358 |
| Excess of regulatory provision over IFRS Accounting Standards provision recognized in the Bank reflected in non-distributable loan loss reserve Note 2(j) | (73,350) | 317,851 |

**9. Loans and Leases, after Allowance for Credit Losses (Continued)**

**Credit risk exposure- loans and leases subject to impairment**

The following tables contain analyses of the credit risk exposure of financial investments for which an ECL allowance is recognised.

| | The Group - 2025 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **LOANS AND LEASES – AMORTISED COST** | **Stage 1 12-month ECL** | **Stage 2 Lifetime ECL** | **Stage 3 Lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| Credit grade: | | | | | |
| Non-investment | 154,144,061 | 3,201,919 | | - | 157,345,980 |
| Default | | | 2,829,725 | - | 2,829,725 |
| Gross carrying amount | 154,144,061 | 3,201,919 | 2,829,725 | - | 160,175,705 |
| Loss allowance | (1,354,053) | (218,176) | (1,043,198) | - | (2,615,427) |
| Carrying amount | 152,790,008 | 2,983,743 | 1,786,527 | - | 157,560,278 |

| | The Group - 2024 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **LOANS AND LEASES – AMORTISED COST** | **Stage 1 12-month ECL** | **Stage 2 Lifetime ECL** | **Stage 3 Lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| Credit grade: | | | | | |
| Non-investment | 134,151,964 | 4,237,979 | - | - | 138,389,943 |
| Default | - | - | 2,725,828 | - | 2,725,828 |
| Gross carrying amount | 134,151,964 | 4,237,979 | 2,725,828 | - | 141,115,771 |
| Loss allowance | (1,231,878) | (166,253) | (1,046,698) | - | (2,444,829) |
| Carrying amount | 132,920,086 | 4,071,726 | 1,679,130 | - | 138,670,942 |

Mortgage loans are collaterised by the underlying residential and commercial properties. The values ascribed to these properties have been considered in arriving at the LGDs for each mortgage loan. The total value of the collateral as at year end with respect to mortgage loans that were credit-impaired at the reporting date (stage 3) was $3,687,100,000 (2024: $410,650,000).

**9. Loans and Leases, after Allowance for Credit Losses (Continued)**

**Loss allowances**

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

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

The following tables contain an analysis of ECL allowances recognised during the period.

| | The Group - 2025 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **LOANS AND LEASES – AMORTISED COST** | **Stage 1 12-month ECL** | **Stage 2 Lifetime ECL** | **Stage 3 Lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Loss Allowance as at January 1, 2025** | 1,231,878 | 166,253 | 1,046,698 | - | 2,444,829 |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 2 | (10,071) | 10,071 | - | - | - |
| Transfer from Stage 1 to Stage 3 | (6,409) | - | 6,409 | - | - |
| Transfer from Stage 2 to Stage 1 | 95,571 | (95,571) | - | - | - |
| Transfer from Stage 2 to Stage 3 | - | (17,183) | 17,183 | - | - |
| Transfer from Stage 3 to Stage 1 | 13,121 | - | (13,121) | - | - |
| Transfer from Stage 3 to Stage 2 | - | 72,828 | (72,828) | - | - |
| New financial assets originated or purchased | 305,997 | 17,637 | 48,719 | - | 372,353 |
| Financial assets fully derecognised during the period | (138,286) | (10,531) | (594,070) | - | (742,887) |
| Changes to inputs used in ECL calculation | (141,007) | 74,630 | 600,154 | - | 533,777 |
| Foreign exchange adjustment | 3,259 | 42 | 4,054 | - | 7,355 |
| **Loss Allowance as at December 31, 2025** | 1,354,053 | 218,176 | 1,043,198 | - | 2,615,427 |

**9. Loans and Leases, after Allowance for Credit Losses (Continued)**

**Loss allowances (Continued)**

| | The Group - 2024 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **LOANS AND LEASES – AMORTISED COST** | **Stage 1 12-month ECL** | **Stage 2 Lifetime ECL** | **Stage 3 Lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Loss Allowance as at January 1, 2024** | 718,703 | 112,877 | 906,495 | - | 1,738,075 |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 2 | (27,963) | 27,963 | - | - | - |
| Transfer from Stage 1 to Stage 3 | (98,782) | - | 98,782 | - | - |
| Transfer from Stage 2 to Stage 1 | 48,497 | (48,497) | - | - | - |
| Transfer from Stage 2 to Stage 3 | - | (17,405) | 17,405 | - | - |
| Transfer from Stage 3 to Stage 1 | 8,003 | - | (8,003) | - | - |
| Transfer from Stage 3 to Stage 2 | - | 1,883 | (1,883) | - | - |
| New financial assets originated or purchased | 578,166 | - | - | - | 578,166 |
| Financial assets fully derecognised during the period | (140,375) | (17,629) | (356,763) | - | (514,767) |
| Changes to inputs used in ECL calculation | 144,923 | 107,061 | 388,563 | - | 640,547 |
| Foreign exchange adjustment | 706 | - | 2,102 | - | 2,808 |
| **Loss Allowance as at December 31, 2024** | 1,231,878 | 166,253 | 1,046,698 | - | 2,444,829 |

The most significant period-end assumptions used for the ECL were as follows:

Sagicor's lending operations in Jamaica 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.

**At December 31, 2025**

**Outlook for lending at December 2025**

| **Jamaica** | **Expected state for the next 12 months** | |
|---|---|---|
| Interest rate | Base | Stable |
| | Upside | Positive |
| | Downside | Negative |
| Unemployment rate | | |
| | Base | Stable |
| | Upside | Positive |
| | Downside | Negative |

**9. Loans and Leases, after Allowance for Credit Losses (Continued)**

**Loss allowances (Continued)**

**At December 31, 2024**

**Outlook for lending at December 2024**

| Jamaica | Expected state for the next 12 months | |
|---|---|---|
| Interest rate | Base | Stable |
| | Upside | Positive |
| | Downside | Negative |
| Unemployment rate | Base | Stable |
| | Upside | Positive |
| | Downside | Negative |

The economic states assigned above are translated into numerical figures.

**Sensitivity analysis at December 2025**

The tables below show the sensitivity of the ECL to its various components.

| | | | ECL impact of | |
|---|---|---|---|---|
| **Weighting for downside scenario** | **Actual value applied** | **Change in value** | **Increase in value** | **Decrease in value** |
| Lending products | Entertainment and tourism industry: 25% (65% for base scenario and 10% for upside scenario)<br><br>Other industries: 15% (75% for base scenario and 10% for upside scenario) | ( - /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly | 10,774 | (10,984) |

**Sensitivity analysis at December 2024**

The tables below show the sensitivity of the ECL to its various components.

| | | | ECL impact of | |
|---|---|---|---|---|
| **Weighting for downside scenario** | **Actual value applied** | **Change in value** | **Increase in value** | **Decrease in value** |
| Lending products | Entertainment and tourism industry: 25% (65% for base scenario and 10% for upside scenario)<br><br>Other industries: 15% (75% for base scenario and 10% for upside scenario) | ( - /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly | 10,937 | (11,146) |

**9. Loans and Leases, after Allowance for Credit Losses (Continued)**

**IFRS 9 Maximum exposure to credit risk**

The following tables explain the changes in the maximum credit exposure at the beginning and the at end of the period due to these factors. For instruments at amortised cost, the gross carrying amount equals the maximum exposure.

| | The Group - 2025 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **LOANS AND LEASES – AMORTISED COST** | **Stage 1 12-month ECL** | **Stage 2 Lifetime ECL** | **Stage 3 Lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Maximum exposure to credit risk as at January 1, 2025** | 134,151,964 | 4,237,979 | 2,725,828 | - | 141,115,771 |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 2 | (2,291,711) | 2,291,711 | - | - | - |
| Transfer from Stage 1 to Stage 3 | (1,032,350) | - | 1,032,350 | - | - |
| Transfer from Stage 2 to Stage 1 | 2,287,872 | (2,287,872) | - | - | - |
| Transfer from Stage 2 to Stage 3 | - | (620,763) | 620,763 | - | - |
| Transfer from Stage 3 to Stage 1 | 100,766 | - | (100,766) | - | - |
| Transfer from Stage 3 to Stage 2 | - | 158,763 | (158,763) | - | - |
| New financial assets originated or purchased | 46,106,980 | - | - | - | 46,106,980 |
| Financial assets fully derecognised during the period | (17,859,422) | (286,093) | (990,393) | - | (19,135,908) |
| Changes in principal and interest | (7,744,167) | (292,909) | (306,951) | - | (8,344,027) |
| Foreign exchange adjustment | 424,129 | 1,103 | 7,657 | - | 432,889 |
| **Maximum exposure to credit risk as at December 31, 2025** | 154,144,061 | 3,201,919 | 2,829,725 | - | 160,175,705 |

**9. Loans and Leases, after Allowance for Credit Losses (Continued)**

**IFRS 9 Maximum exposure to credit risk (Continued)**

| | The Group - 2024 | | | | |
|---|---|---|---|---|---|
| | ECL Staging | | | | |
| **LOANS AND LEASES – AMORTISED COST** | **Stage 1 12-month ECL** | **Stage 2 Lifetime ECL** | **Stage 3 Lifetime ECL** | **Purchased credit-impaired** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Maximum exposure to credit risk as at January 1, 2024** | 120,767,824 | 3,100,614 | 1,995,133 | - | 125,863,571 |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 2 | (3,506,352) | 3,506,352 | - | - | - |
| Transfer from Stage 1 to Stage 3 | (1,137,922) | - | 1,137,922 | - | - |
| Transfer from Stage 2 to Stage 1 | 1,212,596 | (1,212,596) | - | - | - |
| Transfer from Stage 2 to Stage 3 | - | (493,414) | 493,414 | - | - |
| Transfer from Stage 3 to Stage 1 | 65,284 | - | (65,284) | - | - |
| Transfer from Stage 3 to Stage 2 | - | 22,338 | (22,338) | - | - |
| New financial assets originated or purchased | 40,711,291 | - | - | - | 40,711,291 |
| Financial assets fully derecognised during the period | (18,958,954) | (457,653) | (667,957) | - | (20,084,564) |
| Changes in principal and interest | (5,127,122) | (227,662) | (148,442) | - | (5,503,226) |
| Foreign exchange adjustment | 125,319 | - | 3,380 | - | 128,699 |
| **Maximum exposure to credit risk as at December 31, 2024** | 134,151,964 | 4,237,979 | 2,725,828 | - | 141,115,771 |

**Concentration of loans and leases**

Credit risk is an important risk for the Group's business; management therefore carefully monitors its exposure to credit risk in its lending activities. The group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| **Loans and leases** | **$ '000** | **$ '000** |
| Industry segments | | |
| Agriculture, fishing and mining | 3,209,156 | 2,988,479 |
| Construction and real estate | 17,173,370 | 17,912,813 |
| Distribution | 13,482,295 | 11,906,809 |
| Manufacturing | 6,053,196 | 4,679,064 |
| Personal | 63,651,403 | 54,286,666 |
| Professional and other services | 31,463,348 | 29,735,633 |
| Tourism and entertainment | 15,053,551 | 9,933,779 |
| Transportation, storage and communication | 433,144 | 507,033 |
| Other | 8,810,041 | 8,394,966 |
| | 159,329,504 | 140,345,242 |
| Less: Provision for credit losses | (2,615,427) | (2,444,829) |
| | 156,714,077 | 137,900,413 |
| Interest receivable | 846,201 | 770,529 |
| | 157,560,278 | 138,670,942 |

## 10. Pledged Assets

Assets of the Group are pledged as collateral under repurchase agreements with customers and financial institutions. Mandatory cash reserves and investment securities are also held with the regulators, the Bank of Jamaica and the Financial Services Commission.

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 $ '000 | 2024 $ '000 | 2025 $ '000 | 2024 $ '000 |
| Investment securities pledged as collateral: | | | | |
| With regulators | 202,332 | 200,924 | - | - |
| Under repurchase agreements (Note 27) | 121,370,363 | 97,718,906 | - | - |
| With bank and other financial institutions | 656,044 | 659,893 | 156,518 | 150,115 |
| | 122,228,739 | 98,579,723 | 156,518 | 150,115 |

## 11. Investment Properties

| | The Group | |
|---|---|---|
| | 2025 $ '000 | 2024 $ '000 |
| At beginning of year | 1,614,440 | 1,618,306 |
| Additions during the year | 6,185 | - |
| Disposal during the year | (180,571) | (248,666) |
| Fair value gains | 31,215 | 244,800 |
| At end of year | 1,471,269 | 1,614,440 |

The investment properties as at December 31, 2025 were valued at current market value by Allison Pitter & Company and NIA Jamaica Langford & Brown qualified property appraisers and valuers.

(i) Rental income and repairs and maintenance expenditure in relation to investment properties are disclosed in Note 34.

(ii) During the year, some of the properties were tenanted and generated rental income. There were no operating expenses related to the properties which were not tenanted (2024: NIL).

The valuations of investment property have been classified as Level 3 of the fair value hierarchy under IFRS 13, 'Fair Value Measurement' in Note 41.

## 12. Investment in Joint Ventures

This relates to the group's investment in Grupo Sagicor GS, G.A. and Sagicor Capital & Advice Spain S.L

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 $ '000 | 2024 $ '000 | 2025 $ '000 | 2024 $ '000 |
| Balance at 1 January | 2,533,543 | 2,310,020 | 735,063 | 414,267 |
| Distribution received | (142,194) | (379,300) | - | - |
| Capital injection | 143,403 | 320,796 | 143,403 | 320,796 |
| Share of after tax earnings | 281,418 | 226,379 | - | - |
| Share of movement in other comprehensive income, net of taxation | 161,636 | 55,648 | - | - |
| Balance at 31 December | 2,977,806 | 2,533,543 | 878,466 | 735,063 |

**12. Investment in Joint Ventures(Continued)**

The joint ventures have share capital consisting solely of common and nominative shares, which are held directly by the Group.

Grupo Sagicor GS, G.A. and Sagicor Capital & Advice Spain S.L are private companies and there is no quoted market price available for the shares.

There are no contingent liabilities relating to the Group's interest in the joint venture.

*Summarised Financial Information of Joint Ventures*

Set out below are the summarised financial information for Grupo Sagicor GS, G.A., Sagicor Capital & Advice Spain S.L and subsidiaries, which is accounted for using the equity method.

*Summarised Statement of Financial Position*

| | The Group - 2025 | | |
|---|---|---|---|
| | **Grupo Sagicor GS, G.A.** | **Sagicor Capital & Advice Spain S.L** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** |
| Current assets | | | |
| Cash and cash equivalents | 405,754 | 203,136 | 608,890 |
| Insurance contract assets | - | 201,858 | 201,858 |
| Reinsurance contracts assets | 76,409 | - | 76,409 |
| Other current assets | 1,377,307 | 1,009,602 | 2,386,909 |
| | 1,859,470 | 1,414,596 | 3,274,066 |
| Non-current assets | | | |
| Investments | 3,932,193 | - | 3,932,193 |
| Other non-current asset | 51,389 | 93,840 | 145,229 |
| | 3,983,582 | 93,840 | 4,077,422 |
| Total Assets | 5,843,052 | 1,508,436 | 7,351,488 |
| Current liabilities | | | |
| Insurance contract liabilities | 526,767 | 327,647 | 854,414 |
| Other liabilities | 336,724 | 177,026 | 513,750 |
| | 863,491 | 504,673 | 1,368,164 |
| Non Current liabilities | | | |
| Other liabilities | 27,713 | - | 27,713 |
| | 27,713 | - | 27,713 |
| Total Liabilities | 891,204 | 504,673 | 1,395,877 |
| Net Assets | 4,951,848 | 1,003,763 | 5,955,611 |

**12. Investment in Joint Ventures(Continued)**

*Summarised Statement of Financial Position* (Continued)

| | The Group - 2024 | | |
|---|---|---|---|
| | **Grupo Sagicor GS, G.A.** | **Sagicor Capital & Advice Spain S.L** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** |
| Current assets | | | |
| Cash and cash equivalents | 273,925 | 371,123 | 645,048 |
| Reinsurance contracts assets | 267,769 | - | 267,769 |
| Other current assets | 1,724,303 | 169,116 | 1,893,419 |
| | 2,265,997 | 540,239 | 2,806,236 |
| Non-current assets | | | |
| Investments | 2,957,584 | 483,128 | 3,440,712 |
| Other non-current asset | 61,939 | 116,548 | 178,487 |
| | 3,019,523 | 599,676 | 3,619,199 |
| Total Assets | 5,285,520 | 1,139,915 | 6,425,435 |
| Current liabilities | | | |
| Insurance contract liabilities | 586,111 | 176,071 | 762,182 |
| Other liabilities | 288,356 | 217,894 | 506,250 |
| | 874,467 | 393,965 | 1,268,432 |
| Non Current liabilities | | | |
| Other liabilities | 13,443 | 76,474 | 89,917 |
| | 13,443 | 76,474 | 89,917 |
| Total Liabilities | 887,910 | 470,439 | 1,358,349 |
| Net Assets | 4,397,610 | 669,476 | 5,067,086 |

**12. Investment in Joint Ventures(Continued)**

*Summarised statement of comprehensive income*

| | The Group - 2025 | | |
|---|---|---|---|
| | **Grupo Sagicor GS, G.A.** | **Sagicor Capital & Advice Spain S.L** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** |
| Insurance revenue | 8,177,122 | 787,631 | 8,964,753 |
| Insurance service expenses | (4,548,994) | (569,739) | (5,118,733) |
| Net expenses from reinsurance contracts held | (544,960) | 32,757 | (512,203) |
| Insurance service result | 3,083,168 | 250,649 | 3,333,817 |
| Net investment income/(expenses) | 195,637 | 44,645 | 240,282 |
| Net insurance and investment result | 3,278,805 | 295,294 | 3,574,099 |
| Fees and other income | 33,863 | 136,491 | 170,354 |
| Other operating expenses | (2,502,656) | (433,164) | (2,935,820) |
| Other interest and finance costs | (2,499) | (5,036) | (7,535) |
| Net profit before taxation | 807,513 | (6,415) | 801,098 |
| Taxation | (238,263) | - | (238,263) |
| Net profit after tax for the period | 569,250 | (6,415) | 562,835 |
| Other comprehensive income | 175,214 | 41,846 | 217,060 |
| Total comprehensive income | 744,464 | 35,431 | 779,895 |
| | | | |
| Reconciliation of summarized financial information | | | |
| Opening net assets at 1 January | 4,397,610 | 669,476 | 5,067,086 |
| Distribution made | (284,388) | - | (284,388) |
| Capital injection | - | 286,806 | 286,806 |
| Net profit after tax for the period | 569,250 | (6,415) | 562,835 |
| Other comprehensive income | 175,214 | 41,846 | 217,060 |
| Currency translation | 94,162 | 12,050 | 106,212 |
| Closing net assets | 4,951,848 | 1,003,763 | 5,955,611 |

**12. Investment in Joint Ventures (Continued)**

*Summarised statement of comprehensive income* (Continued)

| | The Group - 2024 | | |
|---|---|---|---|
| | **Grupo Sagicor GS, G.A.** | **Sagicor Capital & Advice Spain S.L** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** |
| Insurance revenue | 6,255,694 | 589,734 | 6,845,428 |
| Insurance service expenses | (3,232,484) | (479,625) | (3,712,109) |
| Net expenses from reinsurance contracts held | (467,587) | (22,491) | (490,078) |
| Insurance service result | 2,555,623 | 87,618 | 2,643,241 |
| Net investment income/(expenses) | 126,879 | 42,170 | 169,049 |
| Net insurance and investment result | 2,682,502 | 129,788 | 2,812,290 |
| Fees and other income | - | 293,354 | 293,354 |
| Other operating expenses | (1,957,561) | (394,608) | (2,352,169) |
| Other interest and finance costs | (11,453) | (5,812) | (17,265) |
| Net profit before taxation | 713,488 | 22,722 | 736,210 |
| Taxation | (283,453) | - | (283,453) |
| Net profit after tax for the period | 430,035 | 22,722 | 452,757 |
| Other comprehensive income | 62,160 | 8,260 | 70,420 |
| Total comprehensive income | 492,195 | 30,982 | 523,177 |
| Reconciliation of summarized financial information | | | |
| Opening net assets at 1 January | 4,620,039 | - | 4,620,039 |
| Distribution made | (758,600) | - | (758,600) |
| Capital injection | - | 641,592 | 641,592 |
| Net profit after tax for the period | 430,035 | 22,722 | 452,757 |
| Other comprehensive income | 62,160 | 8,260 | 70,420 |
| Currency translation | 43,976 | (3,098) | 40,878 |
| Closing net assets | 4,397,610 | 669,476 | 5,067,086 |

## 13. Interest in Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Group. Such interests include holdings of debt or equity securities and investment management agreements. Structured entities are assessed for consolidation as discussed in Note 3(a)(i).

***Consolidated Structured Entity***
The Group has no consolidated structured entity.

***Unconsolidated Structured Entity***
The Group established Sagicor Pooled Investment Fund Limited (PIF), Sagicor Sigma Global Unit Trust (twenty-one portfolios), and the Sagicor Select Funds Limited (two portfolios) to provide customers and pension funds with several investment opportunities.

(i) PIF
PIF is a custodian trustee for the assets of the Pooled Pension Investment Funds which are held in trust on behalf of pension funds. The trust has a separate Board of Directors. The administration of the assets in trust is done by one of the Group's subsidiaries, Employee Benefits Administrator Limited. The investment manager of these Funds is also one of the Group's subsidiaries, Sagicor Life Jamaica Limited. Both the administration of the assets and the provision of investment management services entitled the Group to receive management fees based on the assets under management. See critical accounting estimates Note 3(a)(i) for further details.

The table below shows the total assets of PIF, the Group's exposure in and income arising from involvement with PIF as well as the maximum exposure to loss. The maximum exposure to loss from the Group's interests represents the maximum loss that the Group could incur as a result of its involvement with the PIF regardless of the probability of the loss being incurred. The income from the Group's interest includes recurring and non-recurring fees and any mark-to-market gains/losses on a net basis. The Group's exposure to loss arises from the Group's defined benefit pension scheme's investment in units in PIF. The income earned from the Group's interests represents the income earned by the Group's defined benefit pension scheme's investment in units in PIF. Management fees are earned by the Group from its administration and investment management activities.

| | The Group | |
|---|---|---|
| | 2025<br>$ '000 | 2024<br>$ '000 |
| Total assets of PIF | 194,082,456 | 189,026,827 |
| Maximum exposure to loss | 23,169,986 | 27,799,227 |
| Liability to the Unit Trust in relation to repurchase obligations (included in repurchase obligations on the consolidated statement of financial position) | 6,699,168 | 11,683,146 |
| Total income/(losses) from the Group's interests | 806,222 | 1,661,268 |
| Management Fees earned | 2,430,909 | 2,295,505 |

The Group has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to the fund in the future.

(ii) Sagicor Sigma Global Unit Trust
The Group established the Sagicor Sigma Global Unit Trust to provide customers with investment opportunities. The Unit Trust comprises twenty-one portfolios. See Note 3(a)(i) for further details.

The Unit Trust has an independent trustee. One of the Group's subsidiaries, Sagicor Investments Jamaica Limited is the investment manager of the Unit Trust and is entitled to receive management fees based on the assets under management. The Group also holds units in the Unit Trust.

**13. Interest in Structured Entities (Continued)**

(ii) Sagicor Sigma Global Unit Trust (Continued)

The table below shows the total assets of the Unit Trust, the Group's interest in and income arising from involvement with the Unit Trust, the Group's liability to the Unit Trust in relation to repurchase obligations and other borrowings, as well as the maximum exposure to loss. The maximum exposure to loss from the Group's interests represents the maximum loss that the Group could incur as a result of its involvement with the Unit Trust regardless of the probability of the loss being incurred. The income from the Group's interest includes recurring and non-recurring fees and any mark-to-market gains/losses on a net basis.

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| Total assets of the Unit Trust | 157,297,606 | 153,567,272 |
| The Group's interest – Carrying value of equities held (included in fair value through profit and Loss – Note 8) | 31,533,124 | 30,830,797 |
| Maximum exposure to loss | (31,533,124) | (30,830,797) |
| Liability to the Unit Trust in relation to repurchase obligations (included in repurchase obligations on the consolidated statement of financial position) | 15,965,700 | 15,779,535 |
| Liability issued by the Unit Trust | 3,463,814 | 4,010,418 |
| Managed Funds -Real Estate (Receivables)/Payables | - | (856,003) |
| Total income from the Group's interests | 2,897,096 | 2,849,833 |

The Group has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to the Unit Trust in the future.

(iii) Sagicor Select Funds

Sagicor Select Funds consists of two publicly traded companies listed on Jamaica Stock exchange. They are the Financial Select Fund and the Manufacturing and Distribution Select Fund. The objective of these funds is to provide a low cost and effective means of investing in a diverse pool of companies listed on the stock market.

The table below shows the total assets of the Select Funds, the Group's interest in and income arising from involvement with the entities, the Group's liability to the Funds in relation to repurchase obligations as well as the maximum exposure to loss. The maximum exposure to loss from the Group's interests represents the maximum loss that the Group could incur as a result of its involvement with the Funds regardless of the probability of the loss being incurred. The income from the Group's interest includes recurring and non-recurring fees and any mark-to-market gains/losses on a net basis.

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| Total assets of Funds | 7,705,290 | 7,826,640 |
| The Group's interest – Carrying value of equities held (included in fair value through profit and Loss – Note 8) | 72,243 | 69,233 |
| Maximum exposure to loss | (72,243) | (69,233) |
| Total income from the Group's interests | 23,239 | 21,639 |

The Group has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to the Funds in the future.

## 14. Investment in subsidiaries

The investment in subsidiaries is represented as follows:

| | The Company | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Investment at January 1 | 71,826,639 | 71,826,639 |
| Acquisitions | - | - |
| Disposal | - | - |
| Investment at December 31 | 71,826,639 | 71,826,639 |

## 15. Intangible Assets

| | | The Group | | | | |
|---|---|---|---|---|---|---|
| | | Goodwill | Contractual Customer Relationship | Trade Names | Computer Software | Total |
| | | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 |
| **Cost -** | | | | | | |
| At 1 January 2024 | | 5,155,207 | 5,801,499 | 940,433 | 5,243,015 | 17,140,154 |
| Additions | | - | - | - | 487,579 | 487,579 |
| Impairment charge | (iii) | (700,000) | - | - | - | (700,000) |
| Transfers in/(out) | | - | (108,839) | (802,433) | 129,935 | (781,337) |
| Translation adjustment | | 6,656 | - | - | (383) | 6,273 |
| At 31 December 2024 | | 4,461,863 | 5,692,660 | 138,000 | 5,860,146 | 16,152,669 |
| Additions | | - | - | - | 434,039 | 434,039 |
| Impairment charge | | (186,066) | - | - | - | (186,066) |
| Translation adjustment | | 16,579 | - | - | (1,013) | 15,566 |
| At 31 December 2025 | | 4,292,376 | 5,692,660 | 138,000 | 6,293,172 | 16,416,208 |
| **Amortisation -** | | | | | | |
| At 1 January 2024 | | - | 4,424,812 | 536,535 | 4,312,226 | 9,273,573 |
| Translation adjustment | | - | - | - | 154 | 154 |
| Transfers in/(out) | | - | (377,535) | (533,723) | 129,935 | (781,323) |
| Amortisation charge | | - | 287,110 | 844 | 430,913 | 718,867 |
| At 31 December 2024 | | - | 4,334,387 | 3,656 | 4,873,228 | 9,211,271 |
| Translation adjustment | | - | 16 | - | 82 | 98 |
| Amortisation charge | | - | 186,860 | 844 | 427,826 | 615,530 |
| At 31 December 2025 | | - | 4,521,263 | 4,500 | 5,301,136 | 9,826,899 |
| **Net Book Value -** | | | | | | |
| **31 December 2024** | | 4,461,863 | 1,358,273 | 134,344 | 986,918 | 6,941,398 |
| **31 December 2025** | | 4,292,376 | 1,171,397 | 133,500 | 992,036 | 6,589,309 |

| | The Company |
|---|---|
| | Computer Software |
| | $ '000 |
| **Cost -** | |
| At 1 January 2024 | 1,867,854 |
| Additions | 14,319 |
| At 31 December 2024 | 1,882,173 |
| Additions | 3,447 |
| **At 31 December 2025** | 1,885,620 |
| **Amortisation -** | |
| At 1 January 2024 | 1,783,383 |
| Amortisation charge | 43,045 |
| At 31 December 2024 | 1,826,428 |
| Amortisation charge | 17,170 |
| **At 31 December 2025** | 1,843,598 |
| **Net Book Value -** | |
| **31 December 2024** | 55,745 |
| **31 December 2025** | 42,022 |

**15. Intangible Assets (Continued)**

(a) The allocation of goodwill to the Group's and the Company's CGU is as follows:

| | The Group | |
|---|---|---|
| | 2025 $ '000 | 2024 $ '000 |
| Sagicor Life Jamaica Long Term Insurance Division | 855,190 | 855,191 |
| Sagicor Life of the Cayman Islands Long Term Insurance Division | 792,874 | 776,294 |
| Sagicor Investments Jamaica Limited | - | 186,066 |
| Travel Cash Jamaica Limited | 119,994 | 119,994 |
| Advantage General Insurance Company | 558,706 | 558,706 |
| Alliance Financial Services Limited | 1,965,612 | 1,965,612 |
| | 4,292,376 | 4,461,863 |

(i) At December 31, 2025, management tested goodwill and the unamortised balance of other purchased intangibles allocated to all the CGUs as listed in the table above.

