www.sagicor.com

Sagicor Group

2022
Audited Financial Statements

Sagicor Group Jamaica Limited
Index
31 December 2022

Note		Page
	Actuary's Report	
	Independent Auditors' Report to the Members	
	Financial Statements	
	Consolidated statement of financial position	1 - 2
	Consolidated income statement	3
	Consolidated statement of comprehensive income	4
	Consolidated statement of changes in equity	5 - 6
	Consolidated statement of cash flows	7
	Company statement of financial position	8
	Company statement of comprehensive income	9
	Company statement of changes in equity	10
	Company statement of cash flows	11
	Notes to the financial statements	
1	Identification and principal activities	12 - 13
2	Summary of significant accounting policies	14 - 44
3	Critical accounting estimates, and judgements in applying accounting policies	45 - 50
4	Responsibilities of the appointed actuary and external auditors	50
5	Segmental financial information	51 - 54
6	Cash resources	55
7	Cash reserve at central bank	55
8	Financial investments	56 - 70
9	Premiums due and unpaid	71
10	Loans and leases, after allowance for credit losses	72 - 79
11	Pledged assets	79
12	Investment properties	80
13	Investment in joint venture	80 - 82
14	Interest in structured entities	83 - 84
15	Investment in associated company	85
16	Investment in subsidiaries	86 - 89
17	Intangible assets	90 - 93
18	Property, plant and equipment	94 - 95
19	Retirement benefits	96 - 104
20	Deferred income taxes	105 - 108
21	Taxation recoverable	109
22	Other assets	109
23	Related party balances and transactions	110 - 112
24	Share capital	112
25	Equity reserves	113 - 115
26	Stock options and grants	116 - 117
27	Dividends	118
28	Net profit	118
29	Deposit and security liabilities	118 - 120
30	Loans payable	120 -121
31	Other liabilities	122
32	Life and Health Insurance contract liabilities	123 -126
33	Investment contract liabilities	126
34	Property and Casualty Insurance Contract and Other policy liabilities	127 -128
35	Collateralised Reversed Repurchase Agreement	128
36	Premium income	129
37	Net investment income	130 -134
38	Results of Hotel operations	135
39	Fees and other income	135
40	Insurance benefits and claims	136
41	Administration expenses	136
42	Commission and sales expense	137
43	Taxation	138 - 140
44	Leases	141
45	Earnings per stock unit	142
46	Cash flows	143 - 146
47	Fair values of financial Instruments	147 - 152
48	Insurance and financial risk management	152 - 178
49	Sensitivity analysis	179 - 181
50	Capital management	182 - 183
51	Fiduciary risk	183
52	Contingent liabilities	184
53	Litigations	184 - 185
54	Offsetting financial assets and financial liabilities	186 - 187
55	Non-controlling Interest	188 - 189
56	Business Combination	190 -191

Sagicor Group

Sagicor Group Jamaica Limited
R. Danny Williams Building
28-48 Barbados Avenue
Kingston 5
Tel: (876) 929-8920-9
Fax: (876) 929-4730

For customer service call
888-SAGICOR (724-4267)

www.sagicor.com

**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 2022, 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 using the Policy Premium Method assuming best-estimate assumptions together with margins for adverse deviations in accordance with the Actuarial Regulations, 2001. The valuation has been carried out in accordance with the International Financial Reporting Standard 4, Insurance Contracts and the results satisfy the liability adequacy tests as required by this standard. The valuation also complies with the Caribbean Actuarial Association's Practice Standards for Long-term Insurance Business (APS2) and for General Actuarial Practice (APS0).

In my opinion, the amount of the policy actuarial liabilities makes appropriate provision for all policyholder obligations and the financial statements fairly represent 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

28 FEBRUARY 2023

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 2022, 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 International Financial Reporting Standards (IFRS) 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 2022;
- 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 2022;
- The company statement of comprehensive income for the year then ended;
- 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, which include significant accounting policies 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). We have 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.

The context of our audit is set by the Group's major occurrences and business activities for 2022. It was noted that there was a significant reopening of the global economy in 2022, which saw the Group's level of business activities similar to pre-pandemic levels. Rising interest rates and inflation also impacted the Group's performance. The Group entered into two major transactions this year, being the acquisition of a new subsidiary, Alliance Financial Services Limited (AFSL), and the disposal of its interest in Sagicor Real Estate X Fund Limited. There is one new Key Audit Matter (KAM) this year, in relation to the acquisition of AFSL.

We determined the scope of our audit by considering the internal organisation of the Group and identifying the components of the audit that have the most significant impact on the financial statements. The Group comprised the parent company and 21 reporting components of which we selected 14 (including the parent company), which represent the principal business units within the Group and are located in Jamaica, the Cayman Islands and Costa Rica. Full scope audits were performed for the parent and 8 other components, while audits of one or more financial statements line items were performed for 5 further components. The audit work performed covered 95% of the Group's total assets and 99% of total revenue, net of reinsurance, interest expense and credit losses. All reporting components were audited by PwC network firms. Throughout the audit, we had regular meetings and correspondence with management and component auditor teams to follow up on progress of work for all components. The Group engagement team performed reviews of workpapers for a sample of the component auditors.

The