The goodwill on acquisition of Alliance Financial Services Limited was written down by $700,000,000 at the prior year end due to decline in revenues from a sharp decline in remittances to Jamaica from the USA and declining foreign exchange margins. In the current year, goodwill related to Sagicor Investment Jamaica Limited was written off.

(ii) Fair values less costs to sell is used to determine the recoverable amounts of:
- Sagicor Life Jamaica Long Term Insurance Division
- Sagicor Life of the Cayman Islands Long Term Insurance Division

Management has determined the recoverable amount of the life insurance CGUs of the Group by assessing the fair value less cost of sell (FVLCS) of the underlying assets. The recoverable amounts are considered to be level 3 in the fair value hierarchy due to the unobservable inputs used in the valuation.

Management's approach and the key assumptions used to determine the CGU's FVLCS were as follows:

| | The Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | | 2024 | | | |
| | Earnings Multiple | Cost to sell | Post-tax discount rate | Long term Growth Rate | Earnings Multiple | Cost to sell | Post-tax discount rate | Long term Growth Rate |
| Sagicor Life Jamaica Long Term Insurance Division | 11.00 | 5.0% | 13.1% | 4.5% | 10.20 | 5.0% | 13.8% | 4.5% |
| Sagicor Life of the Cayman Islands Long Term Insurance Division | 8.30 | 5.0% | 13.5% | 2% | 7.90 | 5.0% | 14.2% | 2% |

The inputs are determined as follows:
- Earnings multiple represents the inverse of the capitalisation rate that is, 1 divided by post-tax discount rate less long-term growth rate.
- Cost to sell is estimated cost, based on management's experience of the typical incidental costs associated with a sale of business such as legal and professional fees as well as statutory charges, to dispose of CGU as a going-concern.
- Post-tax discount rate reflects specific risks related to the business, industry and country of operation.
- Long-term growth rate (%) is based on historical/projected financial performance of each CGU, nominal GDP growth rates and factors specific to the industry each CGU operates in.

**15. Intangible Assets (Continued)**

(a) The allocation of goodwill to the Group's and the Company's CGU is as follows: (Continued)

(iii) Value in use calculations are used to determine the recoverable amount of the non-life CGUs:

- Sagicor Investments Jamaica Limited
- Travel Cash Jamaica Limited
- Advantage General Insurance Company
- Alliance Financial Services Limited

These calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Cash

Key assumptions used for the impairment calculations are as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **Earnings Growth Rate** | **Discount Rate** | **Earnings Growth Rate** | **Discount Rate** |
| Sagicor Investments Jamaica Limited | 5.00% | 13.02% | 5.00% | 13.34% |
| Travel Cash | 5.00% | 14.33% | 6.00% | 14.72% |
| Advantage General Insurance Company Limited | 4.50% | 13.79% | 4.50% | 14.38% |
| Alliance Financial Services Limited | 4.50% | 12.29% | 4.50% | 12.44% |

**16. Property, Plant and Equipment**

| | The Group | | | | |
|---|---|---|---|---|---|
| | Leasehold Improvements | Land & Buildings | Furniture & Equipment | Motor Vehicles | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Cost or Valuation -** | | | | | |
| At January 1, 2024 | 2,114,546 | 4,555,270 | 5,969,598 | 400,598 | 13,040,012 |
| Additions | 104,435 | - | 465,976 | 157,472 | 727,883 |
| Revaluation adjustments | - | 403,449 | - | - | 403,449 |
| Disposals | - | - | (5,993) | (57,164) | (63,157) |
| Translation adjustment | 1,134 | 7,732 | 528 | - | 9,394 |
| At December 31, 2024 | 2,220,115 | 4,966,451 | 6,430,109 | 500,906 | 14,117,581 |
| Additions | 287,390 | - | 493,354 | 155,759 | 936,503 |
| Revaluation adjustments | - | 380,054 | - | - | 380,054 |
| Disposals | (17,075) | (17,875) | (33,284) | (65,562) | (133,796) |
| Translation adjustment | 2,824 | 21,476 | 3,367 | 323.00 | 27,990 |
| **At December 31, 2025** | 2,493,254 | 5,350,106 | 6,893,546 | 591,426 | 15,328,332 |
| **Accumulated Depreciation -** | | | | | |
| At January 1, 2024 | 1,263,096 | 180,706 | 4,624,512 | 276,345 | 6,344,659 |
| Charge for the year | 152,920 | 48,115 | 504,206 | 58,870 | 764,111 |
| Relieved on revalued assets | - | (29,987) | - | - | (29,987) |
| Relieved on disposals | - | - | (5,993) | (54,502) | (60,495) |
| Translation adjustment | 638 | 170 | 934 | - | 1,742 |
| At December 31, 2024 | 1,416,654 | 199,004 | 5,123,659 | 280,713 | 7,020,030 |
| Charge for the year | 171,701 | 54,706 | 501,459 | 85,546 | 813,412 |
| Relieved on revalued assets | - | (35,195) | - | - | (35,195) |
| Relieved on disposals | (15,534) | (9,868) | (18,478) | (52,512) | (96,392) |
| Translation adjustment | 1,802 | 570 | 3,777 | 323.00 | 6,472 |
| **At December 31, 2025** | 1,574,623 | 209,217 | 5,610,417 | 314,070 | 7,708,327 |
| **Net Book Value -** | | | | | |
| At December 31, 2024 | 803,461 | 4,767,447 | 1,306,450 | 220,193 | 7,097,551 |
| At December 31, 2025 | 918,631 | 5,140,889 | 1,283,129 | 277,356 | 7,620,005 |

The valuations of Freehold Land and Building have been classified as Level 3 of the fair value hierarchy under IFRS 13, 'Fair Value Measurement'

**16. Property, Plant and Equipment (Continued)**

| | The Company | | | |
|---|---|---|---|---|
| | Leasehold Improvements | Furniture & Equipment | Motor Vehicles | Total |
| | $'000 | $'000 | $'000 | $'000 |
| **Cost or Valuation -** | | | | |
| At January 1, 2024 | 60,474 | 601,226 | 64,840 | 726,540 |
| Additions | 4,652 | 49,066 | 107,864 | 161,582 |
| Disposals | - | - | (21,840) | (21,840) |
| At December 31, 2024 | 65,126 | 650,292 | 150,864 | 866,282 |
| Additions | 16,386 | 23,818 | 63,915 | 104,119 |
| Disposals | - | (179) | - | (179) |
| At December 31, 2025 | 81,512 | 673,931 | 214,779 | 970,222 |
| **Accumulated Depreciation -** | | | | |
| At January 1, 2024 | 22,494 | 516,545 | 33,078 | 572,117 |
| Charge for the year | 6,435 | 40,485 | 19,424 | 66,344 |
| Disposals | - | - | (21,840) | (21,840) |
| At December 31, 2024 | 28,929 | 557,030 | 30,662 | 616,621 |
| Charge for the year | 7,094 | 46,057 | 38,438 | 91,589 |
| Disposals | - | (105) | - | (105) |
| At December 31, 2025 | 36,023 | 602,982 | 69,100 | 708,105 |
| **Net Book Value -** | | | | |
| At December 31, 2024 | 36,197 | 93,262 | 120,202 | 249,661 |
| At December 31, 2025 | 45,489 | 70,949 | 145,679 | 262,117 |

In accordance with the Group's policy, owner-occupied properties included in Freehold Land and Buildings were independently revalued during the year by professional real estate valuators. The excess of revalued amount over the carrying value of these property, plant and equipment, amounting to 2025 - $415,249,000 (2024 - $433,436,000), has been credited to investment and fair value reserves. If revalued assets of the Group were stated on a historical cost basis, the amounts would be as follows:

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Cost | 1,623,301 | 1,608,626 |
| Accumulated Depreciation | (238,241) | (216,846) |
| Net Book Value | 1,385,060 | 1,391,780 |
| Carrying value of revalued assets | 5,140,889 | 4,767,447 |

## 17. Retirement Benefits

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| **Retirement benefit assets -** | | |
| Pension scheme | 193,549 | 324,679 |
| **Retirement benefit obligations -** | | |
| Pension scheme | 1,652,167 | 1,197,962 |
| Other post-retirement benefits | 3,521,409 | 3,802,757 |
| | 5,173,576 | 5,000,719 |

Pension schemes comprised the following –

| | **2025** | **2024** |
|---|---|---|
| | **$ '000** | **$ '000** |
| Retirement benefit assets | 193,549 | 324,679 |
| Retirement benefit obligations | 1,652,167 | 1,197,962 |
| | (1,458,618) | (873,283) |

The Group operates the following pension plans:

(i) Sagicor Life Jamaica Limited operates a hybrid pension plan for its permanent staff. The plan has two sections – a Defined Contribution (DC) section and a Defined Benefit (DB) section, which is funded. The DB section is closed to new members and includes administrative staff joining the company before August 1, 2009, while the DC section includes eligible sales agents and administrative staff joining Sagicor Life Jamaica Limited on or after August 1, 2009. The assets of the plan are held independently of the company's assets in separate trustee administered funds. The benefits for the DB section are based on service and salary, whereas the DC section benefits are based on contributions made by the members and the company, with interest. The solvency level (the ratio of assets to past service liabilities) as at the last triennial funding valuation (2024) was 108%.

(ii) Sagicor Life of the Cayman Islands Ltd. participates in the Cayman Islands Chamber of Commerce Pension Plan. This plan is a money purchase contributory plan covering all the employees in the Cayman Islands. Contributions are vested immediately. The company contributes at a fixed rate of 7% of pensionable earnings.

(iii) Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited jointly operate an open DC pension plan and a closed DB pension plan covering its permanent employees. The assets of these funded plans are held independently of the companies' assets in separate trustee administered funds. The solvency level (the ratio of assets to past service liabilities) as at the last triennial funding valuation (2022) was 116% and 112% for the DB and DC plan, respectively.

(iv) Sagicor Bank Jamaica Limited has a closed DC plan covering all permanent employees (formerly employed to RBC Jamaica Limited) who are not covered under the DC and DB plans it jointly operates with Sagicor Investments Jamaica Limited. The assets of this funded plan are held independently of the company's assets in separate trustee administered funds. The solvency level (the ratio of assets to past service liabilities) as at the last triennial funding valuation (2022) was 109%.

(v) Advantage General Insurance Company Limited sponsors a DB scheme, which is open to all employees who have satisfied certain minimum service requirements. The scheme is funded by employee and employer contributions at varying rates. Retirement and other benefits are based on average salary for the last three years of pensionable service.

The law requires each plan sponsor to be an ordinary annual contributor but does not stipulate a minimum funding rate or solvency level. In absence of guidance from the regulator, the actuaries have agreed on a minimum employer contribution rate of 0.25% of payroll per annum where plan rules do not specify a minimum. The Trustees of the pension schemes ensure benefits are funded, benefits are paid, assets invested to maximise returns subject to acceptable investment risks while considering the liability profile. Any plan surplus or funding deficiency for the defined benefits plans as determined by independent actuaries annually using the Projected Unit Credit Method are recognised fully as a charge to shareholders' equity.

**17. Retirement Benefits (Continued)**

(a) Pension schemes

The amounts recognised in the statement of financial position are determined as follows:

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Present value of funded obligations | 26,480,767 | 24,881,831 |
| Fair value of plan assets | (25,243,912) | (24,206,481) |
| | 1,236,855 | 675,350 |
| Impact of minimum funding requirement/asset ceiling | 221,763 | 197,933 |
| Surplus of funded plan | 1,458,618 | 873,283 |
| Liability in the balance sheet | 1,458,618 | 873,283 |

Movement in the present value of the defined benefit obligations recognised in the statement of financial position:

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Liability at start of year | 24,881,831 | 21,827,178 |
| Current service cost | 811,479 | 666,214 |
| Interest cost | 2,290,962 | 2,307,180 |
| Net expense recognised in income | 3,102,441 | 2,973,394 |
| Re-measurement: | | |
| Gains / (Losses) from changes in financial assumptions | (582,316) | 1,594,278 |
| Gains from changes in experience | (649,214) | (916,668) |
| Net gains / Net losses recognised in other comprehensive income | (1,231,530) | 677,610 |
| Contributions by the members | 1,182,101 | 1,021,951 |
| Benefits paid | (1,454,076) | (1,618,302) |
| Net liability, end of year | 26,480,767 | 24,881,831 |

Movement in the fair value of plan assets recognised in the statement of financial position:

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Balance at start of year | 24,206,481 | 22,896,927 |
| Contributions made by the Employer | 705,377 | 736,556 |
| Contributions by the members | 1,182,101 | 1,021,951 |
| Benefits paid | (1,454,076) | (1,618,302) |
| Interest income on plan assets | 2,319,267 | 2,525,777 |
| Re-measurement: | | |
| Losses from changes in experience | (1,715,238) | (1,356,428) |
| Net gains / gains recognised in other comprehensive income | 1,037,431 | 1,309,554 |
| Balance, end of year | 25,243,912 | 24,206,481 |

**17. Retirement Benefits (Continued)**

(a) Pension schemes (Continued)

Movement in the minimum funding requirement/asset ceiling recognised in the statement of financial position:

| | The Group | |
|---|---|---|
| | 2025 $ '000 | 2024 $ '000 |
| Balance at start of year | 197,933 | 434,210 |
| Interest income on assets | 19,472 | 75,102 |
| Funding requirement/asset ceiling | (668) | - |
| Re-measurement: Gains/(Losses) from changes in experience | 5,026 | (311,379) |
| Net gains from changes in experience | 23,830 | (236,277) |
| Balance, end of year | 221,763 | 197,933 |

The amounts recognised in the income statements as follows:

| | The Group | |
|---|---|---|
| | 2025 $ '000 | 2024 $ '000 |
| Current service cost | 811,479 | 666,214 |
| Interest cost on plan obligations | 2,310,434 | 2,382,282 |
| Interest income on plan assets | (2,319,267) | (2,525,777) |
| Total, included in staff cost (Note 36(a)) | 802,646 | 522,719 |

The amounts recognised in other comprehensive income is as follows:

| | The Group | |
|---|---|---|
| | 2025 $ '000 | 2024 $ '000 |
| Change in financial assumptions | (577,290) | 1,282,899 |
| Experience adjustments: | | |
| Funding requirement/asset ceiling | (668) | - |
| Pension assets and liabilities | 1,066,024 | 439,760 |
| | 488,066 | 1,722,659 |
| Deferred tax | (142,535) | (440,090) |
| | 345,531 | 1,282,569 |

*The prior year amounts were restated to exclude purchased annuities.*

The principal actuarial assumptions used were as follows:

| | The Group | |
|---|---|---|
| | 2025 $ '000 | 2024 $ '000 |
| Discount rate J$ Benefits | 10.00% | 9.50% |
| Discount rate - US$ Indexed Benefits | 7.50% | 7.00% |
| Inflation | 5.00% | 5.00% |
| Expected return on plan assets | 10.00% | 9.50% |
| Future salary increases | 8.50% | 8.00% |
| Future pension increases | 0.50% | 0.50% |
| Minimum Funding Rate (MFR) as a % of payroll | 0.25% | 0.25% |
| Average expected remaining working lives (years) | 14 | 12 |

The weighted average duration of the defined benefit obligation ranges from 28 years (2024 – 28 years) to 35 years (2024 – 35 years).

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65.

**17. Retirement Benefits (Continued)**

(a) Pension schemes (Continued)

Pension plan assets are comprised as follows:

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| Equities | 6,469,217 | 6,753,376 |
| Bonds | 312,992 | 316,460 |
| Inflation-linked(CPI) Fund | 3,859,943 | 3,421,126 |
| Real Estate | 289,409 | 250,738 |
| Mortgages and real estate fund | 4,745,945 | 4,742,069 |
| Money market fund | 1,372,177 | 1,141,125 |
| Fixed income fund | 4,047,540 | 3,431,176 |
| Foreign currency fund | 3,297,566 | 3,206,184 |
| Global market fund | 740,978 | 737,050 |
| Diversified investment fund | 80,055 | 119,573 |
| Leases | 28,090 | 87,604 |
| | 25,243,912 | 24,206,481 |

The sensitivity of the defined benefit pension obligation to changes in the principal assumptions is as follows:

| | | The Group | |
|---|---|---|---|
| | | Increase/(decrease) in defined benefit obligation | |
| | Change in Assumption | Increase in Assumption | Decrease in Assumption |
| | | **2025** | **2025** |
| | | **$ '000** | **$ '000** |
| Discount rate | 1.0% | (327,678) | 411,231 |
| Future salary changes | 1.0% | 105,825 | (96,098) |
| Future pension changes | 1.0% | 446,667 | (300,797) |
| Life expectancy | 1 year | 11,323 | (12,455) |
| | | **2024** | **2024** |
| | | **$ '000** | **$ '000** |
| Discount rate | 1.0% | (269,002) | 357,428 |
| Future salary changes | 1.0% | 106,822 | (94,537) |
| Future pension changes | 1.0% | 435,525 | (299,124) |
| Life expectancy | 1 year | 29,712 | (31,543) |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

**17. Retirement Benefits (Continued)**

(b) Other retirement benefits

In addition to pension benefits, the Group offers retirees medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries during retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

The amounts recognised in the statement of financial position are determined as follows:

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| Present value of unfunded obligations | 3,884,657 | 4,132,982 |
| Fair value of plan assets | (363,248) | (330,225) |
| Liability in the statement of financial position | 3,521,409 | 3,802,757 |

Movement in the amounts recognised in the statement of financial position:

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| Liability at beginning of year | 4,132,982 | 4,216,812 |
| Current service cost | 147,366 | 88,948 |
| Interest cost | 404,437 | 475,020 |
| Net expense recognised in income | 551,803 | 563,968 |
| Re-measurement: | | |
| Gains / (losses) from changes in financial assumptions | (233,511) | 950,698 |
| Gains from changes in experience | (385,044) | (1,421,274) |
| Net (gains)/losses recognised in other comprehensive income | (618,555) | (470,576) |
| Benefits paid | (181,573) | (177,222) |
| Net Liability, end of year | 3,884,657 | 4,132,982 |

The principal actuarial assumption used was as follows:

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| Rate of medical inflation | 7.0% | 7.0% |

The amounts recognised in the income statement are as follows:

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| Current service cost | 147,366 | 88,948 |
| Interest cost on plan obligation | 404,437 | 475,020 |
| Interest income on plan assets | (33,023) | (34,059) |
| Total, included in staff cost (Note 36(a)) | 518,780 | 529,909 |

The amounts recognised in other comprehensive income are as follows:

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| Change in financial assumptions | (233,511) | 950,698 |
| Experience adjustments | (385,044) | (1,421,274) |
| | (618,555) | (470,576) |
| Deferred tax | 180,838 | 118,046 |
| | (437,717) | (352,530) |

**17. Retirement Benefits (Continued)**

(b) Other retirement benefits (Continued)

Movement in the fair value of plan assets recognised in the statement of financial position:

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| Balance, as previously reported | 330,225 | 296,166 |
| Interest income on plan assets | 33,023 | 34,059 |
| Balance, end of year | 363,248 | 330,225 |

The sensitivity of the other retirement benefits obligation to changes in the principal assumptions is as follows:

| | | The Group | |
|---|---|---|---|
| | | Increase/(decrease) in defined benefit obligation | |
| | Change in Assumption | Increase in Assumption | Decrease in Assumption |
| | | **2025** | **2025** |
| | | **$ '000** | **$ '000** |
| Discount rate | 1.0% | (171,990) | 211,821 |
| Future salary increases | 1.0% | 7,359 | (6,313) |
| Medical cost inflation | 1.0% | 202,864 | (165,302) |
| Life expectancy | 1 year | 28,809 | (29,917) |
| | | **2024** | **2024** |
| | | **$ '000** | **$ '000** |
| Discount rate | 1.0% | (182,540) | 230,803 |
| Future salary increases | 1.0% | 7,371 | (6,321) |
| Medical cost inflation | 1.0% | 234,315 | (190,374) |
| Life expectancy | 1 year | 39,454 | (40,494) |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

**17. Retirement Benefits (Continued)**

(c) Plan risks

Through its defined benefit pension plans and post-employment medical plans, the Company is exposed to a number of risks. The Company does not use derivatives to manage its plan risks. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. Pensions are secured through the purchase of annuities. The remaining assets are invested in segregated pooled funds. The Company has not changed the processes used to manage its risks from previous periods.

The most significant of these plan risks are detailed below:

(i) Investment risk
The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields. If plan assets underperform this yield, this will create a deficit.

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term assets with maturities that match the benefit payments as they fall due. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations.

(ii) Changes in bond yields
A decrease in Government of Jamaica bond yields will increase plan liability, although this will be partially offset by an increase in the return on plan's assets which are linked to debt investment.

(iii) Salary risk
The present value of the plan liabilities is calculated in reference to the future salaries of members. Therefore, an increase in the salary of members will increase the plan's liability.

(iv) Life expectancy
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

**18. Deferred Income Taxes**

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal rate for the entity.

Deferred tax assets and liabilities, net recognised on the statement of financial position are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| Deferred income tax assets, net | (7,305,629) | (8,151,039) | (165,435) | (204,094) |
| Deferred income tax liability, net | 278,500 | 320,283 | - | - |

**18. Deferred Income Taxes (Continued)**

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

| | The Group | | | |
|---|---|---|---|---|
| | Deferred tax assets | | Deferred tax liabilities | |
| | 2025 $ '000 | 2024 $ '000 | 2025 $ '000 | 2024 $ '000 |
| Deferred tax assets/liabilities to be recovered after more than 12 months | 1,542,600 | (6,963,600) | 20,425 | - |

| | The Company | | | |
|---|---|---|---|---|
| | Deferred tax assets | | Deferred tax liabilities | |
| | 2025 $ '000 | 2024 $ '000 | 2025 $ '000 | 2024 $ '000 |
| Deferred tax assets/liabilities to be recovered after more than 12 months | (165,435) | (204,094) | - | - |

Net deferred income tax assets and liabilities are attributable to the following items:

| | The Group | | | |
|---|---|---|---|---|
| | Net deferred tax assets | | Net deferred tax liabilities | |
| | 2025 $ '000 | 2024 $ '000 | 2025 $ '000 | 2024 $ '000 |
| Deferred income tax assets | | | | |
| Property, plant and equipment | (759,834) | (559,248) | - | - |
| Investment securities - FVTOCI | (1,561,021) | (2,158,976) | - | - |
| Tax losses unused | (3,248,497) | (3,506,139) | - | - |
| Unrealised foreign exchange losses | (141,908) | (207,835) | - | - |
| Impairment losses on loans & investment securities (IFRS 9) | (287,947) | (126,144) | - | - |
| Pensions and other post-retirement benefits | (1,341,809) | (1,263,142) | - | - |
| Other | - | (329,555) | - | - |
| | (7,341,016) | (8,151,039) | - | - |
| Deferred income tax liabilities - | | | | |
| Customer Relationship and Brand | - | - | 268,389 | 295,815 |
| Other | 35,387 | - | 10,111 | 24,468 |
| | 35,387 | - | 278,500 | 320,283 |
| Net deferred taxation (asset)/liability | (7,305,629) | (8,151,039) | 278,500 | 320,283 |

| | The Company | |
|---|---|---|
| | 2025 $ '000 | 2024 $ '000 |
| Deferred income tax assets | | |
| Property, plant and equipment | (165,435) | (204,094) |
| Net deferred tax asset | (165,435) | (204,094) |

**18. Deferred Income Taxes (Continued)**

The movement in net deferred tax assets is as follows:

| | Property, plant and equipment | Fair value gains/ (losses) | Unused tax losses and credits | Unrealised foreign exchange gains | Loan & investment securities loss provision | Post-employment benefits | Other | Total |
|---|---|---|---|---|---|---|---|---|
| | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 |
| At January 1, 2024 | (380,447) | (1,526,372) | (3,895,582) | (307,158) | (154,042) | (988,129) | (24,638) | (7,276,368) |
| (Credited)/Charged to income statement (Note 37(a)) | (206,045) | (202,529) | 389,443 | 99,323 | 20,490 | (19,010) | (304,917) | (223,245) |
| (Credited)/Charged to other comprehensive income (Note 37(c)) | 27,244 | (430,075) | - | - | 7,408 | (256,003) | - | (651,426) |
| At December 31, 2024 | (559,248) | (2,158,976) | (3,506,139) | (207,835) | (126,144) | (1,263,142) | (329,555) | (8,151,039) |
| (Credited)/Charged to income statement (Note 37(a)) | (236,139) | (214,627) | 257,642 | 65,927 | (149,831) | (116,970) | 364,942 | (29,056) |
| (Credited)/Charged to other comprehensive income (Note 37(c)) | 35,553 | 812,582 | - | - | (11,972) | 38,303 | - | 874,466 |
| At December 31, 2025 | (759,834) | (1,561,021) | (3,248,497) | (141,908) | (287,947) | (1,341,809) | 35,387 | (7,305,629) |

The movement in net deferred tax liabilities is as follows:

| | Property, plant and equipment | Fair value gains/ (losses) | Unused tax losses and charges | Unrealised foreign exchange gains | Loan & investment securities loss provision | Post-employment benefits | Customer Relationship and Brand | Other | Total |
|---|---|---|---|---|---|---|---|---|---|
| | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 | $ '000 |
| At January 1, 2024 | (167,176) | (40,723) | - | 10,940 | 3,085 | 87,029 | 349,971 | 232,300 | 475,426 |
| (Credited)/Charged to income statement (Note 37(a)) | 160,364 | 40,280 | - | (10,940) | (3,085) | (20,988) | (54,156) | (57,183) | 54,292 |
| (Credited)/Charged to other comprehensive income (Note 37(c)) | 6,812 | 443 | - | - | - | (66,041) | - | - | (58,786) |
| Transferred to taxation payable | - | - | - | - | - | - | - | (150,649) | (150,649) |
| At December 31, 2024 | - | - | - | - | - | - | 295,815 | 24,468 | 320,283 |
| (Credited)/Charged to income statement (Note 37(a)) | - | - | - | - | - | - | (27,426) | (14,357) | (41,783) |
| At December 31, 2025 | - | - | - | - | - | - | 268,389 | 10,111 | 278,500 |

**18. Deferred Income Taxes (Continued)**

| | The Company | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| As at 1 January | (204,094) | (214,875) |
| Credited to the income statement | 38,659 | 10,781 |
| As at 31 December | (165,435) | (204,094) |

**19. Taxation Recoverable**

Taxes are withheld at 25% from interest payments on Government of Jamaica securities and other local bonds. The Group makes monthly filings to the Tax Administration of Jamaica (TAJ) for recovery. Amounts approved by TAJ are refunded as cash or off-set against liabilities. The amounts are expected to be recovered within one year of the financial statements date.

**20. Other Assets**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| Due from sales representatives | 724,962 | 752,098 | - | - |
| Real estate developed for resale – (i) | 7,220,755 | 6,821,068 | - | - |
| Due from related parties (Note 21) | 1,377,164 | 1,136,639 | 206,224 | 135,996 |
| Service contract assets | | | | |
| Due from Government Employees & Other - Administrative Scheme Only Fund and Government Pensioners Administrative Scheme Only Fund | 329,649 | 251,951 | - | - |
| Prepayments and deferred commission | 5,924,880 | 5,256,060 | 702,436 | 890,741 |
| Customer settlements accounts/unsettled trades | 1,380,028 | 770,741 | - | - |
| Real estate receivables | - | 1,875,203 | - | - |
| Other receivables | 4,444,276 | 3,781,591 | 54,544 | 52,728 |
| | 21,401,714 | 20,645,351 | 963,204 | 1,079,465 |
| Provision against doubtful receivables and impairment charge | (20,297) | (20,297) | - | - |
| | 21,381,417 | 20,625,054 | 963,204 | 1,079,465 |

(i) Real estate developed for sale relates to the construction of residential and commercial complexes. During the year, the Group disposed of the commercial and residential units and recorded gains of $665,726,000. An impairment charge of $500,000,000 was recorded to reduce the carrying value of real estate developed for resale, as the New Brunswick Development's carrying amount exceeded its recoverable value.

Current portion of Other Assets disclosed under Note 42(c) (ii).

**21. Related Party Balances and Transactions**

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party, in making financial or operational decisions.

Related companies include the ultimate parent company, the parent company, fellow subsidiaries and the Group's joint ventures. Related parties also include directors, key management and companies for which the Group and its parent company provide management services (the Pooled Investment Funds, the Sagicor Sigma Funds and the Sagicor Select Funds). Pan Jamaica Group Limited is a related party by virtue of being a shareholder with significant influence over the parent company.

(a) The statement of financial position includes the following balances with related parties and companies:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 $ '000 | 2024 $ '000 | 2025 $ '000 | 2024 $ '000 |
| Due from related parties - | | | | |
| Ultimate parent company | 246,055 | 297,610 | 111,259 | 91,230 |
| Subsidiaries | - | - | 65,021 | 30,725 |
| Other related companies | 64,448 | 43,525 | 29,944 | 14,041 |
| Other managed funds | 1,066,661 | 795,504 | - | - |
| | 1,377,164 | 1,136,639 | 206,224 | 135,996 |
| Due to related companies - | | | | |
| Ultimate parent company | 343,297 | 394,112 | 328,284 | 317,204 |
| Subsidiaries – other liabilities | - | - | 5,456,309 | 4,781,712 |
| Other related companies | 112,269 | 20,670 | - | - |
| Managed funds | 271,227 | 45,056 | - | - |
| | 726,793 | 459,838 | 5,784,593 | 5,098,916 |
| Financial investments - | | | | |
| Short term deposits | - | - | 156,518 | 150,115 |
| Securities purchased under resale agreements with | - | - | 789,909 | 444,952 |
| Bonds issued by other related companies | 6,662,435 | 6,684,796 | - | - |
| Sagicor Select Funds Units | 72,243 | 69,233 | - | - |
| Sigma Units | 31,533,124 | 30,830,797 | - | - |
| | 38,267,802 | 37,584,826 | 946,427 | 595,067 |
| Deposit and Security Liabilities - | | | | |
| Promissory loans: | | | | |
| Subsidiaries | - | - | 8,952,766 | 9,726,934 |
| BW Shareholders | 20,218 | 20,218 | - | - |
| Other managed funds | 3,463,814 | 4,010,418 | - | - |
| Repurchase agreements with managed funds | 22,664,868 | 27,462,681 | - | - |
| Customer Deposit with ultimate parent Company | - | 75,341 | - | - |
| Managed Funds -Real Estate (Receivables)/Payables | - | (856,003) | - | - |
| | 26,148,900 | 30,712,655 | 8,952,766 | 9,726,934 |

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 $ '000 | 2024 $ '000 | 2025 $ '000 | 2024 $ '000 |
| Significant Influence Holder | | | | |
| Securities sold under agreement to repurchase | 1,821,111 | 1,265,843 | - | - |
| Customer deposits | 1,506,353 | 1,286,483 | - | - |
| | 3,327,464 | 2,552,326 | - | - |

**21. Related Party Balances and Transactions (Continued)**

(b) The balances below resulted from transactions with related parties and companies as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 $ '000 | 2024 $ '000 | 2025 $ '000 | 2024 $ '000 |
| Directors, key management and other related parties- | | | | |
| Securities sold under agreements to repurchase and other loans | (511,173) | (211,340) | - | - |
| Customer deposits | (14,794,829) | (18,285,124) | - | - |
| Loans and leases, after allowance for credit losses | 1,020,082 | 1,207,364 | - | - |

(c) The income statement includes the following transactions with related parties and companies. Income earned from the PIF, attributed to the Group's pension schemes, as well as income earned from the Sagicor Sigma Global Unit Trust and the Sagicor Select Funds are disclosed in Note 13.

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 $ '000 | 2024 $ '000 | 2025 $ '000 | 2024 $ '000 |
| Ultimate parent company | | | | |
| Interest income | 480,157 | 523,588 | - | - |
| Interest expense | 495 | 2,542 | - | - |
| Shared service fees | 461,153 | 352,232 | - | - |
| Sagicor Pooled Investment Funds - | | | | |
| Interest expense | 541,347 | 813,307 | - | - |
| Capital appreciation/(depreciation) | 806,222 | 1,661,268 | - | - |
| Lease rental expense | 141,893 | 123,406 | - | - |
| Management fee income | 2,430,909 | 2,295,505 | - | - |
| Pension Schemes - | | | | |
| Management Fees – Self Directed Funds | 329,833 | 274,405 | - | - |
| Management Fees – DA | 4,797 | 4,425 | - | - |
| | | | - | - |
| Pan Jamaica Group Limited | | | | |
| Interest expense | 146,946 | 78,380 | - | - |
| Directors and key management personnel - | | | | |
| Interest expense | 16,484 | 21,081 | - | - |
| Interest Income | 20,322 | 18,340 | - | - |

**21. Related Party Balances and Transactions (Continued)**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 $ '000 | 2024 $ '000 | 2025 $ '000 | 2024 $ '000 |
| Parent Company transactions with subsidiaries - | | | | |
| Management fees Income | - | - | 7,086,524 | 6,812,187 |
| Interest expense | - | - | (185,832) | (209,396) |
| Dividend income | - | - | 6,530,949 | 5,871,300 |
| Interest Income | - | - | 88,103 | 148,195 |
| Transactions with Select and Sigma Fund | | | | |
| Service fee income | 2,920,335 | 2,871,472 | - | - |
| Interest expense | (404,453) | (328,375) | - | - |
| Lease expense | (789,097) | (702,080) | - | - |
| Capital appreciation/(depreciation) | 242,383 | 374,455 | - | - |
| Key management compensation - | | | | |
| Salaries and other short-term benefits | 1,055,236 | 1,106,416 | - | - |
| Share based payments | 77,279 | 205,766 | - | - |
| Contributions to pensions and insurance schemes | 51,104 | 52,478 | - | - |
| | 1,183,619 | 1,364,660 | - | - |
| Directors' emoluments - | | | | |
| Fees | 144,619 | 133,851 | 44,417 | 40,201 |
| Other expenses | 3,531 | 1,407 | 3,528 | 1,407 |
| Management remuneration (included in key management compensation) | 284,805 | 280,979 | - | - |
| | 432,955 | 416,237 | 47,945 | 41,608 |

**22. Share Capital**

| | The Group and The Company | |
|---|---|---|
| | 2025 $ '000 | 2024 $ '000 |
| Authorised | | |
| 13,598,340,000 (2024 – 13,598,340,000) | | |
| Ordinary shares | | |
| Issued and fully paid: | | |
| Ordinary stock – January 1 | 8,997,402 | 8,879,881 |
| Issue of Treasury shares (Note 24) | 1,755 | 117,521 |
| | 8,999,157 | 8,997,402 |

**23. Equity Reserves**

| | The Group | | | |
|---|---|---|---|---|
| | **Stock Options Reserve** | **Investment & Fair Value Reserves** | **Currency Translation Reserve** | **Equity Owners' Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Balance at December 31, 2024** | 141,013 | (4,152,792) | 6,899,232 | 2,887,453 |
| Net gains recycled to revenue on disposal and maturity of FVTOCI securities | - | (997,301) | - | (997,301) |
| Net unrealised gains on FVTOCI securities | - | 3,369,490 | - | 3,369,490 |
| Net unrealised gains on revaluation of owner-occupied properties | - | 375,623 | - | 375,623 |
| Deferred tax on unrealised capital gains and impairment | - | (104,725) | - | (104,725) |
| Provision for expected credit losses - IFRS 9 on FVTOCI securities | - | (27,295) | - | (27,295) |
| Currency translation | - | - | 340,642 | 340,642 |
| Total comprehensive income for the year | - | 2,615,792 | 340,642 | 2,956,434 |
| Transactions with owners - | | | | |
| Employee share option scheme - value of services provided | 14,392 | - | - | 14,392 |
| Total transactions with owners | 14,392 | - | - | 14,392 |
| **Balance at December 31, 2025** | 155,405 | (1,537,000) | 7,239,874 | 5,858,279 |

| | The Group | | | |
|---|---|---|---|---|
| | **Stock Options Reserve** | **Investment & Fair Value Reserves** | **Currency Translation Reserve** | **Equity Owners' Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| **Balance as at December 31, 2023** | 110,773 | (3,268,218) | 6,755,207 | 3,597,762 |
| Net gains recycled to revenue on disposal and maturity of FVTOCI securities | - | (476,688) | - | (476,688) |
| Net unrealised losses on FVTOCI securities | - | (896,287) | - | (896,287) |
| Net unrealised gains on revaluation of owner-occupied properties | - | 393.931 | - | 393.931 |
| Deferred tax on unrealised capital gains and impairment | - | 66,758 | - | 66,758 |
| Provision for expected credit losses -IFRS 9 on FVTOCI securities | - | 27.712 | - | 27.712 |
| Currency translation | - | - | 144,025 | 144,025 |
| Total comprehensive income for the year | - | (884,574) | 144,025 | (740,549) |
| Transactions with owners - | | | - | |
| Employee share option scheme -value of services provided | 30,240 | - | - | 30,240 |
| Total transactions with owners | 30,240 | - | - | 30,240 |
| **Balance at December 31, 2024** | 141,013 | (4,152,792) | 6,899,232 | 2,887,453 |

**23. Equity Reserves (Continued)**

(a) Investment and fair value reserves include the following:
  (i) Owner Occupied Properties and Fair value Reserves (FVTOCI) - This represents the unrealised surplus or deficit on the re-measurement of securities classified as FVTOCI and the revaluation of property, plant and equipment.
  (ii) Currency Translation Reserve –This represents the unrealised foreign exchange gains and losses on the translation of subsidiaries and joint venture with functional currencies other than the Jamaican dollar.

(b) Special Investment Reserve - This represents a non-distributable reserve under the provisions of the Insurance Regulations, 2001.

(c) Loan Loss Reserve - This is a non-distributable reserve representing the excess of the allowance for impairment losses determined using the Bank of Jamaica's regulatory requirements over the amount determined under IFRS Accounting Standards.

(d) Retained earnings reserve - Section 2 of the Banking Act of 1992 permits the transfer of any portion of the Bank's net profit to a retained earnings reserve. This reserve constitutes a part of the capital base for the purpose of determining the maximum level of deposit liabilities and lending to customers. Transfers to the retained earnings reserve are made at the discretion of the subsidiary's Board of Directors. Such transfers must be notified to the Bank of Jamaica.

  Reserve fund (included as a part of retained earnings reserve) - This fund is maintained in accordance with the Banking Act 1992 which requires that a minimum of 15% of the net profit of the banking subsidiary as defined by the Act be transferred annually to the reserve fund until the amount of the fund is 50% of the paid-up share capital of the subsidiary, and thereafter 10% of the net profit until the amount of the fund is equal to the paid-up capital of the subsidiary.

(e) The provision of section 62 (1) (d) of The Companies Act 2004, requires the transfer from retained earnings to the Capital Redemption Reserve fund a sum equal to the amount of the redeemable preference shares redeemed otherwise than out of the proceed of a fresh issue.

**24. Stock Options and Grants**

**Long-term incentive plan**

The Group 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 installments beginning the first December 31 following the grant date and for the next three December 31st 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 31 March of the measurement year. The exercise price of the options is the closing bid price on 31 March of the measurement year. This plan was discontinued effective 31 December 2023.

**24. Stock Options and Grants (Continued)**

**Long-term incentive plan (Continued)**

Details of the combined share options outstanding are as follows:

| | Sagicor Group Jamaica Limited | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | Options (thousands) | Weighted Average exercise price in $ per share | Options (thousands) | Weighted Average exercise price in $ per share |
| At beginning of year | 11,893 | 45.34 | 12,317 | 44.60 |
| Granted | | | - | - |
| Exercised | (874) | 34.00 | (424) | 23.65 |
| At end of year | 11,019 | 46.24 | 11,893 | 45.34 |
| Exercisable at the end of the period | 10,432 | 48.00 | 9,933 | 45.87 |

Stock options outstanding at the end of the year for the Company have the following expiry dates and exercise prices:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Exercise Price | No. of Outstanding Options 000's | Exercise Price | No. of Outstanding Options 000's |
| **Expiry Date** | | | | |
| March 2025 | - | - | 34.10 | 887 |
| March 2026 | 36.45 | 1,713 | 36.45 | 1,713 |
| March 2027 | 39.99 | 2,169 | 39.99 | 2,186 |
| March 2028 | 52.40 | 2,046 | 52.40 | 2,045 |
| March 2029 | 51.88 | 2,503 | 51.88 | 2,503 |
| March 2030 | 57.44 | 2,588 | 57.44 | 2,558 |
| | 39.69 | 11,019 | 45.38 | 11,892 |

For options outstanding at the end of the year, exercise prices range from $36.45 to $57.44 (2024 - $34.1 to $57.44). The remaining contractual terms range from 3 months to 6 years (2024 – 3 months to 7 years).

The weighted average share price for options exercised during the year was $39.69 (2024 - $45.38) and the cost of these options was $22,775 (2024 - $ $9,951).

The stock options reserve balance at the year-end represents the accumulated fair value of services provided by employees in consideration for shares, as measured by reference to the fair value of the shares. The fair value of the options granted during the prior year as determined using the Black-Scholes valuation model was 2024- $46,136,500. The significant inputs into the model were:

| | 2024 |
|---|---|
| Share Price | $52.90 |
| Dividend Yield | 2.38% |
| Standard Deviation | 28.00% |
| Risk free ratio | 6.30% |
| Expected Volatility period | 7 years |

**24. Stock Options and Grants (Continued)**

**Long-term incentive plan (Continued)**

The Sagicor Group Jamaica Limited recognised cumulative expenses of $155,486,000 in the Stock Option Reserves (2024 – $141,098,000) and share options expense of $21,714,000 (2024 - $31,610,000) in the income statement.

In 2019, the Sagicor Group Jamaica Board HR & Compensation Committee approved the amendment to the termination rules in the Sagicor Group Jamaica LTI Plan to conform with those in the SFC Plan. This amendment relates to the Accelerated Vesting under certain circumstances.

The Group also has in place a share purchase plan which enables its administrative and sales staff to purchase a pool of Sagicor Group Jamaica Limited shares at a predetermined discount rate of the closing bid price on December 31 each year. During 2025, the Staff Share Purchase Plan Trust purchased 3,229,221 (2024: 3,000,000) shares. The Group recognizes an expense in respect of Staff Share Purchase Plan shares at the point at which the shares are transferred to staff, when the Subsidiary Companies recognize their share of the cost of those shares in the income statement.

The Sagicor Group Jamaica Limited has not been issuing new shares to fulfill its obligations under these plans but instead the LTI and the Staff Share Purchase Plan Trust bought SGJ's shares on the open market. The total number of treasury shares held by the Group at year end was 5,236,000 (2024 - 3,775,000) at a cost of $161,907,000 (2024 - $163,661,000).

**25. Dividends**

| | The Group and Company | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| First interim dividend – $0.77 per share (2024 – $0.96 per share) | 3,007,339 | 3,749,410 |
| Second interim dividend – $0.89 per share (2024 – $0.41 per share) | 3,476,015 | 1,601,310 |
| | 6,483,354 | 5,350,720 |

Dividends represented a dividend per stock unit of $1.66 (2024 - $1.37). There were no dividends declared subsequent to the year end.

**26. Net Profit**

| | **2025** | **2024** |
|---|---|---|
| | **$ '000** | **$ '000** |
| (i) Net profit attributable to stockholders of Sagicor Group Jamaica Limited, dealt with in the financial statements of: | | |
| The Company | 6,796,681 | 6,187,059 |
| Less dividends from subsidiaries and joint ventures | (6,530,949) | (5,871,300) |
| The subsidiaries and joint ventures | 16,176,883 | 8,735,084 |
| | 16,442,615 | 9,050,843 |

**27. Deposit and Security Liabilities**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| Securities sold under repurchase agreements | 116,371,834 | 93,640,790 | - | - |
| Shareholders loan – Bailey Williams Limited | 20,218 | 20,218 | - | - |
| Due to banks and other financial institutions (i) | 14,884,524 | 13,930,050 | - | - |
| Customer deposits and other accounts | 196,114,699 | 172,482,498 | - | - |
| Promissory notes (ii) | 4,370,804 | 5,138,512 | 8,952,766 | 9,726,934 |
| Bank overdraft | 30,571 | 30,000 | - | - |
| | 331,792,650 | 285,242,068 | 8,952,766 | 9,726,934 |

Current portion of Deposit and Security Liabilities disclosed under Note 42(c) (ii).

| | Interest Rate (%) | Maturity Year | The Group 2025 $ '000 | The Group 2024 $ '000 | The Company 2025 $ '000 | The Company 2024 $ '000 |
|---|---|---|---|---|---|---|
| ***(i) Due to banks and other financial institutions:*** | | | | | | |
| Development Bank of Jamaica Limited (a) | various | various | 656,525 | 836,370 | - | - |
| National Housing Trust (NHT) (b) | various | various | 1,000,102 | 1,036,591 | - | - |
| Other Loans (c) | various | various | 13,227,897 | 12,057,089 | - | |
| | | | 14,884,524 | 13,930,050 | - | - |

(a) Development Bank of Jamaica Limited (DBJ)
The agreement allows DBJ, at its absolute discretion, to approve J$ financing to Sagicor Bank Jamaica Limited (SBJ) for on-lending to customers for developmental projects which meet the criteria of DBJ and on such terms and conditions as DBJ may stipulate.

Funds disbursed to SBJ bear interest at DBJ's lending rate prevailing at the date of approval of each disbursement unless otherwise carried by DBJ and are extended to the client at a maximum spread as stipulated by DBJ.

(b) National Housing Trust (NHT)
This is a third-party financing agreement between Sagicor Life Jamaica Limited, Sagicor Bank Jamaica Limited and the National Housing Trust and attracts interest at rates ranging from 0% to 2%.

(c) Other Loans
These are loans issued by individuals and companies to Sagicor Investment Cayman Limited and Alliance Financial Services Limited with various maturity dates in 2026.

**27. Deposit and Security Liabilities (Continued)**

***(ii) Promissory notes***

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 $ '000 | 2024 $ '000 | 2025 $ '000 | 2024 $ '000 |
| Sagicor Life Jamaica Limited (i) | - | - | 8,952,766 | 9,726,934 |
| Other managed funds (ii) | 4,370,804 | 5,138,512 | - | - |
| | 4,370,804 | 5,138,512 | 8,952,766 | 9,726,934 |

Items (i) to (ii) represent promissory notes that have been issued by the Sagicor Group Jamaica Limited with respect to the corporate reorganisation of the Group.

(i) These promissory notes are due by Sagicor Group Jamaica Limited to a subsidiary, Sagicor Life Jamaica Limited, as consideration for the value of Sagicor Investments Jamaica Limited, Sagicor Life of the Cayman Island, Sagicor Re Insurance Limited and other small subsidiaries whose ownership was transferred from the previous parent company, Sagicor Life Jamaica Limited to the holding company, Sagicor Group Jamaica Limited. The promissory notes are unsecured and attract interest at 2% per annum, maturing in March 2026.

(iii) This represents funding provided by managed funds to provide working capital support and to cover costs associated with development projects. The loans attract interest at 6.5% to 7.3% per annum and mature in 2026. The balance also includes loans issued by Sigma Global Funds to Alliance Financial Services Limited (AFSL). AFSL was compliant with the debt covenant ratio at year end.

### 28. Loans Payable

The loans payable for the Group have now been fully settled.

### 29. Other liabilities

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| Suspense and other amounts | 3,606,746 | 4,320,344 | - | - |
| Accounts payable and accruals | 4,242,555 | 3,694,678 | 76,201 | 206,332 |
| Staff related payable | 1,460,113 | 1,151,209 | - | - |
| Dividends payable | 326,273 | 294,313 | 255,753 | 221,745 |
| Due to related parties (Note 21) | 726,793 | 459,838 | 5,784,593 | 5,098,916 |
| Due to brokers and agents | 1,577 | 1,696 | - | - |
| Mortgage principal and real estate payables | 1,075,591 | 845,453 | - | - |
| Customer settlement accounts | 1,149,484 | 2,230,532 | - | - |
| Regulatory fees and Statutory payables | 1,570,835 | 1,521,293 | - | - |
| Items in course of payment | 380,029 | 410,110 | - | - |
| Cheques issued but uncashed | 1,061,009 | 1,033,438 | - | - |
| Miscellaneous | 2,938,598 | 1,276,873 | - | - |
| | 18,539,603 | 17,239,777 | 6,116,547 | 5,526,993 |

Current portion of Other Liabilities disclosed under Note 42(c) (ii).

**30. Insurance and Reinsurance Contract Assets and Liabilities**

The table below presents a summary of contract assets and liabilities held by the Group.

| | 2025 $'000 | 2024 Restated $'000 |
|---|---|---|
| Insurance contract assets (Note 30i.a) | 1,355,271 | 627,410 |
| Insurance contract liabilities (Note 30i.a) | 199,643,191 | 160,351,946 |
| Reinsurance contract assets (Note 30ii.a) | 27,556,654 | 3,552,974 |
| Reinsurance contract liabilities(Note 30ii.a) | 366,240 | 620,373 |

The following table presents insurance contract and reinsurance contract assets and liabilities by contract type and summarises those contracts which are measured under the premium allocation approach (PAA) and those which are not measured under the PAA.

| | 2025 $'000 | 2024 $'000 |
|---|---|---|
| **Insurance contracts issued (includes direct participation contracts)** | | |
| Contracts measured under PAA - net (asset) / liability, end of period (Note 30i.a) | 37,242,536 | 13,290,322 |
| Contracts not measured under PAA (VFA) - net (asset) / liability, end of period (Note 30i.a) | 33,745,033 | 33,802,202 |
| Contracts not measured under PAA (GMM) - net (asset) / liability, end of period (Note 30i.a) | 127,300,351 | 112,632,012 |
| **Total - Net (asset) / liability, end of period** | 198,287,920 | 159,724,536 |
| **Reinsurance contracts held** | | |
| Contracts measured under PAA - net asset / (liability), end of period(Note 30ii.a) | 26,698,402 | 2,537,186 |
| Contracts not measured under PAA (GMM) - net asset / (liability), end of period (Note 30ii.a) | 492,012 | 395,415 |
| **Total - Net asset /(liability), end of period** | 27,190,414 | 2,932,601 |

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

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

**Short Term Insurance**

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | LRC | LIC | | | LRC | LIC | | |
| **Insurance contracts issued Contracts measured under PAA** | Excluding loss component | Present value of future cash flows | Risk adjustment for non-financial risk | Total | Excluding loss component | Present value of future cash flows | Risk adjustment for non-financial risk | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Insurance contract liabilities, beginning of period | 2,246,576 | 10,576,152 | 467,594 | 13,290,322 | 2,728,818 | 7,867,507 | 330,505 | 10,926,830 |
| Insurance contract assets, beginning of period | - | - | - | - | (211,526) | 206,357 | (2,612) | (7,781) |
| **Net balance – (asset) / liability, beginning of period** | **2,246,576** | **10,576,152** | **467,594** | **13,290,322** | **2,517,292** | **8,073,864** | **327,893** | **10,919,049** |
| **Insurance revenue** | **(37,865,356)** | **-** | **-** | **(37,865,356)** | **(34,765,688)** | **-** | **-** | **(34,765,688)** |
| **Insurance service expenses** | | | | | | | | |
| Incurred claims and other directly attributable expenses | - | 45,704,718 | 1,956,516 | 47,661,234 | - | 25,216,110 | 139,683 | 25,355,793 |
| Insurance acquisition cash flows amortisation | 4,465,376 | - | - | 4,465,376 | 4,333,401 | - | - | 4,333,401 |
| **Total insurance service expenses** | **4,465,376** | **45,704,718** | **1,956,516** | **52,126,610** | **4,333,401** | **25,216,110** | **139,683** | **29,689,194** |
| **Total amounts recognised in the insurance services result** | **(33,399,980)** | **45,704,718** | **1,956,516** | **14,261,254** | **(30,432,287)** | **25,216,110** | **139,683** | **(5,076,494)** |
| Finance income / (expenses) from insurance contracts issued | - | 217,005 | - | 217,005 | - | 133,580 | - | 133,580 |
| Effect of exchange rate changes | (772) | (23,931) | 45 | (24,658) | 2,529 | 1,008 | 18 | 3,555 |
| **Total amounts recognised in total comprehensive income** | **(33,400,752)** | **45,897,792** | **1,956,561** | **14,453,601** | **(30,429,758)** | **25,350,698** | **139,701** | **(4,939,359)** |
| **Cash flows** | | | | | | | | |
| Premiums received | 37,220,814 | - | - | 37,220,814 | 34,409,977 | - | - | 34,409,977 |
| Claims and other directly attributable expenses paid | - | (23,546,270) | - | (23,546,270) | - | (22,848,410) | - | (22,848,410) |
| Insurance acquisition cash flows | (4,175,931) | - | - | (4,175,931) | (4,250,935) | - | - | (4,250,935) |
| **Total cash flows** | **33,044,883** | **(23,546,270)** | **-** | **9,498,613** | **30,159,042** | **(22,848,410)** | **-** | **7,310,632** |
| **Net balance – (asset) / liability, end of period** | **1,890,707** | **32,927,674** | **2,424,155** | **37,242,536** | **2,246,576** | **10,576,152** | **467,594** | **13,290,322** |
| Insurance contract liabilities, end of period | 1,890,707 | 32,927,674 | 2,424,155 | 37,242,536 | 2,246,576 | 10,576,152 | 467,594 | 13,290,322 |
| Insurance contract assets, end of period | - | - | - | - | - | - | - | - |
| **Net balance – (asset) / liability, end of period** | **1,890,707** | **32,927,674** | **2,424,155** | **37,242,536** | **2,246,576** | **10,576,152** | **467,594** | **13,290,322** |

**30. Insurance and Reinsurance Contract Assets and Liabilities (Continued)**

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

**Long Term Insurance**

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | LRC | | | | LRC | | | |
| **Insurance contracts issued Contracts not measured under PAA** | **Excluding loss component** | **Loss component** | **LIC** | **Total** | **Excluding loss component** | **Loss component** | **LIC** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Insurance contract liabilities, beginning of period | 125,996,595 | 16,278,595 | 4,786,434 | 147,061,624 | 116,470,741 | 14,179,888 | 3,410,569 | 134,061,198 |
| Insurance contract assets, beginning of period | 49,652 | 798 | (677,860) | (627,410) | 69,750 | - | (236,900) | (167,150) |
| **Net balance – (asset) / liability, beginning of period** | **126,046,247** | **16,279,393** | **4,108,574** | **146,434,214** | **116,540,491** | **14,179,888** | **3,173,669** | **133,894,048** |
| **Insurance revenue** | **(22,401,689)** | **-** | **-** | **(22,401,689)** | **(19,768,151)** | **-** | **-** | **(19,768,151)** |
| **Insurance service expenses** | | | | | | | | |
| Incurred claims and other directly attributable expenses | - | (810,219) | 11,952,058 | 11,141,839 | - | (739,842) | 11,937,799 | 11,197,957 |
| Losses on onerous contracts and reversal of those losses | - | (89,560) | - | (89,560) | - | 2,177,317 | - | 2,177,317 |
| Insurance acquisition cash flows amortisation | 2,444,866 | - | - | 2,444,866 | 1,491,628 | - | - | 1,491,628 |
| **Total insurance service expenses** | 2,444,866 | (899,779) | 11,952,058 | 13,497,145 | **1,491,628** | **1,437,475** | **11,937,799** | **14,866,902** |
| **Total amounts recognised in the insurance services result** | (19,956,823) | (899,779) | 11,952,058 | (8,904,544) | (18,276,523) | 1,437,475 | 11,937,799 | (4,901,249) |
| Finance income / (expenses) from insurance contracts issued | 11,964,780 | 684,351 | - | 12,649,131 | 7,516,532 | 589,867 | - | 8,106,399 |
| Effect of exchange rate changes | 964,400 | 204,551 | 18,938 | 1,187,889 | 388,873 | 72,163 | 3,459 | 464,495 |
| **Total amounts recognised in total comprehensive income** | **(7,027,643)** | **(10,877)** | **11,970,996** | **4,932,476** | **(10,371,118)** | **2,099,505** | **11,941,258** | **3,669,645** |
| **Investment components** | **(14,247,009)** | **-** | **14,247,009** | **-** | **(13,212,960)** | **-** | **13,212,960** | **-** |
| **Cash flows** | | | | | | | | |
| Premiums received | 42,052,569 | - | - | 42,052,569 | 39,672,868 | - | - | 39,672,868 |
| Claims and other directly attributable expenses paid | - | - | (24,771,484) | (24,771,484) | - | - | (24,219,313) | (24,219,313) |
| Insurance acquisition cash flows | (7,602,391) | - | - | (7,602,391) | (6,583,034) | - | - | (6,583,034) |
| **Total cash flows** | **34,450,178** | **-** | **(24,771,484)** | **9,678,694** | **33,089,834** | **-** | **(24,219,313)** | **8,870,521** |
| **Net balance – (asset) / liability, end of period** | **139,221,773** | **16,268,516** | **5,555,095** | **161,045,384** | **126,046,247** | **16,279,393** | **4,108,574** | **146,434,214** |
| Insurance contract liabilities, end of period | 134,955,434 | 15,443,957 | 12,001,264 | 162,400,655 | 125,996,595 | 16,278,595 | 4,786,434 | 147,061,624 |
| Insurance contract assets, end of period | 4,266,339 | 824,559 | (6,446,169) | (1,355,271) | 49,652 | 798 | (677,860) | (627,410) |
| **Net balance – (asset) / liability, end of period** | **139,221,773** | **16,268,516** | **5,555,095** | **161,045,384** | **126,046,247** | **16,279,393** | **4,108,574** | **146,434,214** |

**30. Insurance and Reinsurance Contract Assets and Liabilities (Continued)**

**i. b) Reconciliation of the measurement components of insurance contract balances**

**Long Term Insurance**

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| **Insurance contracts issued Contracts not measured under PAA** | **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** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Insurance contract liabilities, beginning of period | 89,815,726 | 12,541,117 | 44,704,781 | 147,061,624 | 78,101,760 | 11,706,439 | 44,252,999 | 134,061,198 |
| Insurance contract assets, beginning of period | (626,274) | (2,090) | 954 | (627,410) | (173,365) | (1,209) | 7,424 | (167,150) |
| **Net balance – (asset) / liability, beginning of period** | 89,189,452 | 12,539,027 | 44,705,735 | 146,434,214 | 77,928,395 | 11,705,230 | 44,260,423 | 133,894,048 |
| **Changes that relate to current service** | | | | | | | | |
| CSM recognised in net income / (loss) for the services provided | - | - | (6,339,335) | (6,339,335) | - | - | (5,900,452) | (5,900,452) |
| Change in the risk adjustment for non-financial risk for risk expired | - | (1,253,333) | - | (1,253,333) | - | (1,243,678) | - | (1,243,678) |
| Experience adjustments | (1,222,317) | - | - | (1,222,317) | 65,562 | - | - | 65,562 |
| | (1,222,317) | (1,253,333) | (6,339,335) | (8,814,985) | 65,562 | (1,243,678) | (5,900,452) | (7,078,568) |
| **Changes that relate to future service** | | | | | | | | |
| Changes in estimate that adjust the CSM | 2,053,547 | (643,869) | (1,409,678) | - | 2,660,734 | (168,801) | (2,491,933) | - |
| Changes in estimates that result in onerous contract losses or reversal of | (301,285) | 101,334 | - | (199,951) | 2,072,909 | (60,866) | - | 2,012,043 |
| Contracts initially recognised in the period | (9,276,698) | 1,444,640 | 7,942,450 | 110,392 | (7,529,500) | 1,279,470 | 6,415,306 | 165,276 |
| | (7,524,436) | 902,105 | 6,532,772 | (89,559) | (2,795,857) | 1,049,803 | 3,923,373 | 2,177,319 |
| **Total amounts recognised in the insurance service result** | **(8,746,753)** | **(351,228)** | **193,437** | **(8,904,544)** | **(2,730,295)** | **(193,875)** | **(1,977,079)** | **(4,901,249)** |
| Finance income / (expenses) from insurance contracts issued | 8,607,372 | 1,514,564 | 2,527,195 | 12,649,131 | 4,747,488 | 1,019,806 | 2,339,105 | 8,106,399 |
| Effect of exchange rate changes | 987,978 | 42,878 | 157,033 | 1,187,889 | 373,343 | 7,866 | 83,286 | 464,495 |
| **Total amounts recognised in total comprehensive income** | 848,597 | 1,206,214 | 2,877,665 | 4,932,476 | 2,390,536 | 833,797 | 445,312 | 3,669,645 |
| **Cash flows** | | | | | | | | |
| Premiums received | 42,052,569 | - | - | 42,052,569 | 39,672,868 | - | - | 39,672,868 |
| Claims and other directly attributable expenses paid | (24,771,484) | - | - | (24,771,484) | (24,219,313) | - | - | (24,219,313) |
| Insurance acquisition cash flows | (7,602,391) | - | - | (7,602,391) | (6,583,034) | - | - | (6,583,034) |
| **Total cash flows** | **9,678,694** | **-** | **-** | **9,678,694** | **8,870,521** | **-** | **-** | **8,870,521** |
| **Net balance – (asset) / liability, end of period** | **99,716,743** | **13,745,241** | **47,583,400** | **161,045,384** | **89,189,452** | **12,539,027** | **44,705,735** | **146,434,214** |
| Insurance contract liabilities, end of period | 110,059,838 | 12,351,134 | 39,989,683 | 162,400,655 | 89,815,726 | 12,541,117 | 44,704,781 | 147,061,624 |
| Insurance contract assets, end of period | (10,343,095) | 1,394,107 | 7,593,717 | (1,355,271) | (626,274) | (2,090) | 954 | (627,410) |
| **Net balance – (asset) / liability, end of period** | **99,716,743** | **13,745,241** | **47,583,400** | **161,045,384** | **89,189,452** | **12,539,027** | **44,705,735** | **146,434,214** |

**30. Insurance and Reinsurance Contract Assets and Liabilities (Continued)**

**i. c) Impact of contracts recognised in the period**

**Long Term Insurance**

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Contract issued | | Total | Contract issued | | Total |
| **Insurance contracts issued** | Non-onerous | Onerous | | Non-onerous | Onerous | |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Estimates of present value of future cash outflows** | | | | | | |
| Insurance acquisition cash flows | (5,097,724) | (177,303) | (5,275,027) | (4,750,244) | (412,920) | (5,163,164) |
| Claims and other directly attributable expenses | (18,659,894) | (354,483) | (19,014,377) | (16,157,324) | (2,720,675) | (18,877,999) |
| Estimates of present value of future cash outflows | (23,757,618) | (531,786) | (24,289,404) | (20,907,568) | (3,133,595) | (24,041,163) |
| Estimates of present value of future cash inflows | 33,075,047 | 491,055 | 33,566,102 | 28,455,591 | 3,115,072 | 31,570,663 |
| Risk adjustment for non-financial risk | (1,374,979) | (69,661) | (1,444,640) | (1,132,717) | (146,753) | (1,279,470) |
| CSM | (7,942,450) | - | (7,942,450) | (6,415,306) | - | (6,415,306) |
| **Increase / (decrease) in insurance contract liabilities from contracts** | **-** | **(110,392)** | **(110,392)** | **-** | **(165,276)** | **(165,276)** |

**i. d) Amounts determined on transition to IFRS 17 – The CSM by transition method**

**Long Term Insurance**

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| **Insurance contracts issued (Note 30i.b)** | 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 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **CSM, beginning of period** | **39,034,162** | **5,671,573** | **44,705,735** | **32,511,518** | **11,748,905** | **44,260,423** |
| **Changes that relate to current service** | | | | | | |
| CSM recognised in net income / (loss) for the services provided | (5,419,540) | (919,795) | (6,339,335) | (5,016,172) | (884,280) | (5,900,452) |
| **Changes that relate to future service** | | | | | | |
| Changes in estimates that adjust the CSM | (3,304,345) | 1,894,667 | (1,409,678) | 3,056,423 | (5,548,356) | (2,491,933) |
| Contracts initially recognised in the period | 7,942,450 | - | 7,942,450 | 6,415,306 | - | 6,415,306 |
| | (781,435) | 974,872 | 193,437 | 4,455,557 | (6,432,636) | (1,977,079) |
| Finance income / (expenses) from insurance contracts issued | 2,289,504 | 237,691 | 2,527,195 | 2,054,645 | 284,460 | 2,339,105 |
| Effect of exchange rate changes | 38,201 | 118,832 | 157,033 | 12,442 | 70,844 | 83,286 |
| **Total amounts recognised in total comprehensive income** | 1,546,270 | 1,331,395 | 2,877,665 | 6,522,644 | (6,077,332) | 445,312 |
| **CSM, end of period** | **40,580,432** | **7,002,968** | **47,583,400** | **39,034,162** | **5,671,573** | **44,705,735** |

**30. Insurance and Reinsurance Contract Assets and Liabilities (Continued)**

**ii. a) Reconciliation of the remaining coverage and the incurred claims components**

**Short Term Insurance**

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Remaining coverage | Incurred claims | | | Remaining coverage | Incurred claims | | |
| **Reinsurance contracts held**<br>**Contracts measured under PAA** | **Excluding loss recovery component** | **Present value of future cash flows** | **Risk adjustment for non-financial risk** | **Total** | **Excluding loss recovery component** | **Present value of future cash flows** | **Risk adjustment for non-financial risk** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Reinsurance contract liabilities, beginning of period | (197,504) | (1,137) | 787 | (197,854) | (90,925) | 19,856 | (100) | (71,169) |
| Reinsurance contract assets, beginning of period | 973,290 | 1,675,582 | 86,168 | 2,735,040 | 1,029,952 | 750,696 | 66,152 | 1,846,800 |
| **Net balance – (asset) / liability, beginning of period** | 775,786 | 1,674,445 | 86,955 | 2,537,186 | 939,027 | 770,552 | 66,052 | 1,775,631 |
| **Net income / (expenses) from reinsurance contracts held** | | | | | | | | |
| Reinsurance expenses | (7,958,504) | - | - | (7,958,504) | (7,307,605) | - | - | (7,307,605) |
| Claims recovered | | 24,347,898 | 1,933,829 | 26,281,727 | - | 3,863,785 | 20,897 | 3,884,682 |
| **Net income / (expenses) from reinsurance contracts held** | **(7,958,504)** | **24,347,898** | **1,933,829** | **18,323,223** | **(7,307,605)** | **3,863,785** | **20,897** | **(3,422,923)** |
| Finance income / (expenses) from reinsurance contracts held | - | 80,577 | - | 80,577 | - | 38,999 | - | 38,999 |
| Effect of exchange rate changes | 31 | (25,255) | 15 | (25,209) | 2,423 | 106 | 6 | 2,535 |
| **Total amounts recognised in total comprehensive income** | **(7,958,473)** | **24,403,220** | **1,933,844** | **18,378,591** | **(7,305,182)** | **3,902,890** | **20,903** | **(3,381,389)** |
| **Cash flows** | | | | | | | | |
| Premiums paid net of ceding commissions and other directly attributable | 11,787,441 | - | - | 11,787,441 | 7,141,941 | - | - | 7,141,941 |
| Recoveries from reinsurance | - | (6,004,816) | - | (6,004,816) | - | (2,998,997) | - | (2,998,997) |
| **Total cash flows** | **11,787,441** | **(6,004,816)** | **-** | **5,782,625** | **7,141,941** | **(2,998,997)** | **-** | **4,142,944** |
| **Net balance – asset / (liability), end of period** | **4,604,754** | **20,072,849** | **2,020,799** | **26,698,402** | **775,786** | **1,674,445** | **86,955** | **2,537,186** |
| Reinsurance contract liabilities, end of period | (233,097) | 48,563 | 2,358 | (182,176) | (197,504) | (1,137) | 787 | (197,854) |
| Reinsurance contract assets, end of period | 4,837,851 | 20,024,286 | 2,018,441 | 26,880,578 | 973,290 | 1,675,582 | 86,168 | 2,735,040 |
| **Net balance – asset / (liability), end of period** | **4,604,754** | **20,072,849** | **2,020,799** | **26,698,402** | **775,786** | **1,674,445** | **86,955** | **2,537,186** |

**30 Insurance and Reinsurance Contract Assets and Liabilities (Continued)**

**ii. a) Reconciliation of the remaining coverage and the incurred claims components**
**Long Term Insurance**

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Remaining coverage | | Incurred claims | | Remaining coverage | | Incurred claims | |
| **Reinsurance contracts held Contracts not measured under PAA** | **Excluding loss recovery component** | **Loss recovery component** | | **Total** | **Excluding loss recovery component** | **Loss recovery component** | | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Reinsurance contract liabilities, beginning of period | (196,991) | 1,364 | (226,892) | (422,519) | (323,024) | 29,868 | (231,416) | (524,572) |
| Reinsurance contract assets, beginning of period | 299,908 | 43,951 | 474,075 | 817,934 | 137,291 | - | 800,950 | 938,241 |
| Net balance – asset / (liability), beginning of period | 102,917 | 45,315 | 247,183 | 395,415 | (185,733) | 29,868 | 569,534 | 413,669 |
| **Net income / (expenses) from reinsurance contracts held** | | | | | | | | |
| Reinsurance expenses | (228,777) | - | - | (228,777) | (307,713) | - | - | (307,713) |
| Claims recovered | - | 1,430 | 48,968 | 50,398 | - | (13,381) | (20,123) | (33,504) |
| Changes that relate to future service – changes in the FCF do not adjust the CSM for the group of underlying insurance contracts | - | (17,383) | | (17,383) | - | 27,976 | - | 27,976 |
| **Net income / (expenses) from reinsurance contracts held** | **(228,777)** | **(15,953)** | **48,968** | **(195,762)** | **(307,713)** | **14,595** | **(20,123)** | **(313,241)** |
| Finance income / (expenses) from reinsurance contracts held | (65,787) | 1,738 | - | (64,049) | (79,585) | 647 | - | (78,938) |
| Effect of exchange rate changes | 4,970 | 939 | 4,558 | 10,467 | 204 | 205 | 2,026 | 2,435 |
| **Total amounts recognised in total comprehensive income** | **(289,594)** | **(13,276)** | **53,526** | **(249,344)** | **(387,094)** | **15,447** | **(18,097)** | **(389,744)** |
| **Cash flows** | | | | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses paid | 480,659 | - | - | 480,659 | 675,744 | - | - | 675,744 |
| Recoveries from reinsurance | - | - | (134,718) | (134,718) | - | - | (304,254) | (304,254) |
| **Total cash flows** | 480,659 | - | (134,718) | 345,941 | 675,744 | - | (304,254) | 371,490 |
| **Net balance – asset / (liability), end of period** | 293,982 | 32,039 | 165,991 | 492,012 | 102,917 | 45,315 | 247,183 | 395,415 |
| Reinsurance contract liabilities, end of period | (77,330) | 532 | (107,266) | (184,064) | (196,991) | 1,364 | (226,892) | (422,519) |
| Reinsurance contract assets, end of period | 371,312 | 31,507 | 273,257 | 676,076 | 299,908 | 43,951 | 474,075 | 817,934 |
| **Net balance – asset / (liability), end of period** | **293,982** | **32,039** | **165,991** | **492,012** | **102,917** | **45,315** | **247,183** | **395,415** |

**30. Insurance and Reinsurance Contract Assets and Liabilities (Continued)**

**ii. b) Reconciliation of the measurement components of reinsurance contract balances**

**Long Term Insurance (Continued)**

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| **Reinsurance contracts held Contracts not measured under PAA** | **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** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Reinsurance contract liabilities, beginning of period | (844,753) | 109,535 | 312,699 | (422,519) | (970,449) | 113,947 | 331,930 | (524,572) |
| Reinsurance contract assets, beginning of period | 62,873 | 268,097 | 486,964 | 817,934 | 253,910 | 240,843 | 443,488 | 938,241 |
| **Net balance – asset / (liability), beginning of period** | (781,880) | 377,632 | 799,663 | 395,415 | (716,539) | 354,790 | 775,418 | 413,669 |
| **Changes that relate to current service** | | | | | | | | |
| CSM recognised in net income / (loss) for the services received | - | - | 39,099 | 39,099 | - | - | (70,152) | (70,152) |
| Change in the risk adjustment for non-financial risk for risk expired | - | (35,277) | - | (35,277) | - | (34,497) | - | (34,497) |
| Experience adjustments | (182,201) | - | - | (182,201) | (236,568) | - | - | (236,568) |
| | (182,201) | (35,277) | 39,099 | (178,379) | (236,568) | (34,497) | (70,152) | (341,217) |
| **Changes that relate to future service** | | | | | | | | |
| Changes in estimate that adjust the CSM | (172,429) | 17,202 | 155,227 | - | (8,198) | (36,538) | 44,736 | - |
| Changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts | (22,153) | 34,214 | (29,444) | (17,383) | 1,793 | 32,261 | (6,078) | 27,976 |
| Contracts initially recognised in the period | (79,225) | 16,187 | 63,038 | - | (28,543) | 6,920 | 21,623 | - |
| | (273,807) | 67,603 | 188,821 | (17,383) | (34,948) | 2,643 | 60,281 | 27,976 |
| Net income / (expenses) from reinsurance contracts held | (456,008) | 32,326 | 227,920 | (195,762) | (271,516) | (31,854) | (9,871) | (313,241) |
| Finance income / (expenses) from reinsurance contracts held | (137,789) | 41,193 | 32,547 | (64,049) | (158,339) | 51,227 | 28,174 | (78,938) |
| Effect of exchange rate changes | (6,463) | 5,165 | 11,765 | 10,467 | (6,976) | 3,469 | 5,942 | 2,435 |
| **Total amounts recognised in total comprehensive income** | (600,260) | 78,684 | 272,232 | (249,344) | (436,831) | 22,842 | 24,245 | (389,744) |
| **Cash flows** | | | | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses paid | 480,659 | - | - | 480,659 | 675,744 | - | - | 675,744 |
| Recoveries from reinsurance | (134,718) | - | - | (134,718) | (304,254) | - | - | (304,254) |
| **Total cash flows** | 345,941 | - | - | 345,941 | 371,490 | - | - | 371,490 |
| **Net balance – asset / (liability), end of period** | (1,036,199) | 456,316 | 1,071,895 | 492,012 | (781,880) | 377,632 | 799,663 | 395,415 |
| Reinsurance contract liabilities, end of period | (784,746) | 137,209 | 463,473 | (184,064) | (844,753) | 109,535 | 312,699 | (422,519) |
| Reinsurance contract assets, end of period | (251,453) | 319,107 | 608,422 | 676,076 | 62,873 | 268,097 | 486,964 | 817,934 |
| **Net balance – asset / (liability), end of period** | (1,036,199) | 456,316 | 1,071,895 | 492,012 | (781,880) | 377,632 | 799,663 | 395,415 |

**30. Insurance and Reinsurance Contract Assets and Liabilities (Continued)**

**ii. d) Amounts determined on transition to IFRS 17 – The CSM by transition method**

**Long Term Insurance (Continued)**

| Reinsurance contracts held (Note 30ii.b) | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | 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 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **CSM, beginning of period** | **316,952** | **482,711** | **799,663** | **124,268** | **651,150** | **775,418** |
| **Changes that relate to current service** | | | | | | |
| CSM recognised in net income / (loss) for the services provided | 876 | 38,223 | 39,099 | (21,760) | (48,392) | (70,152) |
| **Changes that relate to future service** | | | | | | |
| Changes in estimates that adjust the CSM | 27,311 | 127,916 | 155,227 | 153,498 | (108,762) | 44,736 |
| Contracts initially recognised in the period | 63,038 | - | 63,038 | 21,623 | - | 21,623 |
| Reversal of loss-recovery component from onerous underlying contracts | 4,892 | (34,336) | (29,444) | 10,355 | (16,433) | (6,078) |
| | 96,117 | 131,803 | 227,920 | 163,716 | (173,587) | (9,871) |
| Finance income / (expenses) from insurance contracts issued | 25,163 | 7,384 | 32,547 | 28,174 | - | 28,174 |
| Effect of exchange rate changes | 2,205 | 9,560 | 11,765 | 794 | 5,148 | 5,942 |
| **Total amounts recognised in total comprehensive income** | 123,485 | 148,747 | 272,232 | 192,684 | (168,439) | 24,245 |
| **CSM, end of period** | **440,437** | **631,458** | **1,071,895** | **316,952** | **482,711** | **799,663** |

**iii. Liability for Incurred Claims**

**Summary of LIC by segment**

| | Long term insurance | Short term insurance | Total |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **31-Dec-2025** | | | |
| **Gross LIC:** | | | |
| Insurance contracts issued | 5,555,095 | 35,351,829 | 40,906,924 |
| Total (Note 30i.a) | 5,555,095 | 35,351,829 | 40,906,924 |
| **Reinsurers' share of LIC:** | | | |
| Reinsurance contracts held (Note 30ii.a) | 165,991 | 22,093,648 | 22,259,639 |
| **31-Dec-2024** | | | |
| **Gross LIC:** | | | |
| Insurance contracts issued | 4,108,574 | 11,043,746 | 15,152,320 |
| Total (Note 30i.a) | 4,108,574 | 11,043,746 | 15,152,320 |
| **Reinsurers' share of LIC:** | | | |
| Reinsurance contracts held (Note 30ii.a) | 247,183 | 1,761,400 | 2,008,583 |

The gross and reinsured liabilities for incurred claims represented by insurance lines of business are as follow:

| | Gross LIC | | Reinsurers' share | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 |
| Life insurance and annuity benefits | 11,716,256 | 10,131,672 | 657,262 | 732,910 |
| Property and casualty | 28,619,611 | 4,409,898 | 21,551,456 | 1,272,029 |
| Health | 571,057 | 610,750 | 50,921 | 3,644 |
| | 40,906,924 | 15,152,320 | 22,259,639 | 2,008,583 |

## 31. Investment Contract Liabilities

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Amortised cost - | | |
| Amounts on deposit | 21,582,339 | 20,059,147 |
| Deposit administration fund | 1,517,300 | 1,570,079 |
| Other investment contracts | 292,269 | 312,103 |
| | 23,391,908 | 21,941,329 |

Current portion of Investment contract liabilities is disclosed under Note 42(c) (ii).

The fair value of financial liabilities at amortised cost is based on a discounted cash flow valuation technique. This discount rate is determined by current market assessment of the time value of money and risk specific to the liability.

## 32. Collateralised Reversed Repurchase Agreements

At December 31, 2025, the Group held $5,987,655,000 (2024 – $4,000,466,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. None of the collateral for reverse repurchase agreements for the Group was repledged.

## 33. Insurance revenue and service expenses

(a) Insurance service result

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held is included below.

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| **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 | 12,364,155 | 11,132,393 |
| Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation | 1,253,333 | 1,243,678 |
| CSM recognised in net income / (loss) for the services provided | 6,339,335 | 5,900,452 |
| Insurance acquisition cash flows recovery | 2,444,866 | 1,491,628 |
| Insurance revenue for contracts not measured under the PAA (Note 30i.a) | 22,401,689 | 19,768,151 |
| Insurance revenue from contracts measured under the PAA (Note 30i.a) | 37,865,356 | 34,765,688 |
| Total insurance revenue | 60,267,045 | 54,533,839 |

For insurance contracts not measured under the PAA, an analysis of the related revenue by transition method is included below.

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| New contracts and contracts measured under the full retrospective approach | 13,178,541 | 10,628,173 |
| Contracts measured under the fair value approach | 9,223,148 | 9,139,978 |
| | 22,401,689 | 19,768,151 |

**33. Insurance revenue and service expenses (Continued)**

(a) Insurance service result (Continued)

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| **Insurance service expenses** | | |
| **Contracts not measured under the PAA** | | |
| Incurred claims and other directly attributable expenses(Note 30i.a) | (11,141,839) | (11,197,957) |
| Losses on onerous contracts and reversal of those losses(Note 30i.a) | 89,560 | (2,177,317) |
| Insurance acquisition cash flows amortisation(Note 30i.a) | (2,444,866) | (1,491,628) |
| | (13,497,145) | (14,866,902) |
| **Contracts measured under the PAA** | | |
| Incurred claims and other directly attributable expenses(Note 30i.a) | (47,661,234) | (25,355,793) |
| Insurance acquisition cash flows amortisation(Note 30i.a) | (4,465,376) | (4,333,401) |
| | (52,126,610) | (29,689,194) |
| **Total insurance service expenses** | (65,623,755) | (44,556,096) |
| | | |
| **Net income / (expenses) from reinsurance contracts held– contracts not measured under the PAA** | | |
| **Amounts relating to the changes in the remaining coverage:** | | |
| Expected claims and other directly attributable expenses recovery | (50,398) | 33,504 |
| Change in the risk adjustment recognised for the risk expired | (35,277) | (34,497) |
| Experience adjustments | (182,201) | (236,568) |
| CSM recognised in net income / (loss) for the services received | 39,099 | (70,152) |
| Reinsurance expenses | (228,777) | (307,713) |
| Other incurred directly attributable expenses | 50,398 | (33,504) |
| Changes that relate to past service – adjustments to incurred claims | (17,383) | 27,976 |
| Total -contracts not measured under PAA (Note 30ii.a) | (195,762) | (313,241) |
| **Net income / (expenses) from reinsurance contracts held– contracts measured under the PAA** | | |
| Reinsurance expenses | (7,958,504) | (7,307,605) |
| Claims recovered | 26,281,727 | 3,884,682 |
| Total -contracts measured under PAA (Note 30ii.a) | 18,323,223 | (3,422,923) |
| **Total net income / (expenses) from reinsurance contracts held** | 18,127,461 | (3,736,164) |
| **Total insurance service result** | 12,770,751 | 6,241,579 |

**33. Insurance revenue and service expenses (Continued)**

(a) Insurance service result (Continued)

Hurricane Melissa has notably affected the Property and Casualty segment this year, as detailed below:

| | | |
|---|---|---|
| Contracts measured under the PAA | | |
| Insurance revenue: | | |
| Group Life | 5,753,289 | 5,074,798 |
| Group and individual Health | 20,364,102 | 19,656,058 |
| Property and Casualty | 11,747,965 | 10,034,832 |
| | 37,865,356 | 34,765,688 |
| Insurance expense: | | |
| Group Life | (3,822,767) | (4,406,892) |
| Group and individual Health | (18,736,887) | (18,027,535) |
| Property and Casualty (i) | (29,566,956) | (7,254,767) |
| | (52,126,610) | (29,689,194) |
| Net income / (expenses) from reinsurance contracts held | | |
| Group Life | (207,647) | (190,484) |
| Group Health | (145,053) | (405,400) |
| Property and Casualty (i) | 18,675,923 | (2,827,039) |
| | 4,061,969 | 1,653,571 |

(i) Property and Casualty includes policyholder claims reserves of $22,658,959,000 and reinsurance recoveries of $22,341,108,000 related to Hurricane Melissa, reflecting management's best estimate of the ultimate claim costs, including an incurred-but-not-reported (IBNR) component and recoveries. Estimation is based on preliminary reports, historical claims patterns, and the scope of reinsurance protection.

(b) Amounts determined on transition to IFRS 17

For insurance contracts not measured under the PAA, an analysis of the related CSM by transition method is included below.

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| CSM, end of period (Note 30i.d) | | |
| New contracts and contracts measured under the full retrospective approach at transition | 40,580,432 | 39,034,162 |
| Contracts measured under the fair value approach at transition | 7,002,968 | 5,671,573 |
| | 47,583,400 | 44,705,735 |
| REINSURANCE CONTRACTS HELD | | |
| CSM, end of period (Note 30ii.d) | | |
| New contracts and contracts measured under the full retrospective approach at transition | 440,437 | 316,952 |
| Contracts measured under the fair value approach at transition | 631,458 | 482,711 |
| | 1,071,895 | 799,663 |

**33. 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.

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| INSURANCE CONTRACTS ISSUED | | |
| Contracts not measured under the PAA | | |
| Number of years until expected to be recognised | | |
| 1 | 3,207,255 | 3,027,840 |
| 2 | 2,796,338 | 2,695,383 |
| 3 | 2,470,857 | 2,369,652 |
| 4 | 2,230,709 | 2,119,268 |
| 5 | 2,039,549 | 1,938,695 |
| 6-10 | 8,597,330 | 7,779,538 |
| >10 | 26,241,362 | 24,775,359 |
| Total | 47,583,400 | 44,705,735 |

| | The Group | |
|---|---|---|
| | **2025** | **2024** |
| | **$ '000** | **$ '000** |
| REINSURANCE CONTRACTS HELD | | |
| Contracts not measured under the PAA | | |
| Number of years until expected to be recognised | | |
| 1 | 91,296 | 68,322 |
| 2 | 86,087 | 66,920 |
| 3 | 78,512 | 60,541 |
| 4 | 69,431 | 56,358 |
| 5 | 61,610 | 51,591 |
| 6-10 | 236,443 | 203,182 |
| >10 | 448,516 | 292,749 |
| Total | 1,071,895 | 799,663 |

## 34. Total Investment Income and Net Insurance Finance Result

| | The Group | | |
|---|---|---|---|
| | 2025 | | |
| | Amortised cost assets | FVTOCI assets | Total |
| | $ '000 | $ '000 | $ '000 |
| **Interest income -** | | | |
| Debt securities | 793,138 | 9,230,821 | 10,023,959 |
| Mortgage loans | 2,457,865 | - | 2,457,865 |
| Loans and finance leases | 13,301,381 | - | 13,301,381 |
| Securities purchased for re-sale | 325,937 | - | 325,937 |
| Deposit | 2,692,520 | - | 2,692,520 |
| Total Interest Income | 19,570,841 | 9,230,821 | 28,801,662 |
| Net gain on de-recognition of financial assets measured at FVTOCI | | | 973,120 |
| Net loss on de-recognition of financial assets measured at amortised cost | | | (93) |
| | | | 29,774,689 |
| FVTPL investments | | | |
| Interest income | | | 9,976,643 |
| Dividend income | | | 68,094 |
| Unrealised gain on financial assets | | | 6,256,193 |
| Net gain on de-recognition of financial assets | | | 1,216,829 |
| | | | 17,517,759 |
| Investment properties: | | | |
| Unrealised gain | | | 31,215 |
| Realised losses | | | (7,409) |
| Rental Income | | | 79,348 |
| | | | 103,154 |
| Other investment income and expense: | | | |
| Other investment expense | | | (21,116) |
| | | | (21,116) |
| Income earned and capital gain from assets measured at FVTPL and other investment income | | | 17,599,797 |
| Total Investment Income | | | 47,374,486 |
| **Interest expense -** | | | |
| Investment contracts | | | (1,034,167) |
| Customer deposits | | | (3,228,311) |
| Repurchase liabilities | | | (4,565,407) |
| Due to banks and other financial institutions | | | (574,576) |
| Lease liabilities | | | (368,672) |
| | | | (9,771,133) |
| Credit impairment losses | | | (1,713,041) |
| **Net investment income** | | | 35,890,312 |

**34. Total Investment Income and Net Insurance Finance Result (Continued)**

| | The Company 2025 | | |
|---|---|---|---|
| | **Amortised cost assets** | **FVTOCI assets** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** |
| **Interest income -** | | | |
| Securities purchased for re-sale | 54,148 | - | 54,148 |
| Deposits | 33,955 | - | 33,955 |
| Total interest income | 88,103 | - | 88,103 |
| Dividend income | | | 6,530,949 |
| | | | 6,619,052 |
| **Interest expense -** | | | |
| Promissory notes | | | (185,832) |
| **Net investment income** | | | 6,433,220 |

| | The Group 2024 | | |
|---|---|---|---|
| | **Amortised cost assets** | **FVTOCI assets** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** |
| **Interest income -** | | | |
| Debt securities | 721,481 | 8,261,899 | 8,983,380 |
| Mortgage loans | 1,991,198 | - | 1,991,198 |
| Loans and finance leases | 11,924,422 | - | 11,924,422 |
| Securities purchased for re-sale | 143,278 | - | 143,278 |
| Deposit | 3,030,131 | - | 3,030,131 |
| Total Interest Income | 17,810,510 | 8,261,899 | 26,072,409 |
| Net gain on de-recognition of financial assets measured at FVTOCI | | | 496,812 |
| Net gain on de-recognition of financial assets measured at amortised cost | | | 1,123 |
| | | | 26,570,344 |
| FVTPL investments | | | |
| Interest income | | | 9,841,766 |
| Dividend income | | | 78,405 |
| Unrealised gain on financial assets | | | 1,713,649 |
| Net losses on de-recognition of financial assets | | | (80,751) |
| | | | 11,553,069 |
| Investment properties: | | | |
| Unrealised gain | | | 244,800 |
| Realised losses | | | (10,101) |
| Rental Income | | | 70,501 |
| | | | 305,200 |
| Other investment income and expense: | | | |
| Other direct investment expense | | | (39,717) |
| | | | (39,717) |
| Income earned and capital gain from assets measured at FVTPL and other investment income | | | 11,818,552 |
| Total Investment Income | | | 38,388,896 |

**34. Total Investment Income and Net Insurance Finance Result (Continued)**

| | Total |
|---|---|
| | $ '000 |
| **Interest expense -** | |
| Investment contracts | (874,950) |
| Customer deposits | (3,091,630) |
| Repurchase liabilities | (4,392,964) |
| Due to banks and other financial institutions | (463,907) |
| Lease liabilities | (164,659) |
| Loans payable | (91,918) |
| | (9,080,028) |
| Credit impairment losses | (1,409,645) |
| **Net investment income** | 27,899,223 |

| | The Company | | |
|---|---|---|---|
| | 2024 | | |
| | Amortised cost assets | FVTOCI assets | Total |
| | $ '000 | $ '000 | $ '000 |
| **Interest income -** | | | |
| Securities purchased for re-sale | 88,332 | - | 88,332 |
| Deposits | 59,863 | - | 59,863 |
| Total interest income | 148,195 | - | 148,195 |
| Dividend income | | | 5,871,300 |
| | | | 6,019,495 |
| **Interest expense -** | | | |
| Promissory notes | | | (209,396) |
| **Net investment income** | | | 5,810,099 |

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

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Net investment income – Underlying assets | | |
| Interest income earned from financial assets measured at amortised cost and FVTOCI | 1,541,571 | 1,357,264 |
| Net (loss) / gain on de-recognition of financial assets measured at amortised cost | (58) | 1,292 |
| Net gain / (loss) on de-recognition of financial assets measured at FVTOCI | 29,374 | (349) |
| Interest income earned and capital net gain from assets measured at FVTPL and other investment income | 15,117,106 | 10,703,104 |
| Net credit impairment loss | (155) | (541) |
| Net investment income – Underlying assets | 16,687,838 | 12,060,770 |
| | | |
| Net investment income – Other investments | | |
| Loss on derecognition of amortised cost investments | (35) | (169) |
| Gain on derecognition of assets carried at FVTOCI | 943,746 | 497,161 |
| Interest income earned from financial assets measured at amortised cost and FVTOCI | 27,260,091 | 24,715,145 |
| Net gain on FVTPL investments | 2,400,653 | 849,965 |
| Net credit impairment loss | (1,712,886) | (1,409,104) |
| Net investment income – Other investments | 28,891,569 | 24,652,998 |

Underlying assets are those directly related to the insurance portfolio.

**34. Total Investment Income and Net Insurance Finance Result (Continued)**

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Investment property | | |
| Rental income | 79,348 | 70,501 |
| Unrealised gain | 31,215 | 244,800 |
| Realised losses | (7,409) | (10,101) |
| Other investment income | (21,116) | (39,717) |
| Net investment income – Other | 82,038 | 265,483 |
| Total net investment income | 45,661,445 | 36,979,251 |
| **Finance expenses from insurance contracts issued** | | |
| Changes in fair value of underlying assets of contracts measured under the VFA | (2,357,112) | (2,923,745) |
| Interest accreted | (5,838,809) | (4,474,551) |
| Effect of changes in interest rates and other financial assumptions | (4,670,215) | (841,683) |
| Finance expenses from insurance contracts issued | (12,866,136) | (8,239,979) |
| **Finance income / (expenses) from reinsurance contracts held** | | |
| Interest accreted | (4,335) | 7,659 |
| Effect of changes in interest rates and other financial assumptions | 20,863 | (47,598) |
| Finance income / (expenses) from reinsurance contracts held | 16,528 | (39,939) |
| **Net insurance finance expenses** | (12,849,608) | (8,279,918) |
| **Summary of the amounts recognised in the statement of income** | | |
| Net investment income – Underlying assets | 16,687,838 | 12,060,770 |
| Net investment income – Other investments | 28,891,569 | 24,652,998 |
| Net investment income – Other | 82,038 | 265,483 |
| Net insurance finance expenses | (12,849,608) | (8,279,918) |
| | 32,811,837 | 28,699,333 |

**35. Fees and Other Income**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| **Products and services transferred over time** | | | | |
| Service contract revenue | 7,138,119 | 7,939,556 | - | - |
| Other fees and commission income | - | 678 | - | - |
| Management fees | - | - | 7,086,524 | 6,812,187 |
| | 7,138,119 | 7,940,234 | 7,086,524 | 6,812,187 |
| **Products transferred at a point in time** | | | | |
| Service contract revenue | 8,078,673 | 7,300,654 | - | - |
| Other fees and commission income | 4,239,593 | 2,998,944 | - | - |
| | 12,318,266 | 10,299,598 | - | - |
| **Other Revenue** | | | | |
| Foreign exchange gains | 241,621 | 175,285 | (10,389) | 14,118 |
| Other fees and commission income | 241,956 | 175,389 | - | - |
| Miscellaneous fees & other income (a) | 301,264 | 109,192 | 5,118 | 1,297 |
| | 784,841 | 459,866 | (5,271) | 15,415 |
| | 20,241,226 | 18,699,698 | 7,081,253 | 6,827,602 |

(a) Included in miscellaneous fees and other income is revenues from real estate developed for resale of $4,842,000,000 offset by development costs of $4,176,000,000.

**36. Administration Expenses**

| | The Group 2025 | | | |
|---|---|---|---|---|
| | **Attributed to insurance acquisition cash flows** | **Other directly attributable expenses** | **Other operating expenses** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| Advertising and branding | 248,549 | 22,865 | 856,561 | 1,127,975 |
| Auditors' remuneration | - | 10,888 | 307,070 | 317,958 |
| Automated banking machines cost | - | - | 274,359 | 274,359 |
| Commission and fees | 14,527 | 60,090 | 391,664 | 466,281 |
| Commission and Sales Expense (b) | 4,274,942 | 3,501,261 | 193,885 | 7,970,088 |
| Communication and technology | 355,505 | 500,050 | 4,325,065 | 5,180,620 |
| Depreciation, amortisation and impairment (Notes 15/16/38) | 354,810 | 302,728 | 1,958,605 | 2,616,143 |
| Electronic channels charges | - | - | 3,361,989 | 3,361,989 |
| Fraud and operational losses | - | - | 285,148 | 285,148 |
| Insurance expense | 38,412 | 15,198 | 729,526 | 783,136 |
| Legal and professional fees | 60,156 | 91,880 | 742,247 | 894,283 |
| Office accommodation | 270,470 | 120,924 | 1,266,991 | 1,658,385 |
| Policy stamp duties and reimbursements | 105,194 | - | 19,651 | 124,845 |
| Postage, printing and office supplies | 122,393 | 72,702 | 189,811 | 384,906 |
| Sales convention and incentives | 362,696 | 15 | 113,801 | 476,512 |
| Services outsourced | 65,053 | 177,392 | 2,320,375 | 2,562,820 |
| Other expenses (c) | 305,200 | 301,447 | 1,792,768 | 2,399,415 |
| Staff costs (a) | 2,612,770 | 2,132,496 | 14,464,930 | 19,210,196 |
| | 9,190,677 | 7,309,936 | 33,594,446 | 50,095,059 |

(a) Staff costs

| | The Group 2025 | | | |
|---|---|---|---|---|
| | Attributed to insurance acquisition cash flows | Other directly attributable expenses | Other operating expenses | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| Salaries | 2,034,655 | 1,644,556 | 10,288,360 | 13,967,571 |
| Payroll taxes | 241,836 | 187,035 | 1,140,670 | 1,569,541 |
| Pension costs (Note 17) | 45,151 | 41,612 | 715,883 | 802,646 |
| Other post-retirement benefits (Note 17) | 17,970 | 5,034 | 495,776 | 518,780 |
| Share based compensation | 68,448 | 73,126 | 377,096 | 518,670 |
| Restructuring costs | - | - | 110,640 | 110,640 |
| Other | 204,710 | 181,133 | 1,336,505 | 1,722,348 |
| | 2,612,770 | 2,132,496 | 14,464,930 | 19,210,196 |

(b) Commission and Sales Expense
Amount represents commission and bonuses paid to sales representatives.

(c) Other expenses - Included in the other expenses are non-audit service fees amounting to $93,816,000 (2024 - $91,298,000)

**36. Administration Expenses (Continued)**

| | The Group 2024 | | | |
|---|---|---|---|---|
| | Attributed to insurance acquisition cash flows | Other directly attributable expenses | Other operating expenses | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| Advertising and branding | 287,472 | 41,529 | 959,135 | 1,288,136 |
| Auditors' remuneration | - | 6,928 | 414,754 | 421,682 |
| Automated banking machines cost | - | - | 196,782 | 196,782 |
| Commission and fees | 16,038 | 65,985 | 478,956 | 560,979 |
| Commission and Sales Expense (b) | 3,824,274 | 3,895,492 | 195,791 | 7,915,557 |
| Communication and technology | 313,892 | 473,218 | 4,086,236 | 4,873,346 |
| Depreciation, amortisation and impairment (Notes 15/16/38) | 300,074 | 251,726 | 2,392,152 | 2,943,952 |
| Electronic channels charges | - | - | 2,984,726 | 2,984,726 |
| Fraud and operational losses | - | - | 180,740 | 180,740 |
| Insurance | 24,425 | 14,380 | 640,553 | 679,358 |
| Legal and professional fees | 79,621 | 91,047 | 848,865 | 1,019,533 |
| Office accommodation | 275,999 | 123,173 | 1,104,370 | 1,503,542 |
| Policy stamp duties and reimbursements | 100,582 | 2,159 | 19,280 | 122,021 |
| Postage, printing and office supplies | 28,852 | 33,279 | 184,202 | 246,333 |
| Sales convention and incentives | 379,453 | - | 177,021 | 556,474 |
| Services outsourced | 65,844 | 172,400 | 1,306,900 | 1,545,144 |
| Other expenses | 290,247 | 236,980 | 1,740,106 | 2,267,333 |
| Staff costs (a) | 2,556,360 | 2,135,171 | 12,840,225 | 17,531,756 |
| | 8,543,133 | 7,543,467 | 30,750,794 | 46,837,394 |

(a) Staff costs

| | The Group 2024 | | | |
|---|---|---|---|---|
| | Expenses attributed to insurance acquisition cash flows | Other directly attributable expenses | Other operating expenses | Total |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| Salaries | 1,865,307 | 1,567,923 | 9,273,361 | 12,706,591 |
| Payroll taxes | 237,790 | 186,784 | 1,085,961 | 1,510,535 |
| Pension costs (Note 17) | 141,586 | 114,627 | 266,506 | 522,719 |
| Other post-retirement benefits (Note 17) | 74,315 | 31,880 | 423,714 | 529,909 |
| Share based compensation | 50,278 | 66,343 | 430,888 | 547,509 |
| Restructuring costs | - | - | 70,206 | 70,206 |
| Other | 187,084 | 167,614 | 1,289,589 | 1,644,287 |
| | 2,556,360 | 2,135,171 | 12,840,225 | 17,531,756 |

**36. Administration Expenses (Continued)**

| | The Company | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Advertising and branding | 43,551 | 226,446 |
| Auditors' remuneration | 23,465 | 36,053 |
| Communication and technology | 210,323 | 286,383 |
| Depreciation, amortisation and impairment (Notes 15/16/38) | 108,759 | 109,389 |
| Insurance | 10,964 | 11,910 |
| Legal and professional fees | 233,388 | 179,956 |
| Office accommodation | 44,821 | 42,309 |
| Postage, printing and office supplies | 7,542 | 3,831 |
| Sales convention and incentives | 1,140 | 52,270 |
| Other expenses | 346,233 | 281,678 |
| Staff costs (a) | 5,539,575 | 4,745,133 |
| | 6,569,761 | 5,975,358 |

(a) Staff costs

| | The Company | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Salaries | 4,021,218 | 3,367,406 |
| Payroll taxes | 473,623 | 407,099 |
| Share based compensation | 123,369 | 225,221 |
| Other | 921,365 | 745,407 |
| | 5,539,575 | 4,745,133 |

(b) Commission and Sales Expense
Amount represents commission and bonuses paid to sales representatives.

**37. Taxation**

(a) Tax is computed as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| Current year taxation - | | | | |
| Dividend income tax @ 15% | 8,752 | 4,396 | - | - |
| Income tax at 33 ⅓% | 3,435,012 | 3,177,862 | 109,372 | 464,503 |
| Income tax at 25% | 1,929,663 | 1,034,228 | - | - |
| | 5,373,427 | 4,216,486 | 109,372 | 464,503 |
| Deferred income tax (Note 18) - | | | | |
| Deferred tax (credit)/charge relating to the origination and reversal of temporary differences | (70,839) | (168,953) | 38,659 | 10,781 |
| Taxation | 5,302,588 | 4,047,533 | 148,031 | 475,284 |
| Other taxes: | | | | |
| Asset tax @ 0.25% | 994,450 | 937,393 | - | - |
| Withholding tax | - | 398 | - | - |
| Other taxes | 994,450 | 937,791 | - | - |

**37. Taxation (Continued)**

(b) Reconciliation of applicable tax charges to effective tax charge:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| Investment income tax - | | | | |
| Dividend income | 63,253 | 28,256 | - | - |
| Tax at 15% | 9,488 | 4,238 | - | - |
| Income tax - | | | | |
| Profit before taxation | 21,745,203 | 13,098,376 | 6,944,712 | 6,662,343 |
| Tax at 2%, 25% & 33⅓% | 6,436,296 | 4,426,980 | 2,313,836 | 2,220,781 |
| Adjusted for: | | | | |
| Income not subject to income tax (i) | (4,401,008) | (3,012,687) | (2,175,915) | (1,830,667) |
| Asset tax not deductible for tax purposes | 297,077 | 241,237 | - | - |
| Expenses not deductible for tax purposes (ii) | 3,872,869 | 2,601,419 | 69,622 | 84,004 |
| Subsidiaries taxed at zero rate | (181,932) | (53,072) | - | - |
| Prior year under/over provision | (188,322) | (13,915) | - | - |
| Net effect of other charges and allowances | (541,880) | (146,667) | (59,512) | 1,166 |
| | 5,293,100 | 4,043,295 | 148,031 | 475,284 |
| Taxation expense | 5,302,588 | 4,047,533 | 148,031 | 475,284 |

(i) This includes dividend income in the stand-alone financials of the entity and income from Annuities and earnings from joint ventures at the Group level.

(ii) This includes expenses relating to annuities and interest charges

(c) The tax (charge)/credit relating to components of other comprehensive income is as follows

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | |
| | Before tax | Tax (charge)/ credit | After tax | Before tax | Tax (charge)/ credit | After tax |
| Fair value gains/(losses) on OCI, net amounts recycled to income on disposal and maturity of FVTOCI securities | 3,078,469 | (812,582) | 2,265,887 | (1,727,842) | 429,632 | (1,298,210) |
| Provision for expected credit losses - IFRS 9 on FVTOCI securities, net of amounts recycled to the Income Statement on sale and maturity of FVTOCI securities | (28,809) | 11,972 | (16,837) | 27,658 | (7,408) | 20,250 |
| Re-measurement of post-employment benefits | 130,489 | (38,303) | 92,186 | (1,252,083) | 322,044 | (930,039) |
| Unrealised gains on owner-occupied properties: | 415,249 | (35,553) | 379,696 | 433,436 | (34,056) | 399,380 |
| Retranslation of foreign operations | 340,642 | - | 340,642 | 143,828 | - | 143,828 |
| Other comprehensive income Deferred income taxes (Note 18) | 3,936,040 | (874,466) | 3,061,574 | (2,375,003) | 710,212 | (1,664,791) |

**38. Leases**

(a) Amounts recognised in the statement of financial position
The statement of financial position shows the following amounts relating to leases:

| | 2025 | 2024 |
|---|---|---|
| | $ '000 | $ '000 |
| Right-of-use assets | | |
| Buildings | 6,259,592 | 1,721,233 |
| Land | 51,372 | 52,568 |
| | 6,310,964 | 1,773,801 |
| Lease liabilities | | |
| Current | 807,962 | 482,551 |
| Non-current | 5,054,511 | 1,413,424 |
| | 5,862,473 | 1,895,975 |

Additions to the right-of-use assets during the 2025 financial year were $4,850,660,000 (2024- $661,523,000).

(b) Amounts recognised in the profit or loss statement

The income statement shows the following amounts relating to leases:

| | 2025 | 2024 |
|---|---|---|
| | $ '000 | $ '000 |
| Amortisation charge of right-of-use assets | 1,001,135 | 760,974 |
| Interest expense (included in Interest and other interest expense – note 34) | 368,672 | 164,659 |

(c) The total cash outflow for leases in 2025 was $1,286,117,000 (2024 - $1,127,496,000).

(d) As at December 31, 2025, potential future cash outflows of $54,883,000 (2024- $44,931,000) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

(e) During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $502,568,000 (2024- $389,855,000).

(e) During the current financial year, the Group transferred $789,614,000 from other assets to right-of-use assets. This transfer pertains to a joint arrangement in which the Group acquired the rights to construct a commercial complex on land owned by a third party. Prior to completion, the development costs were classified under other assets and were reclassified to right-of-use assets upon completion of the development.

**39. Earnings per Stock Unit**

(i) Basic earnings per stock unit are calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary shares in issue during the year.

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Net profit attributable to stockholders ($'000) | 16,222,327 | 9,238,468 |
| Weighted average number of ordinary stock units in issue ('000) | 3,896,968 | 3,901,547 |
| Basic earnings per stock unit ($) | 4.16 | 2.37 |

(ii) Diluted earnings per stock unit is calculated adjusting the weighted average number of ordinary stock units outstanding to assume conversion of all dilutive potential ordinary shares under the following schemes:

(a) An Employee Share Ownership Plan.

(b) Group LTIs - Effective 1 May 2003, the Group instituted a share-based compensation plan for Executives. A new LTI Plan was put in place from January 2007.
The Group adopted a policy not to issue new shares to satisfy the benefits promised under the above schemes. Instead, the required shares are being purchased from the Jamaica Stock Exchange in the name of the Staff Share Purchase Trust or the Long-term Incentive Plan.

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Net profit attributable to stockholders ($'000) | 16,222,327 | 9,238,468 |
| Weighted average number of ordinary stock units in issue ('000) | 3,897,254 | 3,902,091 |
| Fully diluted earnings per stock unit ($) | 4.16 | 2.37 |

(iii) The weighted average number of ordinary stock units used in the basic and diluted earnings per stock unit computations may be reconciled as follows:

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Weighted average number of ordinary stock units for the purposes of the computation of basic earnings per stock unit | 3,896,968 | 3,901,547 |
| Effect of dilutive potential ordinary stock units – stock options | 286 | 544 |
| Weighted average number of ordinary stock units for the purposes of the computation of diluted earnings per stock unit | 3,897,254 | 3,902,091 |

**40. Cash Flows**

(a) Adjustments to reconcile net profit to net cash provided by operating activities

| | Note | The Group 2025 $ '000 | The Group 2024 $ '000 | The Company 2025 $ '000 | The Company 2024 $ '000 |
|---|---|---|---|---|---|
| Adjustments for non-cash items, interest and dividends: | | | | | |
| Depreciation and amortisation | 15/16/38 | 2,430,077 | 2,243,952 | 108,759 | 109,389 |
| Interest and dividend income | 34 | (38,846,399) | (35,992,580) | (6,619,052) | (6,019,495) |
| Interest expense and finance costs | 34 | 9,771,133 | 9,080,028 | 185,832 | 209,396 |
| Income tax | 37 | 5,302,588 | 4,047,533 | 148,031 | 475,284 |
| Other tax expense | 37 | 994,450 | 937,791 | - | - |
| Gains on disposal of investment securities | 34 | (2,189,856) | (417,184) | - | - |
| Fair value gains on trading securities | 34 | (6,256,193) | (1,713,649) | - | - |
| Credit impairment losses | 34 | 1,713,041 | 1,409,645 | - | - |
| Loss/(gain) on disposal on Investment property | 34 | 7,409 | 10,101 | - | - |
| Impairment charge on land developed for resale | | 500,000 | 150,000 | - | - |
| Gains on disposal of Real Estate Developed for Resale | | (665,726) | - | - | - |
| Gains on revaluation of investment properties | 11 | (31,215) | (244,800) | - | - |
| (Gains)/Losses on disposal of property, plant and equipment | | - | (1,305) | - | - |
| Movement in Insurance contract liabilities | | 37,373,188 | 14,446,125 | - | - |
| Movement in Reinsurance contract assets | | (24,246,666) | (738,112) | - | - |
| Movement in Investment contract liabilities | | 1,298,739 | 986,733 | - | - |
| Retirement benefit obligations | | 434,474 | 138,851 | - | - |
| Effect of exchange gains on foreign | | (241,621) | (175,285) | (10,389) | 14,118 |
| Rights of Use Write-Off | | 102,009 | - | - | - |
| Impairment charge on goodwill | 15 | 186,066 | 700,000 | - | - |
| Share of profits from joint ventures | 12 | (281,418) | (226,379) | - | - |
| | | (12,645,920) | (5,358,535) | (6,186,819) | (5,211,308) |

| | The Group 2025 $ '000 | The Group 2024 $ '000 | The Company 2025 $ '000 | The Company 2024 $ '000 |
|---|---|---|---|---|
| Changes in other operating assets and liabilities: | | | | |
| Statutory reserves at Bank of Jamaica and restricted cash | (2,899,985) | (562,766) | - | - |
| Stock options and grants | 14,477 | 30,240 | 14,392 | 30,240 |
| Due from related parties | 741 | (379,379) | 615,449 | 277,093 |
| Other assets | (3,654,296) | (6,410,127) | 185,809 | (80,250) |
| Other liabilities | 1,245,816 | (5,149) | (96,210) | 84,692 |
| | (5,293,247) | (7,327,181) | 719,440 | 311,775 |

**40. Cash Flows (Continued)**

**(a) Adjustments to reconcile net profit to net cash provided by operating activities (Continued)**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| Net investment purchases: | | | | |
| Proceeds on sale of investment securities | 245,483,072 | 163,281,506 | (4,427) | 122,882 |
| Purchase of investment securities | (273,442,617) | (166,101,313) | - | - |
| Repurchase agreements and deposits | (6,666,869) | (4,768,588) | - | - |
| Loans and leases | (19,603,869) | (15,729,383) | - | - |
| | (54,230,283) | (23,317,778) | (4,427) | 122,882 |
| | (72,169,450) | (36,003,494) | (5,471,806) | (4,776,651) |

(b) Net acquisition of property, plant and equipment

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| Purchases | (936,503) | (727,883) | (104,119) | (161,582) |
| Proceeds from disposal | 37,404 | 3,966 | - | - |
| | (899,099) | (723,917) | (104,119) | (161,582) |

(c) Net debt reconciliation

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash. Financing activities represent bank and other loans, excluding bank overdrafts and amounts included as cash and cash equivalents:

| | | The Group | |
|---|---|---|---|
| | | 2025 | 2024 |
| | Note | $ '000 | $ '000 |
| Deposit and security liabilities | 27 | 331,792,650 | 285,242,068 |
| Lease liabilities | 38 | 5,862,473 | 1,895,975 |
| | | 337,655,123 | 287,138,043 |

**40. Cash Flows (Continued)**

(c) Net debt reconciliation (Continued)

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| **At January 1** | 287,138,043 | 266,831,693 |
| Interest Payable | (1,242,397) | (1,308,014) |
| | 285,895,646 | 265,523,679 |
| **Drawdown, net of repayments:** | | |
| Deposits and securities liabilities excluding structured products (i) | 43,698,871 | 21,925,934 |
| Loan payable | - | (2,180,000) |
| Lease repayments | (884,162) | (908,959) |
| **Non-Cash Movements:** | | |
| New leases | 4,850,660 | 661,523 |
| Foreign Exchange Impact | 2,860,751 | 843,469 |
| Bank overdraft | 571 | 30,000 |
| Interest payable | 1,232,786 | 1,242,397 |
| **At December 31** | 337,655,123 | 287,138,043 |

| | The Company | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| **At January 1** | 9,726,934 | 10,937,404 |
| Interest Payable | (170,519) | (262,689) |
| | 9,556,415 | 10,674,715 |
| Loan repayments | (760,058) | (1,118,300) |
| Interest payable | 156,409 | 170,519 |
| **At December 31** | 8,952,766 | 9,726,934 |

**41. Fair Values of Financial Instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the statement of financial position dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) Investment securities at FVTPL are measured at fair value by reference to quoted prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or discounted cash flows. Fair value is equal to the carrying amount of these items.

(ii) Investment securities classified as FVTOCI are measured at fair value by reference to quoted market prices or dealer quotes when available (level 1). If quoted market prices are not available, then fair values are based on pricing models or other recognised valuation techniques. (level 3) Investments in unit trusts are based on prices quoted by the fund managers (level 2).

(iii) The fair value of the equity indexed options and the exchange traded funds that are shorted are based on quoted prices (level 1).

(iv) The fair value of demand deposits and customer accounts with no specific maturity is assumed to be the amount payable on demand at the year-end date. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using interest rates for new deposits (level 3).

(v) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

(vi) Loans are net of provision for impairment. The estimated fair value of loans represents the discounted amount of estimated future cash flows expected to be received (level 3). Expected cash flows are discounted at current market rates to determine fair value.

The table below summaries the carrying amount and fair value of financial assets and financial liabilities not presented on the Group's statement of financial position at their fair value and fair value is not expected to approximate to the carrying value.

| | The Group | | | |
|---|---|---|---|---|
| | Carrying Value 2025 | Fair Value 2025 | Carrying Value 2024 | Fair Value 2024 |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| **Financial Assets** | | | | |
| Investments at amortised cost (loans and receivables) | 59,789,385 | 59,785,031 | 53,630,698 | 54,209,532 |
| Loans & leases, after allowance for credit losses | 157,560,278 | 151,161,183 | 138,670,942 | 134,163,501 |
| | 217,349,663 | 210,946,214 | 192,301,640 | 188,373,033 |
| **Financial Liabilities (Note 27)** | | | | |
| Customer deposits and other accounts | 196,114,699 | 196,044,553 | 172,482,498 | 172,767,227 |
| Due to banks and other financial institutions | 14,904,742 | 14,863,235 | 13,950,268 | 13,902,117 |

**41. Fair Values of Financial Instruments (Continued)**

| | The Company | | | |
|---|---|---|---|---|
| | Carrying Value 2025 | Fair Value 2025 | Carrying Value 2024 | Fair Value 2024 |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| **Financial Assets** | | | | |
| Financial investments – loans and receivables | 1,345,832 | 1,345,832 | 1,399,758 | 1,399,758 |

(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, considering factors such as tenor and currency; 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.

**41. Fair Values of Financial Instruments (Continued)**

(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 FVTOCI securities include corporate and government agency debt instruments. The fair values of these instruments have been derived from December 31 market yields of government instruments of similar durations in the country of issue of the instruments.

Level 3 assets designated as FVTPL are mainly debt securities.

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.

The following table provides an analysis of financial instruments that are measured in the statement of financial position at fair value at December 31, 2025, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

| | The Group 2025 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| **Financial Assets** | | | | |
| Financial investments | 96,922,462 | 264,379,893 | 318,713 | 361,621,068 |
| **Non-Financial Assets** | | | | |
| Property, plant & equipment | - | - | 5,140,889 | 5,140,889 |
| Investment properties | - | - | 1,471,269 | 1,471,269 |
| | 96,922,462 | 264,379,893 | 6,930,871 | 368,233,226 |

| | The Group 2024 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | $ '000 | $ '000 | $ '000 | $ '000 |
| **Financial Assets** | | | | |
| Financial investments | 66,656,867 | 238,670,962 | 419,554 | 305,747,383 |
| **Non-Financial Assets** | | | | |
| Property, plant & equipment | - | - | 4,767,447 | 4,767,447 |
| Investment properties | - | - | 1,614,440 | 1,614,440 |
| | 66,656,867 | 238,670,962 | 6,801,441 | 312,129,270 |

**41. Fair Values of Financial Instruments (Continued)**

The following table summarizes the quantitative information about the significant unobservable inputs used to measure the Group's Level 3 financial instruments:

| Description | The Group | | | | | |
|---|---|---|---|---|---|---|
| | Fair Value at | | Unobservable inputs | Range of unobservable inputs | | Relationship of unobservable inputs to fair value |
| | 2025 $ '000 | 2024 $ '000 | | 2025 $ '000 | 2024 $ '000 | |
| Investment properties (Note 11) | 1,471,269 | 1,614,440 | Comparable sale | 5% | 5% | Increases in comparable sale prices will have direct correlation to the fair value. |
| Property, plant & equipment (Note 16) | 5,140,889 | 4,767,447 | Comparable sale | 5% | 5% | Increases in comparable sale prices will have a direct correlation to fair value. |
| Unquoted ordinary equity | 318,713 | 419,554 | Adjustments to net assets | 10% | 10% | Increases in adjusted net assets of the underlying entities will have a direct correlation to fair value. |
| | 6,930,871 | 6,801,441 | | | | |

Reconciliation of level 3 unquoted ordinary equity –

| | The Group | |
|---|---|---|
| | 2025 | 2024 |
| | $ '000 | $ '000 |
| Balance at beginning of year | 419,554 | 608,460 |
| Total gains/(losses) – income statement | 20,166 | (55,299) |
| Settlements | (121,007) | (133,607) |
| Balance at end of year | 318,713 | 419,554 |

The gains or losses recorded in the profit or loss statement are included in Note 34.

The fair values for all other financial instruments approximate their carrying values and also fall within Level 2 based on the following:

- The fair value of liquid assets and other assets maturing within one year (such as cash and balances at Central Banks and amounts due from other banks) is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the date of the statement of financial position; and
- The fair value of variable rate loans is assumed to approximate their carrying amounts and management does not believe that, after deduction of provision for credit losses, there is any significant difference between the fair value of fixed rate loans and their carrying values as interest rates approximate current market rates offered on similar loans.

**42. Insurance and Financial Risk Management**

The Group's activities expose it to a variety of financial risks and those activities necessitate the analysis, evaluation, control and/or acceptance of some degree of risk or combination of risks. Taking various types of risk is core to the financial services business and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group has a risk management framework with clear terms of reference. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to Executive Management committees and senior managers. Policy frameworks which set out the risk profiles for the Group's risk management, control and business conduct standards for the Group's operations have been put in place. Each policy has a member of Executive Management charged with overseeing compliance with that policy.

The Board of Directors is ultimately responsible for the establishment and oversight of the risk management framework. The Board of Directors has established committees/departments/structures for managing and monitoring risks, as indicated below.

(i) Board Audit Committee
The Board Audit Committee comprises independent directors. The Committee:

- Oversees how management monitors internal controls, compliance with the Group's risk management policies and adequacy of the risk management framework to risks faced by the Group;
- Reviews the Group's annual and quarterly financial statements, related policies and assumptions and any accompanying reports or statements; and
- Reviews the internal audit function as well as the external auditor's independence, objectivity and effectiveness.

The Board Audit Committee is assisted in its oversight role by the Internal Audit Department. The Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

(ii) Board Capital Allocation and Investment Committee
The Board Capital Allocation and Investment Committee comprises mainly of independent directors. As part of its Terms of Reference, the Committee:

- Oversees the solvency position of regulated entities in the Group;
- Oversees the return on capital employed;
- Decides on the allocation of capital within the Group;
- Considers new capital funding options;
- Oversees the Group's financial risk management framework;
- Approves the investment policies within which the Group's investment portfolios are managed;
- Reviews the performance of the Group's investment portfolios;
- Ensures adherence to prudent standards in making investment and lending decisions and in managing investments and loans; and
- Approves new investment projects over certain thresholds, ensuring the required rates of returns are considered.

**42. Insurance and Financial Risk Management (Continued)**

(iii) Asset/Liability Management (ALM) Committee
The Group has in place an Asset/Liability Management (ALM) Committee. This Committee:

- Monitors the profile of the Group's assets and liabilities;
- Plans, directs and monitors various financial risks including, interest rate risk, equity risk, liquidity risk, currency risk and country risk;
- Provides guidance to the Investment Managers with regards to the appropriateness of investments assigned or purchased to support the liabilities of the various lines of business; and
- Monitors market interest rates and establishes the credited rate for various investment contracts.

(iv) Anti-Money Laundering (AML)
The Group has assigned responsibility for AML and anti-fraud to a designated department. The responsibilities of this department include:

- Maintaining and communicating the AML and Anti-fraud policies and procedures;
- Interrogating financial transactions to identify suspicious and threshold reportable items;
- Coordinating information received from operating departments on reportable items;
- Ensuring that adequate anti-fraud controls are in place; and
- Filing required reports with Management, Board of Directors and Regulatory bodies.

(v) Regulatory Compliance
The Board has assigned responsibility for monitoring regulatory compliance to a designated department. This department maintains a catalogue of all required regulatory filings and follows-up the respective departments to ensure timely submissions. The Department files the required performance reports with management and the Board of Directors.

(vi) Enterprise Risk Management
The Group utilises an Enterprise Risk Management (ERM) framework, including policies and procedures designed to identify, measure and control risk in all business activities. The policies and procedures are reviewed periodically by senior managers and the Board of Directors.

The framework provides for quarterly evaluation of risks by senior management, with reporting to the Board Audit Committee. The risk exposures are prioritised each year and the top twenty (20) risks reported on.

Boards of subsidiary companies and management teams carry similar operating structures where applicable.

The most important types of risk facing the Group are insurance risk, reinsurance risk, credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

**42. Insurance and Financial Risk Management (Continued)**

**(a) Insurance risk**

The Group issues both short term and long-term contracts that transfer insurance risk or financial risk or both.

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

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

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

**Long term insurance contracts**

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

- Mortality risk – risk of loss arising due to the incidence of policyholder death being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

Long-term contracts are typically for a minimum period of 5 years and a maximum period which is determined by the remaining life of the insured. In addition to the estimated benefits which may be payable under the contract, the insurer has to assess the cash flows which may be attributable to the contract. The process of underwriting may also be undertaken and may include specific medical tests and other enquiries which affect the insurer's assessment of the risk. The insurer assesses the likely benefits and cash flows both in establishing the amount of premium payable under the contract and in estimating the statement of financial position liability arising from the contract.

For long-term contracts in-force, the Group has adopted a policy of investing in assets with cash flow characteristics that closely match the cash flow characteristics of its policy liabilities. 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.

**42. Insurance and Financial Risk Management (Continued)**

**(a) Insurance risk (Continued)**

**Long term insurance contracts (Continued)**

(i) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factors that could increase longevity are improvements in medical science and social conditions. At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. For contracts with fixed and guaranteed benefits and fixed return premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

The table below presents the Insurance companies' concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described below in Note 42(b). (These tables do not include annuity contracts, for which a separate analysis is reported in following pages).

| Individual Life Benefits Assured per Life ($'000) | The Group - 2025 Total Benefits Insured | | | |
|---|---|---|---|---|
| | Before Reinsurance $ '000 | % | After Reinsurance $ '000 | % |
| 0 – 200 | 160,535,155 | 6 | 134,516,786 | 5 |
| 200 - 400 | 154,910,384 | 6 | 130,485,500 | 5 |
| 400 - 800 | 200,649,034 | 8 | 177,087,067 | 7 |
| 800 - 1000 | 146,259,434 | 6 | 140,429,286 | 6 |
| More than 1,000 | 1,959,637,120 | 74 | 1,908,676,235 | 77 |
| Total | 2,621,991,127 | 100 | 2,491,194,874 | 100 |

| Individual Life Benefits Assured per Life ($'000) | The Group - 2024 Total Benefits Insured | | | |
|---|---|---|---|---|
| | Before Reinsurance $ '000 | % | After Reinsurance $ '000 | % |
| 0 – 200 | 160,423,004 | 6 | 136,871,212 | 6 |
| 200 - 400 | 154,863,760 | 6 | 132,728,534 | 5 |
| 400 - 800 | 191,133,152 | 7 | 171,871,427 | 7 |
| 800 - 1000 | 143,938,263 | 6 | 139,643,101 | 6 |
| More than 1,000 | 1,934,924,741 | 75 | 1,888,562,478 | 76 |
| Total | 2,585,282,920 | 100 | 2,469,676,752 | 100 |

**42. Insurance and Financial Risk Management (Continued)**

**(a) Insurance risk (Continued)**

**Long term insurance contracts (Continued)**

The table below represents the Insurance company's concentration of insured benefits across five bands of insured benefits per group individual life assured. The benefit insured figured are shown gross and net of reinsurance.

| Group Life Benefits Assured per Life ($'000) | The Group - 2025 Total Benefits Insured | | | |
|---|---|---|---|---|
| | Before Reinsurance $ '000 | % | After Reinsurance $ '000 | % |
| 0 – 200 | 34,166 | - | 22,293 | - |
| 200 - 400 | 5,561 | - | 3,912 | - |
| 400 - 800 | 9,559 | - | 8,887 | - |
| 800 - 1000 | 16,090 | - | 16,090 | - |
| More than 1,000 | 1,136,818,257 | 100 | 1,032,201,824 | 100 |
| Total | 1,136,883,633 | 100 | 1,032,253,006 | 100 |

| Group Life Benefits Assured per Life ($'000) | The Group - 2024 Total Benefits Insured | | | |
|---|---|---|---|---|
| | Before Reinsurance $ '000 | % | After Reinsurance $ '000 | % |
| 0 – 200 | 36,641,627 | 3 | 25,008,678 | 3 |
| 200 - 400 | 5,219,992 | - | 3,548,749 | - |
| 400 - 800 | 1,313,869 | - | 524,455 | - |
| 800 - 1000 | 13,490 | - | 13,490 | - |
| More than 1,000 | 1,098,733,842 | 97 | 1,010,041,782 | 97 |
| Total | 1,141,922,820 | 100 | 1,039,137,154 | 100 |

The following tables for the Insurance companies' annuity contracts illustrate the concentration of risk based on five bands that group these contracts in relation to the amount payable per annum as if the annuity was in payment at the year end. The greatest risk concentration remains at the highest band, which is consistent with the prior year. The Group does not hold any reinsurance contracts against the liabilities carried for these contracts.

**42. Insurance and Financial Risk Management (Continued)**

**(a) Insurance risk (Continued)**

**Long term insurance contracts (Continued)**

| Annuity Payable per annum per annuitant ($'000) | The Group<br>Total Benefits Insured | | | |
|---|---|---|---|---|
| | 2025<br>$ '000 | % | 2024<br>$ '000 | % |
| 0 – 20 | 265,072 | 4 | 129,430 | 2 |
| 20 - 40 | 299,038 | 4 | 150,109 | 2 |
| 40 - 80 | 141,929 | 2 | 96,909 | 1 |
| 80 - 100 | 45,485 | 1 | 46,682 | 1 |
| More than 100 | 6,700,219 | 89 | 6,200,871 | 94 |
| Total | 7,451,743 | 100 | 6,624,001 | 100 |

For interest-sensitive and unit-linked contracts the Group charges for mortality risks on a monthly basis for all insurance contracts and has the right to alter these charges based on mortality experience and hence to minimise its exposure to mortality risk. Delays in implementing increases in charges, and market or regulatory restraints over the extent of any increases may reduce this mitigating effect.

The Group manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. The Group reinsures the excess of the insured benefit for new business for standard risks under an excess of loss reinsurance arrangement. Medically impaired lives are reinsured at a higher cost than standard risks. The Group does not place any reinsurance for contracts that insure survival risk. Insurance risk for contracts is also affected by the policyholders' rights to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to the policyholders' behaviour. On the assumption that the policyholders will make decisions rationally, overall risk can be assumed to be heightened by such behaviour.

The Group has factored the impact of policyholders' behaviour into the assumptions used to measure these liabilities.

(ii) Sources of uncertainty in the estimation of future benefit payments and premium payments
Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in the policyholder behaviour.

The Group uses appropriate base tables of standard mortality according to the type of contract being written. An investigation as to the actual experience of the Group is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. The best estimate of future mortality is based on standard industry tables adjusted for the group's overall experience. For life insurance and annuity contracts, an adjustment is made for future mortality improvements based on the mortality investigations performed by independent actuarial bodies. The Group maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates to be used for the best estimate assumption.

**42. Insurance and Financial Risk Management (Continued)**

**(a) Insurance risk (Continued)**

**Long term insurance contracts (Continued)**

(iii) Process used in deriving assumptions
The assumptions for short term life contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

For long-term insurance contracts, at the reporting date, the Group determines current best estimate assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. The best estimate assumptions are determined based on experience studies and the current circumstances of the business. The risk adjustment is also included (Note 3(b)(i)) which reflects an amount that Group would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

**Short term insurance contracts**

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

Policy benefits payable under short-term contracts are generally triggered by an insurable event, i.e. a medical expense or a death claim. Settlement of these benefits is expected generally within one year. However, some benefits are settled over a longer duration.

The principal risks arising from short-term insurance contracts are premium risk, claims risk and reinsurance risk (See Note 42(b)).

Premium risk is the risk that the premium rate has been set too low for the risk being assumed.

Claims risk is the risk that:
- the number of claims may exceed expectations
- the severity of claims incurred may exceed expectations
- the claim amount may develop during the interval between occurrence and settlement.

For the Group life and health insurance contracts, significant risk exposures arise from mortality and morbidity experience.

(i) Frequency and severity of claims
These contracts are mainly issued to employers to insure their commitments to their employees in terms of their employee benefit plans. This risk is affected by the nature of the industry in which the employer operates. The risk of death and disability will vary by industry. Undue concentration of risk by industry will therefore increase the risk of a change in the underlying average mortality or morbidity of employees in a given industry, with significant effects on the overall insurance risk.

Insurance risk under disability contracts is also dependent on economic conditions in the industry. The Group attempts to manage this risk through its underwriting, claims handling and reinsurance policy. Excess of loss reinsurance contracts have been purchased by the Group to limit the maximum loss on any one life and health claims, see Note 42(b) for retention limits.

**42. Insurance and Financial Risk Management (Continued)**

**(a) Insurance risk (Continued)**

**Short term insurance contracts (Continued)**

(ii) Sources of uncertainty in the estimation of future claim payments
There is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration.

(iii) Process used in deriving assumptions
The assumptions for short-duration life contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

The process to derive the assumptions for short-duration life contracts is similar to long-term insurance contracts. However, the short-term nature of the mortality risk underwritten makes the Group's estimate of the liability covering death benefit payments less uncertain than in the case of long-term contracts.

*Property and casualty insurance risk*

Advantage General Insurance Company Limited (AGI)
The primary insurance activity carried out by the subsidiary is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such the Group is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The principal types of policy written by AGI are:
- Motor insurance
- Property insurance
- Liability insurance

The management team is responsible for the execution of the Insurance Risk Management policies established and monitored directly by the Board of Directors. AGI manages its insurance risk through its underwriting and claims policies that include inter alia, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance. AGI actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modeling and scenario analyses.

*Underwriting strategy*
Insurance companies assume risk through the insurance contracts they underwrite and the exposures are associated with both the perils covered by the specific line of insurance and the specific processes associated with the conduct of the insurance business. AGI manages the individual risk through its Underwriting Risk Management Policy to determine the insurability of risks and exposure to large claims. AGI follows detailed, uniform underwriting practices and procedures designed to properly assess and quantify risks before issuing coverage. AGI's underwriting guidelines also outline acceptance limits and the appropriate levels of authority for acceptance of risks.

*Reinsurance strategy*
A comprehensive reinsurance programme is critical to the financial stability of the organisation and a detailed analysis of AGI's exposures, reinsurance needs and quality of reinsurance securities is conducted by the Board and Senior Management.

AGI's exposures are continually evaluated by Management to ensure that its reinsurances remain adequate and mechanisms are in place to continually monitor the reinsurance counterparties to ensure that they maintain A ratings, in keeping with AGI's Board approved Reinsurance Risk Management Policy. Credit risk on reinsurance is discussed in more detail later in Note 42(b).

**42. Insurance and Financial Risk Management (Continued)**

**(a) Insurance risk (Continued)**

**Short term insurance contracts (Continued)**

*Property and casualty insurance risk (Continued)*

Advantage General Insurance Company Limited (AGI) (Continued)

Terms and conditions of general insurance contracts and factors affecting cash flows:
The table below provides an overview of the terms and conditions of general insurance contracts written by AGI and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend:

| Type of insurance contract | Terms and conditions | Key factors affecting future cash flows |
|---|---|---|
| Motor | Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle, bodily injuries sustained and a policy limit in respect of third-party damage. | In general, claims reporting lags are minor and claims complexity is relatively low except with respect to bodily injury claims. Bodily injury claims tend to be more difficult to estimate due to uncertainties with respect to the value at which they will be ultimately settled, and the timeframe within which they will be settled. |
| Property | Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage. | The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property.<br><br>The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay. Property business is therefore classified as “short-tailed" and expense deterioration and investment return is of less importance in estimating provisions.<br><br>The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies. |
| Liability | Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposure is in relation to bodily injury. | The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions.<br><br>Although bodily injury claims have a relatively long tail, the majority of bodily injury claims are settled in full within three to five years. In general, these contracts involve higher estimation uncertainty. |

**42. Insurance and Financial Risk Management (Continued)**

**(a) Insurance risk (Continued)**

**Short term insurance contracts (Continued)**

*Property and casualty insurance risk (Continued)*

Advantage General Insurance Company Limited (AGI) (Continued)

Management of risks relating to Insurance contracts

Motor contracts:
The risks relating to motor contracts are managed primarily through the pricing and selection process. Management monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims appeals.

Property contracts:
The risks relating to property contracts are managed primarily through the pricing and selection processes. AGI uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, AGI accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Liability contracts:
Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, adopting an appropriate investment strategy, rating and reinsurance. Management monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, AGI makes assumptions that costs will increase in line with the latest available research.

Risk exposure and concentrations of risk:
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 table below shows the concentration of gross and net insurance contract liabilities by type of contract at December 31. Management has its largest risk concentration in the property line.

| | The Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | | 2024 | | | |
| Total insurance coverage | Motor insurance | Property insurance | Liability insurance | Total | Motor insurance | Property insurance | Liability insurance | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Contracts issued | 117,759,619 | 490,853,612 | 160,728,744 | 769,341,975 | 113,713,690 | 492,310,979 | 23,824,853 | 629,849,522 |
| Reinsurance held | 47,330,290 | 425,188,358 | 141,237,482 | 613,756,130 | 56,087,512 | 422,400,444 | 3,046,874 | 481,534,830 |
| Total net insurance contracts | 70,429,329 | 65,665,254 | 19,491,262 | 155,585,845 | 57,626,178 | 69,910,535 | 20,777,979 | 148,314,692 |

**42. Insurance and Financial Risk Management (Continued)**

**(a) Insurance risk (Continued)**

**Short term insurance contracts (Continued)**

*Property and casualty insurance risk (Continued)*

Liability for incurred claims - Claims development

In addition to sensitivity analysis, the development of of claims provides a measure of Sagicor Re and AGI's ability to estimate the ultimate value of claims. The table below illustrates how management's estimate of the ultimate claims liability for accident years 2020 - 2025 has changed at successive year ends, up to 2025. Updated unpaid claims and other directly attributable expenses related to claims management in each successive year, as well as amounts paid to date are used to derive the revised amounts for the ultimate claims liability for each accident year, used in the development calculations.

As required by IFRS 17, in setting claims provisions, the Group gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The development of an insurer's claims in the course of settlement provides a measure of its ability to estimate the ultimate value of claims incurred. In the table below, the estimate of total claims incurred for each year is provided at successive year ends. The most recent estimate is then reconciled to the liability recognised as in the roll forward.

| **Gross undiscounted liabilities for incurred claims** | **The Group** | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | **2025** | | | |
| **Accident year** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| At the end of accident year | 1,700,600 | 1,672,251 | 1,907,781 | 2,001,269 | 3,250,510 | 25,916,037 | |
| One year later | 1,786,758 | 1,811,728 | 2,008,642 | 2,339,311 | 3,040,832 | | |
| Two years later | 1,840,956 | 1,860,515 | 2,200,280 | 2,490,736 | | | |
| Three years later | 1,866,374 | 1,994,962 | 2,334,993 | | | | |
| Four years later | 1,957,223 | 2,077,460 | | | | | |
| Five years later | 2,039,524 | | | | | | |
| **Gross estimates of the undiscounted amount of the claims** | 2,039,524 | 2,077,460 | 2,334,993 | 2,490,736 | 3,040,832 | 25,916,037 | 37,899,582 |
| Cumulative payments to date | (1,165,801) | (1,900,320) | (2,098,309) | (2,156,076) | (2,244,459) | (1,049,287) | (10,614,252) |
| Liability recognised in the statement of financial position | 873,723 | 177,140 | 236,684 | 334,660 | 796,373 | 24,866,750 | 27,285,330 |
| **Liability in respect of prior years and ULAE Total liability** | | | | | | | 1,334,280 |
| | | | | | | | 28,619,610 |
| At the end of accident year | | | | | | | |
| One year later | 750,832 | 852,000 | 975,414 | 992,716 | 1,728,045 | 20,244,239 | |
| Two years later | 801,057 | 906,487 | 1,006,133 | 1,165,431 | 1,591,759 | | |
| Three years later | 814,495 | 931,893 | 1,100,650 | 1,238,438 | | | |
| Four years later | 827,417 | 1,000,234 | 1,164,326 | | | | |
| Five years later | 867,105 | 1,040,555 | | | | | |
| Current estimate of cumulative claims | 898,668 | | | | | | |
| Cumulative payments to date | 898,668 | 1,040,555 | 1,164,326 | 1,238,438 | 1,591,759 | 20,244,239 | 26,177,985 |
| Recoverable recognised in the statement of | (826,032) | (951,257) | (1,048,866) | (1,068,018) | (1,187,307) | (443,390) | (5,524,870) |
| financial position | 72,636 | 89,298 | 115,460 | 170,420 | 404,452 | 19,800,849 | 20,653,115 |
| Recoverable in respect of prior years | | | | | | | |
| **Total recoverable from reinsurers** | | | | | | | 898,339 |
| | | | | | | | 21,551,454 |

**42. Insurance and Financial Risk Management (Continued)**

**(a) Insurance risk (Continued)**

**Short term insurance contracts (Continued)**

*Property and casualty insurance risk (Continued)*

Liability for incurred claims - Claims development (Continued)

**Gross undiscounted liabilities for incurred claims**

| | The Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2024 | | | | | | |
| **Accident year** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| At the end of accident year | 2,381,008 | 1,700,600 | 1,672,251 | 1,907,781 | 2,001,269 | 3,276,075 | |
| One year later | 2,423,211 | 1,786,758 | 1,811,728 | 2,008,642 | 2,339,311 | | |
| Two years later | 2,530,613 | 1,840,956 | 1,860,515 | 2,200,280 | | | |
| Three years later | 2,596,148 | 1,866,374 | 1,994,962 | | | | |
| Four years later | 2,676,085 | 1,957,223 | | | | | |
| Five years later | 2,793,089 | | | | | | |
| **Gross estimates of the undiscounted amount of the claims** | 2,793,089 | 1,957,223 | 1,994,962 | 2,200,280 | 2,339,311 | 3,276,075 | 14,560,940 |
| Cumulative payments to date | (1,828,101) | (1,791,918) | (1,796,380) | (1,936,976) | (1,859,275) | (983,345) | (10,195,995) |
| Liability recognised in the statement of financial position | 964,988 | 165,305 | 198,582 | 263,304 | 480,036 | 2,292,730 | 4,364,945 |
| Liability in respect of prior years and ULAE | | | | | | | 44,953 |
| **Total liability** | | | | | | | 4,409,898 |
| | | | | | | | |
| At the end of accident year | 144,539 | 750,832 | 852,000 | 975,414 | 992,716 | 1,753,611 | |
| One year later | 256,792 | 801,057 | 906,487 | 1,006,133 | 1,165,431 | | |
| Two years later | 265,100 | 814,495 | 931,893 | 1,100,650 | | | |
| Three years later | 267,872 | 827,417 | 1,000,234 | | | | |
| Four years later | 270,441 | 867,105 | | | | | |
| Five years later | 278,615 | | | | | | |
| Current estimate of cumulative claims | 278,615 | 867,105 | 1,000,234 | 1,100,650 | 1,165,431 | 1,753,611 | 6,165,646 |
| Cumulative payments to date | (260,396) | (799,961) | (897,668) | (967,953) | (922,052) | (486,194) | (4,334,224) |
| Recoverable recognised in the statement of financial position | 18,219 | 67,144 | 102,566 | 132,697 | 243,379 | 1,267,417 | 1,831,422 |
| Recoverable in respect of prior years | | | | | | | (87,852) |
| Deferred Motor | | | | | | | (583,650) |
| Profit share | | | | | | | 112,817 |
| **Total recoverable from reinsurers** | | | | | | | 1,272,737 |

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | |
| | **Present value of future cash flows** | **Risk adjustment for non-financial risk** | **Total** | **Present value of future cash flows** | **Risk adjustment for non-financial risk** | **Total** |
| | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** | **$ '000** |
| Total gross LIC | 26,490,791 | 2,128,819 | 28,619,610 | 4,237,816 | 172,082 | 4,409,898 |
| Amount recoverable from reinsurers | 19,540,613 | 2,010,841 | 21,551,454 | 1,193,665 | 79,072 | 1,272,737 |
| Total net LIC | 6,950,178 | 117,978 | 7,068,156 | 3,044,151 | 93,010 | 3,137,161 |

**42. Insurance and Financial Risk Management (Continued)**

Sagicor Re Insurance Company Limited
Certain casualty risks for the Group and its affiliates are covered through the subsidiary, Sagicor Re Insurance Company Limited.

The frequency and severity of casualty claims can be affected by several factors. The most significant casualty risks under the professional indemnity, directors and officers liability, medical malpractice, contractors all risk, employer's liability and public liability policies are slip and fall accidents at the insured premises, and damage to areas occupied or contents at the insured premises due to blocked drains or burst pipes. In addition, increasing level of awards, the increasing number of cases coming to court and inflation all impact on ultimate claims costs. The Group manages these risks through its underwriting strategy and proactive claims handling. The underwriting strategy concentrates on fully reinsuring the exposures to casualty risks.

Property insurance risks (Sagicor Re)
For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, river flooding, hurricanes, etc.) and their consequences (for example, subsidence claims). For certain contracts, there is a maximum amount payable for claims in any policy year.

Sagicor Re has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claims payment limits are always included to cap the amount payable on occurrence of the insured event. The cost of rebuilding properties, of replacement or indemnity for contents are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm or flood damage.

All of the property and casualty risks insured by Sagicor Re are reinsured, while only some of risks insured by AGI are reinsured. However, in the event that these reinsurers are unable to meet their obligations under the reinsurance agreements, the Group would be liable to pay the claims subject to deductibles and a "catch all clause". The Group mitigates the risks associated with failure of its reinsurers by transacting only with well-established and rated insurance/reinsurance companies. These are primarily international reinsurers, however, a portion of reinsurance is placed with local and regional insurers.

**(b) Reinsurance risk**

To limit its exposure of potential loss on an insurance policy, the insurer may cede certain levels of risk to a reinsurer. The Group selects reinsurers which have established capability to meet their contractual obligations and which generally have high credit ratings. The credit ratings of reinsurers are monitored.

For its property risks, the Group uses Treaty reinsurance - Quota Share, Excess of Loss - and Facultative reinsurance arrangements to cover single events and multiple claims arising from catastrophes. The insurer may be required to pay an additional premium to reinstate the reinsurance coverage where a claim exhausts the reinsurance limit.

For other insurance risks, insurers limit their exposure by event or per person by excess of loss or quota share treaties.

**42. Insurance and Financial Risk Management (Continued)**

**(b) Reinsurance risk (Continued)**

Retention limits represent the level of risk retained by the insurer. The Board of Directors approved policy retention limits. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. The retention programs used by the Group are summarised below

| **Type of insurance contract - 2025** | **Retention by insurers** |
|---|---|
| Health insurance contracts with groups | Retention per individual to a maximum J$2,500,000. |
| Life insurance contracts with individuals | Retention per individual to a maximum of J$35,000,000 and US$500,000 |
| Life insurance contracts with groups | Retention per individual to a maximum of J$35,000,000 and US$100,000 |
| General Insurance - Property Q/S Treaty Commercial | Retention – 20% of the sum insured per risk or US$2,000,000 |
| General Insurance - Property Q/S Treaty -Homeowners and Condominium | Retention – 20% of the sum insured per risk or US$1,600,000 |
| General Insurance - Engineering & Construction Q/S Treaty | Retention – 10% of the sum insured per risk or US$800,000 |
| Catastrophe Excess of Loss | Retention – US$2,000,000. |
| General Insurance – Motor Excess of Loss | Retention – US$500,000. |
| General Insurance – Property Excess of Loss | Retention – US$500,000. |

| **Type of insurance contract - 2024** | **Retention by insurers** |
|---|---|
| Health insurance contracts with groups | Retention per individual to a maximum J$2,500,000. |
| Life insurance contracts with individuals | Retention per individual to a maximum of J$35,000,000 and US$500,000 |
| Life insurance contracts with groups | Retention per individual to a maximum of J$35,000,000 and US$100,000 |
| General Insurance - Property Q/S Treaty Commercial | Retention – 20% of the sum insured per risk or US$2,000,000 |
| General Insurance - Property Q/S Treaty -Homeowners and Condominium | Retention – 20% of the sum insured per risk or US$1,600,000 |
| General Insurance - Engineering & Construction Q/S Treaty | Retention – 10% of the sum insured per risk or US$500,000 |
| Catastrophe Excess of Loss | Retention – US$2,000,000. |
| General Insurance – Motor Excess of Loss | Retention – US$500,000. |
| General Insurance – Property Excess of Loss | Retention – US$500,000. |

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk**

**(i) Credit risk**

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation. The following policies and procedures are in place to mitigate the Company's exposure to credit risk.

The Group's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported accordingly. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Credit risk relating to financial instruments is monitored by the Group's investment team. It is their responsibility to review and manage credit risk, including environmental risk for all counterparties. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits. It is the Group's policy to invest in high quality financial instruments with a low risk of default. If there is a significant increase in credit risk, the policy dictates that the instrument should be sold and amounts recovered reinvested in high quality instruments.

The nature of the Group's exposure to credit risk and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period. For financial assets measured at either FVTOCI or amortised cost, credit risk exposure is the gross carrying amount, while financial assets measured at FVTPL, the Group's credit risk exposure is the carrying amount. Refer to Notes 3(b)(iv), 8,and 9.

*Credit exposure*
The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit ratings of counterparties as defined in Note 3(b)(iv)).The amounts represent the maximum amount exposure to credit risk. The credit risk analysis below is presented in line with how the Group manages the risk. The Group manages its credit exposure based on the carrying value of the financial instruments (detailed in Note 8) and insurance and reinsurance assets.

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | | | |
| | Investment grade | Non-investment grade | Watch | Default | Unrated | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Cash resources | 5,635,939 | 7,564,534 | - | - | - | 13,200,473 |
| Cash reserve at Bank of Jamaica | - | 17,929,827 | - | - | - | 17,929,827 |
| Financial investments & pledged assets excluding equities | 87,414,156 | 292,808,475 | - | - | - | 380,222,631 |
| Unit trusts | - | 31,843,511 | - | - | - | 31,843,511 |
| Loans and leases, after allowance for credit losses | - | 155,773,751 | 1,786,527 | | - | 157,560,278 |
| Reinsurance contract assets | 27,556,654 | - | - | - | - | 27,556,654 |
| Other assets | - | 8,219,595 | - | - | - | 8,219,595 |
| Total credit risk exposure | 120,606,749 | 514,139,693 | 1,786,527 | - | - | 636,532,969 |

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (Continued)**

**(i) Credit risk (Continued)**

| | The Group 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Investment grade | Non-investment grade | Watch | Default | Unrated | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Cash resources | 4,707,564 | 17,878,938 | - | - | - | 22,586,502 |
| Cash reserve at Bank of Jamaica | - | 15,029,842 | - | - | - | 15,029,842 |
| Financial investments & pledged assets excluding equities | 58,936,807 | 258,522,998 | 199,175 | - | - | 317,658,980 |
| Unit trusts | - | 31,121,288 | - | - | - | 31,121,288 |
| Loans and leases, after allowance for credit losses | - | 136,991,812 | 1,679,130 | - | - | 138,670,942 |
| Reinsurance contract assets | 3,552,974 | - | - | - | - | 3,552,974 |
| Other assets | - | 8,429,096 | - | - | - | 8,429,096 |
| Total credit risk exposure | 67,197,345 | 467,973,974 | 1,878,305 | - | - | 537,049,624 |

The Group's maximum exposure to credit risk from insurance contract assets is as per balance on the Statement of Financial Position.

The Group actively manages its product mix to ensure that there is no significant concentration of credit risk.

**(ii) Liquidity risk**

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The Group is exposed to daily calls on their available cash resources from, insurance benefits payments, working capital requirements, overnight placement of funds, maturing placement of funds, loan draw-downs and guarantees. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of investment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

**Liquidity risk management process**

The Group's liquidity management process, as carried out within the Group and monitored by the Treasury Department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit and optimising cash returns on investments;

(iv) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and

(v) Managing the concentration and profile of debt maturities.

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (Continued)**

**(ii) Liquidity risk (Continued)**

**Liquidity risk management process (Continued)**

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Certain investment portfolios within the Group contain securities which can only be disposed of over a period of time. In such instances, the Group generally maintains higher levels of short term instruments to compensate for the relative illiquidity of the aforementioned securities.

The disclosures provided in this note are based on the Group's and the Company's investment portfolio as at December 31, 2025 and 2024.

The tables below present the undiscounted cash flows payable (both interest and principal cash flows) of the Group's financial based on contractual repayment obligations. The Group expects that many policyholders/customers will not request repayment on the earliest date the Group could be required to pay. The expected maturity dates of liabilities are based on estimates made by management as determined by retention history. Liquidity risk tables are shown for financial liabilities.

| | The Group | | | |
|---|---|---|---|---|
| | **Within 1 year** | **1-5 years** | **Over 5 years** | **Total** |
| | **$000** | **$000** | **$000** | **$000** |
| **Undiscounted Financial Liabilities - December 31, 2025** | | | | |
| Deposit and security liabilities | 332,454,096 | 3,389,963 | 1,317,199 | 337,161,258 |
| Other liabilities | 18,487,174 | - | - | 18,487,174 |
| Lease liabilities | 1,336,966 | 3,562,273 | 3,482,963 | 8,382,202 |
| Investment contracts liabilities | 17,407,534 | 6,625,332 | 221,429 | 24,254,295 |
| **Total undiscounted liabilities** | 369,685,770 | 13,577,568 | 5,021,591 | 388,284,929 |

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (Continued)**

**(ii) Liquidity risk (Continued)**

| | The Group | | | |
|---|---|---|---|---|
| | **Within 1 year** | **1-5 years** | **Over 5 years** | **Total** |
| | **$000** | **$000** | **$000** | **$000** |
| **Undiscounted Financial Liabilities - December 31, 2024** | | | | |
| Deposit and security liabilities | 286,955,174 | 1,770,862 | 1,496,560 | 290,222,596 |
| Other liabilities | 17,170,671 | 41,427 | - | 17,212,098 |
| Lease liabilities | 584,517 | 1,466,771 | 86,702 | 2,137,990 |
| Investment contracts liabilities | 15,880,915 | 6,713,074 | 146,993 | 22,740,982 |
| **Total undiscounted liabilities** | 320,591,277 | 9,992,134 | 1,730,255 | 332,313,666 |

| | The Company | | | |
|---|---|---|---|---|
| | 2025 | | | |
| | **Within 1 year** | **1-5 years** | **Over 5 years** | **Total** |
| | **$000** | **$000** | **$000** | **$000** |
| **Undiscounted Financial Liabilities** | | | | |
| Promissory notes | 9,194,066 | - | - | 9,194,066 |
| Other Liabilities | 6,116,547 | - | - | 6,116,547 |
| **Total undiscounted liabilities** | 15,310,613 | - | - | 15,310,613 |

| | The Company | | | |
|---|---|---|---|---|
| | 2024 | | | |
| | **Within 1 year** | **1-5 years** | **Over 5 years** | **Total** |
| | **$000** | **$000** | **$000** | **$000** |
| **Undiscounted Financial Liabilities** | | | | |
| Promissory notes | 9,743,167 | - | - | 9,743,167 |
| Other Liabilities | 5,526,993 | - | - | 5,526,993 |
| **Total undiscounted liabilities** | 15,270,160 | - | - | 15,270,160 |

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (Continued)**

**(ii) Liquidity risk (Continued)**

***Off-balance sheet items***

The tables below show the contractual expiry by maturity of commitments.

| | The Group | | | |
|---|---|---|---|---|
| | No later than 1 year | 1-5 years | Over 5 years | Total |
| | $000 | $000 | $000 | $000 |
| **At December 31, 2025** | | | | |
| Credit commitments | 9,599,676 | 728,124 | 1,175,448 | 11,503,248 |
| Guarantees, acceptances and other financial facilities | 5,381,806 | 79,202 | 1,578,703 | 7,039,711 |
| Operating lease commitments | 47,323 | - | - | 47,323 |
| | 15,028,805 | 807,326 | 2,754,151 | 18,590,282 |
| **At December 31, 2024** | | | | |
| Credit commitments | 12,469,504 | 312,171 | 527,381 | 13,309,056 |
| Guarantees, acceptances and other financial facilities | 5,259,470 | 55,259 | 1,556,653 | 6,871,382 |
| Operating lease commitments | 44,931 | - | - | 44,931 |
| | 17,773,905 | 367,430 | 2,084,034 | 20,225,369 |

The amounts of insurance contract liabilities that are payable on demand are set out below:

| | The Group | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | Amounts payable on demand | Carrying amount | Amounts payable on demand | Carrying amount |
| | $000 | $000 | $000 | $000 |
| Long term contracts | 75,513,226 | 161,045,384 | 69,850,448 | 146,434,214 |

The tables below reflect the financial assets and liabilities portion of the insurance contracts assets and liabilities at the year- end date

| **Insurance and Reinsurance Contracts Assets** | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Long-term | Short-term | Total | Long-term | Short-term | Total |
| | $000 | $000 | $000 | $000 | $000 | $000 |
| Reinsurance contract assets | (251,453) | 20,024,286 | 19,772,833 | 62,873 | 1,675,582 | 1,738,455 |
| Insurance contract assets | (10,343,095) | - | (10,343,095) | (626,274) | - | (626,274) |
| | (10,594,548) | 20,024,286 | 9,429,738 | (563,401) | 1,675,582 | 1,112,181 |
| Reinsurance contract liabilities | 784,746 | (48,563) | 736,183 | 844,753 | 1,137 | 845,890 |
| Insurance contract liabilities | 110,059,838 | 32,927,674 | 142,987,512 | 89,815,726 | 10,576,152 | 100,391,878 |
| | 110,844,584 | 32,879,111 | 143,723,695 | 90,660,479 | 10,577,289 | 101,237,768 |

**42. Insurance and Financial Risk Management (Continued)**

**(ii) Liquidity risk (Continued)**

The tables below reflect the expected maturities of the Group's discounted insurance contract and reinsurance assets and liabilities at the year-end date.

| | The Group 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Within 1 Year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years | Total |
| | $000 | $000 | $000 | $000 | $000 | $000 | $000 |
| **Insurance and Reinsurance Contracts Assets** | | | | | | | |
| Reinsurance contract assets | 19,167,743 | 283,748 | 153,828 | 101,108 | 71,020 | (4,614) | 19,772,833 |
| Insurance contract assets | 347,501 | 412,094 | 260,546 | 153,601 | 124,444 | (11,641,281) | (10,343,095) |
| | 19,515,244 | 695,842 | 414,374 | 254,709 | 195,464 | (11,645,895) | 9,429,738 |
| **Insurance and Reinsurance Contracts Liabilities** | | | | | | | |
| Reinsurance contract liabilities | 66,117 | (4,150) | 1,182 | (2,123) | 253 | 674,904 | 736,183 |
| Insurance contract liabilities | 15,745,832 | 7,037 | (522,267) | 34,356 | (128,411) | 127,850,965 | 142,987,512 |
| | 15,811,949 | 2,887 | (521,085) | 32,233 | (128,158) | 128,525,869 | 143,723,695 |
| On statement of financial position liquidity gap | 3,703,295 | 692,955 | 935,459 | 222,476 | 323,622 | (140,171,764) | (134,293,957) |
| Cumulative liquidity gap | 3,703,295 | 4,396,250 | 5,331,709 | 5,554,185 | 5,877,807 | (134,293,957) | |

| | The Group 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Within 1 Year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years | Total |
| | $000 | $000 | $000 | $000 | $000 | $000 | $000 |
| Insurance and Reinsurance Contract Assets | 939,219 | 272,357 | 110,759 | 80,560 | 52,632 | (343,346) | 1,112,181 |
| Insurance and Reinsurance Contract Liabilities | 2,656,497 | (3,507,396) | (2,446,604) | (1,146,297) | (210,311) | 105,891,879 | 101,237,768 |
| On statement of financial position liquidity gap | (1,717,278) | 3,779,753 | 2,557,363 | 1,226,857 | 262,943 | (106,235,225) | (100,125,587) |
| Cumulative liquidity gap | (1,717,278) | 2,062,475 | 4,619,838 | 5,846,695 | 6,109,638 | (100,125,587) | |

| | The Group 2025 | | | |
|---|---|---|---|---|
| | Within 1 Year | 1-5 years | Over 5 years | Total |
| | $000 | $000 | $000 | $000 |
| **Assets** | | | | |
| **Financial assets excluding Insurance and Reinsurance Contracts Assets** | | | | |
| Cash resources | 13,200,473 | - | - | 13,200,473 |
| Cash reserve at Bank of Jamaica | 17,929,827 | - | - | 17,929,827 |
| Financial investments and pledged assets excluding equities | 95,528,678 | 66,442,508 | 218,251,445 | 380,222,631 |
| Unit trusts | 31,843,511 | - | - | 31,843,511 |
| Loans & leases, after allowance for credit losses | 45,668,436 | 58,794,196 | 53,097,646 | 157,560,278 |
| Other assets | 8,214,167 | 5,428 | - | 8,219,595 |
| **Total financial assets excluding Insurance and Reinsurance Contracts Assets** | **212,385,092** | **125,242,132** | **271,349,091** | **608,976,315** |

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (Continued)**

**(ii) Liquidity risk (Continued)**

| | The Group 2025 | | | |
|---|---|---|---|---|
| | Within 1 Year | 1-5 years | Over 5 years | Total |
| | $000 | $000 | $000 | $000 |
| **Liabilities** | | | | |
| **Financial liabilities excluding Insurance and Reinsurance Contracts Liabilities** | | | | |
| Deposit and security liabilities | 328,038,698 | 2,791,678 | 962,274 | 331,792,650 |
| Other liabilities | 18,487,174 | - | - | 18,487,174 |
| Lease liabilities | 807,962 | 2,792,615 | 2,261,896 | 5,862,473 |
| Investment contract liabilities | 17,291,082 | 5,931,889 | 168,937 | 23,391,908 |
| **Total liabilities** | 364,624,916 | 11,516,182 | 3,393,107 | 379,534,205 |
| On statement of financial position liquidity gap | (152,239,824) | 113,725,950 | 267,955,984 | 229,442,110 |
| Cumulative liquidity gap | (152,239,824) | (38,513,874) | 229,442,110 | |

| | The Group 2024 | | | |
|---|---|---|---|---|
| | Within 1 Year | 1-5 years | Over 5 years | Total |
| | $000 | $000 | $000 | $000 |
| Total financial assets excluding Insurance and Reinsurance Contracts Assets | 177,841,480 | 133,213,905 | 222,441,265 | 533,496,650 |
| Total financial liabilities excluding Insurance and Reinsurance Contracts Liabilities | 316,545,512 | 8,464,536 | 1,281,422 | 326,291,470 |
| **On statement of financial position liquidity gap** | (138,704,032) | 124,749,369 | 221,159,843 | 207,205,180 |
| **Cumulative liquidity gap** | (138,704,032) | (13,954,663) | 207,205,180 | |

| | The Company 2025 | | | |
|---|---|---|---|---|
| | Within 1 Year | 1-5 years | Over 5 years | Total |
| | $000 | $000 | $000 | $000 |
| **Assets** | | | | |
| **Financial assets** | | | | |
| Cash resources | 171,812 | - | - | 171,812 |
| Financial investments and pledged assets | 1,345,832 | - | - | 1,345,832 |
| Other assets | 260,768 | - | - | 260,768 |
| **Total assets** | 1,778,412 | - | - | 1,778,412 |
| **Liabilities** | | | | |
| **Financial liabilities** | | | | |
| Promissory notes | 8,952,766 | - | - | 8,952,766 |
| Other liabilities | 6,116,547 | - | - | 6,116,547 |
| Total liabilities | 15,069,313 | - | - | 15,069,313 |
| On statement of financial position liquidity gap | (13,290,901) | - | - | (13,290,901) |
| Cumulative liquidity gap | (13,290,901) | (13,290,901) | (13,290,901) | |

| | 2024 | | | |
|---|---|---|---|---|
| Financial assets | 2,023,558 | - | - | 2,023,558 |
| Financial liabilities | 15,253,927 | - | - | 15,253,927 |
| **On statement of financial position liquidity gap** | (13,230,369) | - | - | (13,230,369) |
| **Cumulative liquidity gap** | (13,230,369) | (13,230,369) | (13,230,369) | |

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (Continued)**

**(ii) Liquidity risk (Continued)**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection, investment securities and other eligible bills, loans and advances to banks, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financing institutions.

**(iii) Market risk**

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Investment department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

The Group's investment portfolios were impacted by the widening of credit spreads and resulted in significant fall-off in asset prices. The Group has continually monitored its portfolios to determine if any further action would have been needed to protect the Group's statement of financial position and have re-balanced portfolios where necessary. The investment portfolios across the group, particularly in the main asset classes (fixed income, equities and real estate) were positively impacted in the recovery both locally and internationally for the current year.

*Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price, other than those arising from currency or interest rate risk, whether those changes are caused by factors specific to the instrument or affecting all similar instruments in the market.

The Group is exposed to equity securities price risk because of investments held by the Group and classified as FVTOCI or at FVTPL. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.

The Group's investments in equity securities are publicly traded on the Jamaica Stock Exchange (JSE), the National Association of Securities Dealers Automated Quotation System (NASDAQ) and the New York Stock Exchange (NYSE). The Group's sensitivity to equity securities price risk is disclosed in Note 43.

***Currency risk***

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Group takes an open position in a currency. To control this exchange risk the Asset and Liability Committee (ALCO) has approved limits for net open position in each currency for both intra-day and overnight position. This limit may vary from time to time as determined by ALCO.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

The Group's operations in the Cayman Islands, Costa Rica and Panama create two additional sources of currency risk:

- The operating results of the Group's foreign subsidiaries in the Group financial statements are translated at the average exchange rate prevailing during the period.
- The equity investment in the foreign subsidiaries is translated into Jamaican dollars using the closing exchange rate.

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (Continued)**

**(iii) Market risk (Continued)**

*Currency risk (Continued)*

Concentrations of currency risk

The Group and the Company are most sensitive to currency risk in its operating currencies which float against the United States dollar.

The following tables summarise the exposure of the Group and the Company to foreign currency exchange rate risk. Included in the tables are the Group's financial and insurance assets and liabilities at carrying amounts categorised by currency.

| | The Group 2025 | | | |
|---|---|---|---|---|
| | Jamaican $ $000 | US$ $000 | Other $000 | Total $000 |
| **Financial Assets** | | | | |
| Cash resources | 5,520,567 | 5,320,290 | 2,359,616 | 13,200,473 |
| Cash reserve at Bank of Jamaica | 7,334,197 | 10,254,836 | 340,794 | 17,929,827 |
| Financial investments and pledged assets | 224,143,528 | 196,098,216 | 1,168,709 | 421,410,453 |
| Loans & leases, after allowance for credit losses | 128,401,009 | 29,159,269 | - | 157,560,278 |
| Insurance contract assets | 137,654 | (5,793) | 1,223,410 | 1,355,271 |
| Reinsurance contracts assets | 6,634,426 | 20,456,605 | 465,623 | 27,556,654 |
| Other assets | 5,089,696 | 3,125,099 | 4,800 | 8,219,595 |
| Total financial and insurance assets | 377,261,077 | 264,408,522 | 5,562,952 | 647,232,551 |
| **Financial Liabilities** | | | | |
| Deposit and security liabilities | 183,611,007 | 145,568,023 | 2,613,620 | 331,792,650 |
| Other liabilities | 15,189,083 | 3,279,911 | 18,180 | 18,487,174 |
| Insurance contract liabilities | 117,316,429 | 70,719,008 | 11,607,754 | 199,643,191 |
| Lease liabilities | 5,796,080 | 66,393 | - | 5,862,473 |
| Investment contracts liabilities | 16,081,946 | 7,309,962 | - | 23,391,908 |
| Reinsurance contract liabilities | 276,436 | 47,431 | 42,373 | 366,240 |
| Total financial and insurance liabilities | 338,270,981 | 226,990,728 | 14,281,927 | 579,543,636 |
| Net on statement of financial position foreign currency exposure | 38,990,096 | 37,417,794 | (8,718,975) | 67,688,915 |

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (Continued)**

**(iii) Market risk (Continued)**

Currency risk (Continued)

| | The Group 2024 | | | |
|---|---|---|---|---|
| | **Jamaican $** | **US$** | **Other** | **Total** |
| | **$000** | **$000** | **$000** | **$000** |
| Total assets | 344,789,210 | 198,581,950 | 4,903,687 | 548,274,847 |
| Total liabilities | 298,313,535 | 176,167,064 | 12,783,190 | 487,263,789 |
| **Net on statement of financial position foreign currency exposure** | 46,475,675 | 22,414,886 | (7,879,503) | 61,011,058 |

As of December 31, 2025, the Company's maximum exposure to foreign currency exchange rate risk pertains to financial investments, pledged assets and cash resources amounting to J$88,658,000 (2024: J$123,490,000), denominated in US dollars.

*Cash flow and fair value interest rate risk*

Cash flow risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Interest rate changes may also result in losses if asset and liability cash flows are not closely matched with respect to timing and amount. The Asset and Liability Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored at least quarterly.

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

The Group monitors interest rate risk by calculating the mean duration of the investment portfolio and the liabilities issued. The mean duration is an indicator of the sensitivity of the assets and liabilities to change in current interest rates. The mean duration of the liabilities is determined by means of projecting expected cash flows from the contracts using best estimate assumptions.

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

(i) Long term traditional insurance contracts and some investment contracts
Insurance and investment contracts with guaranteed and fixed terms have benefit payments that are fixed and guaranteed at the inception of the contract. The financial components of these benefits may include a guaranteed fixed interest rate and hence the Group's primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities are insufficient to fund the guaranteed benefits payable.

(ii) Long term insurance contracts and investment contracts without fixed terms
For unit-linked contracts the Group matches all the assets on which the unit prices are based with assets in the portfolio. There is no price, currency, credit, or interest rate risk for these contracts.

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (Continued)**

**(iii) Market risk (Continued)**

*Cash flow and fair value interest rate risk (Continued)*

(ii) Long term insurance contracts and investment contracts without fixed terms (Continued)
The Group's primary exposure to financial risk for these contracts is the risk of volatility in asset management fees due to the impact of interest rate and market price movements on the fair value of the assets held in the linked funds, on which investment management fees are based.

A decrease of 10% in the value of the assets would reduce the asset management fees to $332,725,000 (2024 - $330,730,000) per annum.

Unit-linked and interest-sensitive universal life type contracts have embedded surrender options. These embedded derivatives vary in response to the change in a financial variable (such as equity prices and interest rates). At year end, all embedded derivatives within insurance liabilities were closely related to the host contract and did not require separation.

For short term insurance contracts, the Group has matched the insurance liabilities with a portfolio of debt securities. The financial assets in this portfolio are characterised by interest rate risk.

Short term liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest bearing.

The following tables summarise carrying amounts of statement of financial position assets, financial liabilities and insurance liabilities in order to arrive at the Group and Company's interest rate gap based on earlier of contractual repricing or maturity dates.

The disclosures provided in this note are based on the Group and Company's financial assets portfolio as at December 31, 2025 and 2024.

| | The Group 2025 | | | | |
|---|---|---|---|---|---|
| | Within 1 year | 1-5 years | Over 5 years | Non-Interest bearing | Total |
| | $000 | $000 | $000 | $000 | $000 |
| **Financial Assets** | | | | | |
| Cash resources | 2,639,320 | - | - | 10,561,153 | 13,200,473 |
| Cash reserve at Bank of Jamaica | - | - | - | 17,929,827 | 17,929,827 |
| Financial investments and pledged assets | 90,111,772 | 66,442,508 | 218,251,445 | 46,604,728 | 421,410,453 |
| Loans & leases, after allowance for credit losses | 155,899,291 | 868,709 | 137,869 | 654,409 | 157,560,278 |
| Reinsurance contract assets | 22,200,565 | 560,711 | 240,808 | 4,554,570 | 27,556,654 |
| Insurance contract assets | (10,372) | 57,356 | 1,263,150 | 45,137 | 1,355,271 |
| Other assets | 237,291 | - | - | 7,982,304 | 8,219,595 |
| **Total financial assets** | 271,077,867 | 67,929,284 | 219,893,272 | 88,332,128 | 647,232,551 |

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (Continued)**

**(iii) Market risk (Continued)**

*Cash flow and fair value interest rate risk (Continued)*

| | The Group 2025 | | | | |
|---|---|---|---|---|---|
| | **Within 1 year** | **1-5 years** | **Over 5 years** | **Non-Interest bearing** | **Total** |
| | **$000** | **$000** | **$000** | **$000** | **$000** |
| **Financial Liabilities** | | | | | |
| Deposit and security liabilities | 324,066,681 | 6,252,413 | 734,999 | 738,557 | 331,792,650 |
| Other liabilities | - | - | - | 18,487,174 | 18,487,174 |
| Lease liabilities | 807,961 | 2,811,362 | 2,243,150 | - | 5,862,473 |
| Insurance contract liabilities | 12,618,919 | (13,608,704) | 191,993,593 | 8,639,383 | 199,643,191 |
| Reinsurance contract liabilities | 1,951,378 | (60,327) | (620,020) | (904,791) | 366,240 |
| Investment contracts liabilities | 17,291,082 | 5,931,889 | 168,937 | - | 23,391,908 |
| Total financial liabilities | 356,736,021 | 1,326,633 | 194,520,659 | 26,960,323 | 579,543,636 |
| **On statement of financial position interest sensitivity gap** | (85,658,154) | 66,602,651 | 25,372,613 | 61,371,805 | 67,688,915 |
| Cumulative interest sensitivity gap | (85,658,154) | (19,055,503) | 6,317,110 | 67,688,915 | |

| | The Group 2024 | | | | |
|---|---|---|---|---|---|
| | **Within 1 year** | **1-5 years** | **Over 5 years** | **Non-Interest bearing** | **Total** |
| | **$000** | **$000** | **$000** | **$000** | **$000** |
| **Total financial assets** | 205,201,329 | 84,935,971 | 176,011,522 | 82,126,025 | 548,274,847 |
| **Total financial liabilities** | 271,074,096 | 15,946,438 | 175,082,951 | 25,160,304 | 487,263,789 |
| **On statement of financial position interest sensitivity gap** | (65,872,767) | 68,989,533 | 928,571 | 56,965,721 | 61,011,058 |
| **Cumulative interest sensitivity gap** | (65,872,767) | 3,116,766 | 4,045,337 | 61,011,058 | |

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (Continued)**

**(iii) Market risk (Continued)**

*Cash flow and fair value interest rate risk (Continued)*

| | The Company 2025 | | | | |
|---|---|---|---|---|---|
| | **Within 1 year** | **1-5 years** | **Over 5 years** | **Non-Interest bearing** | **Total** |
| | **$000** | **$000** | **$000** | **$000** | **$000** |
| **Financial Assets** | | | | | |
| Cash resources | 171,812 | - | - | - | 171,812 |
| Financial investments and pledged assets | 1,345,832 | - | - | - | 1,345,832 |
| Other assets | - | - | - | 260,768 | 260,768 |
| **Total financial assets** | 1,517,644 | - | - | 260,768 | 1,778,412 |
| **Financial Liabilities** | | | | | |
| Deposit and security liabilities | 8,952,766 | - | - | - | 8,952,766 |
| Other liabilities | - | - | - | 6,116,547 | 6,116,547 |
| Total financial liabilities | 8,952,766 | - | - | 6,116,547 | 15,069,313 |
| **On statement of financial position interest sensitivity gap** | (7,435,122) | - | - | (5,855,779) | (13,290,901) |
| **Cumulative interest sensitivity gap** | (7,435,122) | (7,435,122) | (7,435,122) | (13,290,901) | |

| | The Company 2024 | | | | |
|---|---|---|---|---|---|
| | **Within 1 year** | **1-5 years** | **Over 5 years** | **Non-Interest bearing** | **Total** |
| | **$000** | **$000** | **$000** | **$000** | **$000** |
| **Total financial assets** | 1,834,834 | - | - | 188,724 | 2,023,558 |
| **Total financial liabilities** | 9,726,934 | - | - | 5,526,993 | 15,253,927 |
| **On statement of financial position interest sensitivity gap** | (7,892,100) | - | - | (5,338,269) | (13,230,369) |
| **Cumulative interest sensitivity gap** | (7,892,100) | (7,892,100) | (7,892,100) | (13,230,369) | |

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (Continued)**

**(iii) Market risk (Continued)**

*Cash flow and fair value interest rate risk (Continued)*

The table summarises the average effective yields by the earlier of the contractual repricing or maturity dates:

| | The Group 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Immediately rate sensitive | Within 3 months | 3 to 12 months | 1 to 5 Years | Over 5 Years | Weighted Average |
| | % | % | % | % | % | % |
| Investments (1) | 3.0 | 3.0 | 5.0 | 7.0 | 6.0 | 5.0 |
| Loans | 12.0 | 10.0 | 9.0 | 9.0 | 7.0 | 11.0 |
| Mortgages (2) | - | 8.0 | - | - | - | 8.0 |
| Bank overdraft | - | - | - | - | - | - |
| Deposits | 2.0 | 5.0 | 3.0 | 6.0 | 3.0 | 3.0 |

| | The Group 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Immediately rate sensitive | Within 3 months | 3 to 12 months | 1 to 5 Years | Over 5 Years | Weighted Average |
| | % | % | % | % | % | % |
| Investments (1) | 3.5 | 2.5 | 5.4 | 6.5 | 6.1 | 5.7 |
| Loans | 10.8 | 9.3 | 8.5 | 8.8 | 3.5 | 10.3 |
| Mortgages (2) | - | 10.8 | 7.3 | 7.3 | 5.8 | 5.9 |
| Bank overdraft | 48.0 | - | - | - | - | - |
| Deposits | 1.9 | 5.2 | 4.4 | 6.7 | 8.3 | 2.6 |

| | The Company 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Immediately rate sensitive | Within 3 months | 3 to 12 months | 1 to 5 Years | Over 5 Years | Weighted Average |
| | % | % | % | % | % | % |
| Deposits | 5.7 | - | 5.7 | - | - | 4.3 |

**42. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (Continued)**

**(iii) Market risk (Continued)**

*Cash flow and fair value interest rate risk (Continued)*

| | The Company | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | | | |
| | Immediately rate sensitive | Within 3 months | 3 to 12 months | 1 to 5 Years | Over 5 Years | Weighted Average |
| | % | % | % | % | % | % |
| Deposits | - | 6.7 | - | - | - | 6.7 |

(1) Yields are based on book values and contractual interest adjusted for amortisation of premiums and discounts.

(2) Yields are based on book values, net of allowances for impairment and contractual interest rates.

Sensitivity

The Group's sensitivity to interest rate risk is disclosed in Note 43.

**(iv) Operational risk**

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

## 43. Sensitivity Analysis

The sensitivity analysis for assets and liabilities including those relating to insurance and reinsurance contracts are detailed below.

***(i) Sensitivity arising from the valuation of life insurance and annuity contracts***

In summary, the valuation of liabilities of life insurance and annuity contracts is sensitive to:

- the economic scenario,
- the investments allocated to back the liabilities,
- the underlying assumptions used, and
- risk adjustment for non-financial risks

The assumption for future investment yields has a significant impact on contract liabilities. The other assumptions to which the liabilities of the Group are most sensitive, are in descending order of impact:

- Mortality and morbidity
- Lapse and surrender rates
- Longevity
- Operating expense

The following sensitivity analysis shows the impact (gross and net of reinsurance held) on contractual service margin, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options. When options exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

*Insurance contracts issued*

| | The Group | | |
|---|---|---|---|
| | 2025 | | |
| | **Change in assumptions** | **Impact on profit before tax gross of reinsurance** | **Impact on profit before tax net of reinsurance** |
| | | **$'000** | **$'000** |
| Mortality/morbidity rate | +10% | (854,551) | (854,551) |
| Longevity | +10% | 977,661 | 977,661 |
| Expenses | +10% | (266,621) | (266,621) |
| Lapse and surrenders rate | +10% | 74,308 | 74,308 |

**43. Sensitivity Analysis (Continued)**

***(i) Sensitivity arising from the valuation of life insurance and annuity contracts (Continued)***

*Insurance contracts issued*

| | The Group | | |
|---|---|---|---|
| | 2025 | | |
| | Change in assumptions | Impact on profit before tax gross of reinsurance | Impact on profit before tax net of reinsurance |
| | | $'000 | $'000 |
| Mortality/morbidity rate | -10% | 776,737 | 776,737 |
| Longevity | -10% | (1,080,584) | (1,080,584) |
| Expenses | -10% | 260,923 | 260,923 |
| Lapse and surrenders rate | -10% | 42,007 | 42,007 |

| | The Group | | |
|---|---|---|---|
| | 2024 | | |
| | Change in assumptions | Impact on profit before tax gross of reinsurance | Impact on profit before tax net of reinsurance |
| | | $'000 | $'000 |
| Mortality/morbidity rate | +10% | (1,254,203) | (1,254,203) |
| Longevity | +10% | 661,580 | 661,580 |
| Expenses | +10% | (341,117) | (341,117) |
| Lapse and surrenders rate | +10% | (219,019) | (219,019) |
| | | | |
| Mortality/morbidity rate | -10% | 1,133,717 | 1,133,717 |
| Longevity | -10% | (738,248) | (738,248) |
| Expenses | -10% | 246,646 | 246,646 |
| Lapse and surrenders rate | -10% | 98,809 | 98,809 |

**43. Sensitivity Analysis (Continued)**

***(i) Sensitivity arising from the valuation of life insurance and annuity contracts (Continued)***

| | | The Group | | | |
|---|---|---|---|---|---|
| | | 2025 | | 2024 | |
| | Change in assumptions | Impact on CSM before tax gross of reinsurance | Impact on CSM before tax net of reinsurance | Impact of CSM before tax gross of reinsurance | Impact of CSM before tax net of reinsurance |
| | | $'000 | $'000 | $'000 | $'000 |
| Mortality/morbidity rate | +10% | (6,784,914) | (6,451,195) | (6,117,561) | (5,787,795) |
| Longevity | +10% | 988,297 | 988,297 | 181,038 | 181,038 |
| Expenses | +10% | (1,561,661) | (1,561,668) | (1,252,211) | (1,252,218) |
| Lapse and surrenders rate | +10% | (2,622,958) | (2,572,417) | (2,437,222) | (2,391,176) |
| Mortality/morbidity rate | -10% | 6,973,525 | 6,633,165 | 6,356,515 | 6,020,548 |
| Longevity | -10% | (1,073,541) | (1,073,541) | (180,451) | (180,451) |
| Expenses | -10% | 1,566,623 | 1,566,626 | 1,345,606 | 1,345,621 |
| Lapse and surrenders rate | -10% | 2,962,874 | 2,906,287 | 2,846,251 | 2,796,580 |

The determination of contract liabilities is sensitive to a number of assumptions, and changes in those assumptions could have a significant effect on the valuation results. In applying the noted methodologies, the following assumptions were made:

(i) The claims inflation rate implicitly used in the valuation is equivalent to that rate which is part of the historical data. To the extent that this has raised the average factors on which future development expectations are based, the valuation contains implicit provision for future inflationary shocks, which we believe is appropriate;

(ii) With respect to the analysis of the incurred claims development history, the level of case reserve adequacy is relatively consistent (in inflation adjusted terms) over the experience period;

(iii) With respect to the Bornhuetter-Ferguson method, the average on-level ultimate net loss ratios are representative of recent historical loss ratios. There is no evident trend in the historical net loss ratios adjusted for rate changes and cost changes;

(iv) With respect to the analysis of the gross and net paid claims development history, the rate of payment of ultimate incurred losses for the more recent years is indicative of future settlement patterns. This assumption is based on management's view of the change in claims settlement practices in recent years; and

(v) Claims are expressed at their estimated ultimate undiscounted value, in accordance with the requirement of the Insurance Act, 2001. Refer to the gross undiscounted liabilities for incurred claims table in Note (42(a)).

A 10% increase in the future development assumptions increases the liabilities for incurred claims by $45,101,000 (2024 - $78,475,000) while a 10% decrease, decreases the liabilities for incurred claims by $59,036,000 (2024 - $81,384,000).

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

**43. Sensitivity Analysis (Continued)**

***(ii) Sensitivity arising from the valuation of property and casualty contracts (Continued)***

The following sensitivity analysis shows the impact on profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

| | The Group | | | | |
|---|---|---|---|---|---|
| | 2025 | | | | |
| | Change in assumptions | Impact of profit before tax gross of reinsurance | Impact of profit before tax net of reinsurance | Impact on equity gross of reinsurance | Impact on equity net of reinsurance |
| | | $'000 | $'000 | $'000 | $'000 |
| Weighted average term to settlement | +10% | (138,411) | (42,929) | (92,274) | (28,619) |
| Expected loss | +10% | 98,293 | 67,651 | 65,529 | 45,101 |
| Inflation rate | +1% | 197,789 | 60,865 | 131,859 | 40,577 |
| Weighted average term to settlement | -10% | 139,083 | 43,464 | 92,722 | 28,976 |
| Expected loss | -10% | (101,713) | (69,746) | (67,809) | (46,497) |
| Inflation rate | -1% | (195,543) | (59,036) | (130,362) | (39,357) |
| | 2024 | | | | |
| Weighted average term to settlement | +10% | (57,496) | (37,006) | (38,331) | (24,671) |
| Expected loss | +10% | 117,622 | 78,475 | 78,415 | 52,317 |
| Inflation rate | +1% | 73,642 | 48,106 | 49,095 | 32,071 |
| Weighted average term to settlement | -10% | 58,260 | 37,527 | 38,840 | 25,018 |
| Expected loss | -10% | (122,475) | (81,384) | (81,650) | (54,256) |
| Inflation rate | -1% | (71,446) | (46,668) | (47,631) | (31,112) |

**43. Sensitivity Analysis (Continued)**

***(iii) Sensitivity arising from a decline in equity prices***

The Group is sensitive to fair value risk on its financial assets at FVTPL and FVTOCI equity securities. The effects of an increase by 10% and a decrease by 5% in equity prices at the year-end date are set out below.

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | |
| | Carrying Value | Effect of 10% decrease at December 31, 2025 | Effect of 5% increase at December 31, 2025 | Carrying Value | Effect of 10% decrease at December 31, 2024 | Effect of 5% increase at December 31, 2024 |
| | $000 | $000 | $000 | $000 | $000 | $000 |
| **Financial assets at fair value through profit or loss and other comprehensive income equity securities:** | | | | | | |
| Listed on Jamaica Stock Exchange | 4,669,122 | (46,691) | 70,037 | 5,737,163 | (573,716) | 286,858 |
| Listed on US Stock Exchange | 4,669,155 | (46,692) | 70,037 | 4,854,616 | (485,462) | 242,731 |
| Other | 31,849,545 | (318,495) | 477,743 | 31,127,322 | (3,112,732) | 1,556,366 |
| | 41,187,822 | (411,878) | 617,817 | 41,719,101 | (4,171,910) | 2,085,955 |

***(iv) Sensitivity arising from currency risk***

The Group and the Company is most sensitive to currency risk in its operating currencies which float against the United States dollar.

The effect of further depreciation and appreciation in the Jamaican dollar (JMD) relative to the United States dollar (USD) at the year-end date is considered in the following tables. The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The method used for deriving sensitivity information and significant variables did not change from the previous period.

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | |
| | Balances Denominated in currencies other than JMD | Effect of 10% appreciation at December 31, 2025 | Effect of 10% depreciation at December 31, 2025 | Balances Denominated in currencies other than JMD | Effect of 10% appreciation at December 31, 2024 | Effect of 10% depreciation at December 31, 2024 |
| | $000 | $000 | $000 | $000 | $000 | $000 |
| Statement of financial position: | | | | | | |
| Assets | 269,971,474 | 242,974,327 | 296,968,621 | 203,485,637 | 183,137,073 | 223,834,201 |
| Liabilities | 241,272,655 | 217,145,390 | 265,399,921 | 188,950,254 | 170,055,229 | 207,845,279 |
| Net position | 28,698,819 | 25,828,937 | 31,568,700 | 14,535,383 | 13,081,844 | 15,988,922 |
| Impact on Net Profit and Other comprehensive Income | | (2,869,882) | 2,869,881 | | (1,453,539) | 1,453,539 |

**43. Sensitivity Analysis (Continued)**

***(iv) Sensitivity arising from currency risk (Continued)***

| | The Company | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | |
| | Balances Denominated in currencies other than JMD | Effect of 10% appreciation at December 31, 2025 | Effect of 10% depreciation at December 31, 2025 | Balances Denominated in currencies other than JMD | Effect of 10% appreciation at December 31, 2024 | Effect of 10% depreciation at December 31, 2024 |
| | $000 | $000 | $000 | $000 | $000 | $000 |
| Statement of financial position: | | | | | | |
| Assets | 88,658 | 79,792 | 97,524 | 123,490 | 111,141 | 135,839 |
| Net position | 88,658 | 79,792 | 97,524 | 123,490 | 111,141 | 135,839 |
| Impact on Net Profit | | (8,866) | 8,866 | | (12,349) | 12,349 |

The following analysis is performed for reasonably possible movements in key variables, with all other variables held constant, showing the impact on contractual service margin, profit before tax, and equity due to changes in the fair value of insurance and reinsurance contract assets and liabilities.

| | The Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | | 2024 | | | |
| | Change in exchange rate | CSM denominated in US$ | Impact on profit before tax | Impact on equity | Change in exchange rate | CSM denominated in US$ | Impact on profit before tax | Impact on equity |
| | | $000 | $000 | $000 | % | $000 | $000 | $000 |
| JMD/USD exchange rate | | | | | | | | |
| Insurance and reinsurance contracts | +10% | 6,026,553 | (343,167) | (204,701) | +10% | 5,133,896 | (279,144) | (187,573) |
| Insurance and reinsurance contracts | -10% | 4,930,816 | 343,167 | 204,701 | -10% | 4,200,461 | 187,573 | 187,573 |

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | |
| | Change in exchange rate | Impact on profit before tax | Impact on equity | Change in exchange rate | Impact on profit before tax | Impact on equity |
| JMD/USD exchange rate | | | | | | |
| Insurance and reinsurance contracts, net | +10% | (4,387,879) | (643,684) | +10% | (4,129,014) | (637,677) |
| Underlying assets | +10% | (5,558,834) | (1,726,203) | +10% | 4,552,994 | 1,504,694 |
| Insurance and reinsurance contracts, net | -10% | 4,387,879 | 643,684 | -10% | 4,129,014 | 637,677 |
| Underlying assets | -10% | 5,558,834 | 1,726,203 | -10% | (4,552,994) | 1,504,694 |

**43. Sensitivity Analysis (Continued)**

***(v) Interest rate sensitivity***

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on profit or loss and other components of equity.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables have been changed on an individual basis. It should be noted that movements in these variables are non–linear. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | |
| | Change in interest rate | Impact on profit before tax | Impact on equity | Change in interest rate | Impact on profit before tax | Impact on equity |
| | | $000 | $000 | | $000 | $000 |
| Insurance and reinsurance contracts | +100 bps | 8,384,286 | - | +100 bps | 6,481,690 | - |
| Insurance and reinsurance contracts | -100 bps | (9,038,512) | - | -100 bps | (7,147,582) | - |
| Debt instruments | | | | | | |
| Long Term Insurance | +25 bps | (2,909,305) | (119,627) | +100 bps | (8,498,352) | (236,319) |
| Short Term Insurance | +25 bps | (311,041) | (17,273) | +100 bps | (315,354) | (63,991) |
| Other investment securities | +25 bps | (587) | (2,274,626) | +100 bps | (6,604) | (5,243,948) |
| Debt instruments | | | | | | |
| Long Term Insurance | -25 bps | 2,596,851 | 122,801 | -100 bps | 10,926,066 | 513,814 |
| Short Term Insurance | -25 bps | (75,560) | 20,098 | -100 bps | 343,920 | 81,610 |
| Other investment securities | -25 bps | 594 | 1,631,182 | -100 bps | 8,217 | 7,916,483 |

The Company is not exposed to changes in interest rates.

**44. Capital Management**

The capital adequacy of the principal operating entities within the Group is set out below.

(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 require these international standards;

(iii) To safeguard its ability to meet future obligations to policyholders, depositors, note-holders and stockholders;

(iv) To provide adequate returns to stockholders by pricing insurance, investment and other contracts commensurately with the level of risk; and

(v) To maintain a strong capital base which is sufficient for the future development of the Group's operations.

The Group deploys its capital resources to activities carried out through various lines of business in operating companies which are either insurance entities or provide other financial services. The capital is deployed in such a manner as to ensure that each line of business generates the desired return on capital employed, that the operating companies have adequate and sufficient capital resources to carry out their activities and to meet regulatory requirements.

Required capital adequacy information is computed for regulated entities of the Group on a quarterly basis and assessed by Management. These metrics are reported to Boards of Directors quarterly, and are filed with the Regulators in Jamaica quarterly, in Cayman annually, in Panama quarterly and in Costa Rica monthly.

The capital adequacy of the principal operating entities within the Group is set out below.

(a) Sagicor Life Jamaica Limited

Capital adequacy is calculated quarterly 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. The minimum standard requirement for LICAT is 100%. Sagicor Life Jamaica Limited exceeded the standard requirement at year-end.

(b) Sagicor Life of the Cayman Islands Ltd.
During 2014, the Cayman Islands Insurance (Capital and Solvency) (Class A Insurers) Regulations became effective. The minimum capital requirement (MCR) for a local Class A insurer was established as the greater of US$300,000, or the square root of the sum of the square of five risk components – assets, policy liabilities, subsidiaries, catastrophe exposure and foreign exchange. Additionally, the prescribed capital for a local Class A insurer must be at least 125% of the minimum capital requirement. The MCR for the Sagicor Life of the Cayman Islands Ltd as at December 31, 2025 satisfied the regulatory capital requirements.

(c) Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited

Capital adequacy, capital management ratios and the financial statements of the Bank and Investment Company are monitored monthly by management. These are reviewed quarterly by the Boards of Directors. 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 Board of Directors Risk Management Committees. The required information is filed with the respective Regulatory Authorities at stipulated intervals.

**44. Capital Management (Continued)**

The BOJ and the FSC require each regulated entity to:

(i) Hold the minimum level of the regulatory capital; and
(ii) Maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

The regulatory capital is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
(ii) Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and revaluation on property, plant and equipment.

Any investment in subsidiaries is deducted from Tier 1 and Tier 2 capital to arrive at the regulated capital.

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-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited at the year-end were compliant with the regulatory capital requirements.

The subsidiary AGI manages capital to:

(i) Comply with the capital requirements set by the FSC; and
(ii) Safeguard the Company's ability to continue as a going concern.

For Jamaican property and casualty companies, the Minimum Capital Test (MCT) is used as a measure of capital with a minimum ratio of 150% effective January 1, 2023, reducing from 175%. AGI was compliant with the regulatory capital requirements as at December 31, 2025.

**45. Fiduciary Risk**

Certain subsidiaries in the Group provide custody, trustee, corporate administration, investment management or advisory services to third parties which may involve these subsidiaries making allocation and purchase and sale decisions in relation to a wide range of financial instruments. These assets are not included in these financial statements.

**46. Litigation**

Legal proceedings
The Group and the Company are 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 matter is as follow:

(a) ***Peter & Robert Chin et al v Sagicor Group Jamaica Ltd***
The Claimants and their associated companies brought an action against SGJ alleging that the Company breached the Share Transfer Agreement in addition to breaching the reduction of share capital provisions of Section 71 of the Companies Act. The Claim surrounds a contractual dispute relating to the interpretation of a contractual clause concerning the post transaction earnout. The sum in dispute exceed $1 billion. The Case Management Conference (CMC) occurred on 24 February 2025. The Court ordered at the CMC that the parties were to proceed to mediation. Mediation was held on 23 April 2025, however the exercise ultimately proved unsuccessful. The trial in this claim is now set for January 11 to January 29, 2027.

**47. Offsetting Financial Assets and Financial Liabilities**

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

| | The Group 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Related amounts not set off in the statement of financial position | | | | | | |
| | Gross amounts of financial assets $'000 | Gross amounts net off on the balance sheet $'000 | Net amounts of financial assets presented on the balance sheet $'000 | Impact of master netting agreements $'000 | Cash collateral $'000 | Financial instruments collateral $'000 | Net amounts $'000 |
| **Assets** | | | | | | | |
| Cash resources | 31,130,300 | - | 31,130,300 | - | - | - | 31,130,300 |
| Financial investments | 578,970,731 | - | 578,970,731 | (122,026,407) | - | (202,332) | 456,741,992 |
| | 610,101,031 | - | 610,101,031 | (122,026,407) | - | (202,332) | 487,872,292 |
| **Liabilities** | | | | | | | |
| Due to banks and other financial institutions | 331,792,650 | - | 331,792,650 | (116,371,834) | - | - | 215,420,816 |
| | 331,792,650 | - | 331,792,650 | (116,371,834) | - | - | 215,420,816 |

| | The Group 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Related amounts not set off in the statement of financial position | | | | | | |
| | Gross amounts of financial assets $'000 | Gross amounts net off on the balance sheet $'000 | Net amounts of financial assets presented on the balance sheet $'000 | Impact of master netting agreements $'000 | Cash collateral $'000 | Financial instruments collateral $'000 | Net amounts $'000 |
| **Assets** | | | | | | | |
| Cash resources | 37,616,344 | - | 37,616,344 | - | - | - | 37,616,344 |
| Financial investments | 498,049,023 | - | 498,049,023 | (98,378,799) | - | (200,924) | 399,469,300 |
| | 535,665,367 | - | 535,665,367 | (98,378,799) | - | (200,924) | 437,085,644 |
| **Liabilities** | | | | | | | |
| Due to banks and other financial institutions | 285,242,068 | - | 285,242,068 | (93,640,790) | - | - | 191,601,278 |
| | 285,242,068 | - | 285,242,068 | (93,640,790) | - | - | 191,601,278 |

**47. Offsetting Financial Assets and Financial Liabilities (Continued)**

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

| | The Company 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Related amounts not set off in the statement of financial position | | | | | | |
| | Gross amounts of financial assets $'000 | Gross amounts set off on the balance sheet $'000 | Net amounts of financial assets presented on the balance sheet $'000 | Impact of master netting agreements $'000 | Cash collateral $'000 | Financial instruments collateral $'000 | Net amounts $'000 |
| **Assets** | | | | | | | |
| Cash resources | 171,812 | - | 171,812 | - | - | - | 171,812 |
| Financial investments | 1,345,832 | - | 1,345,832 | - | - | (156,518) | 1,189,314 |
| | 1,517,644 | - | 1,517,644 | - | - | (156,518) | 1,361,126 |
| **Liabilities** | | | | | | | |
| Due to banks and other financial institutions | 8,952,766 | - | 8,952,766 | - | - | - | 8,952,766 |
| | 8,952,766 | - | 8,952,766 | - | - | - | 8,952,766 |

| | The Company 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Related amounts not set off in the statement of financial position | | | | | | |
| | Gross amounts of financial assets $'000 | Gross amounts set off on the balance sheet $'000 | Net amounts of financial assets presented on the balance sheet $'000 | Impact of master netting agreements $'000 | Cash collateral $'000 | Financial instruments collateral $'000 | Net amounts $'000 |
| **Assets** | | | | | | | |
| Cash resources | 435,076 | - | 435,076 | - | - | - | 435,076 |
| Financial investments | 1,399,758 | - | 1,399,758 | - | - | (150,115) | 1,249,643 |
| | 1,834,834 | - | 1,834,834 | - | - | (150,115) | 1,684,719 |
| **Liabilities** | | | | | | | |
| Due to banks and other financial institutions | 9,726,934 | - | 9,726,934 | - | - | - | 9,726,934 |
| | 9,726,934 | - | 9,726,934 | - | - | - | 9,726,934 |

**48. Non-Controlling Interests**

The non-controlling interests represent the share of net assets and net profit not attributed to Sagicor Group. The amounts were calculated as follows:

| | 2025 | | | |
|---|---|---|---|---|
| | **Travel Cash $000** | **AGI $000** | **Bailey Williams $000** | **Total $000** |
| Total assets | 1,177,538 | 37,306,464 | | |
| Total liabilities | 186,304 | 33,091,746 | | |
| **Net Assets** | 991,234 | 4,214,718 | - | |
| **Non-controlling interest** | 494,420 | 1,771,600 | (9,942) | 2,256,078 |
| | | | | |
| Revenue | 230,408 | 12,295,534 | 545,847 | |
| Net profit/(loss) for the period | 109,016 | 401,611 | 544,580 | |
| **Total comprehensive income** | 109,016 | 401,611 | 544,580 | |
| **Non-controlling interest** | 44,346 | 162,568 | 13,374 | 220,288 |
| | | | | |
| Cashflows from operating activities | 42,522 | 54,390 | 97,035 | |
| Cashflows from investing activities | (255) | (267,441) | - | |
| Cashflows from financing activities | - | - | - | |
| **Net increase/ (decrease) in cash and cash equivalents** | 42,267 | (213,051) | 97,035 | |

| | 2024 | | | |
|---|---|---|---|---|
| | **Travel Cash $000** | **AGI $000** | **Bailey Williams $000** | **Total $000** |
| Total assets | 1,117,659 | 12,607,436 | - | |
| Total liabilities | 235,437 | 8,750,562 | - | |
| **Net Assets** | 882,222 | 3,856,874 | - | |
| **Non-controlling interest** | 450,074 | 1,626,541 | (23,317) | 2,053,298 |
| | | | | |
| Revenue (b) | 157,141 | 10,462,607 | 202 | |
| Net profit for the period | 52,288 | (213,133) | (974) | |
| **Total comprehensive income** | 52,288 | (213,133) | (974) | |
| **Non-controlling interest** | (29,601) | (112,732) | (45,292) | (187,625) |
| | | | | |
| Cashflows from operating activities | 89,691 | (22,219) | (691,512) | |
| Cashflows from investing activities | (280) | (164,474) | - | |
| Cashflows from financing activities | - | - | 656,000 | |
| **Net increase/ (decrease) in cash and cash equivalents** | 89,411 | (186,693) | (35,512) | |

(a) The information above represents amounts before intercompany eliminations.
(b) Revenue includes Net Insurance Results, Net Investment Income and Fees and Other Revenues.

**49. Subsequent Events**

The Group has evaluated subsequent events through to March 1, 2026, the date the financial statements were available for issuance, and determined that there have not been any events that have occurred subsequent to December 31, 2025 that would require disclosure in the financial statements.

Sagicor Group

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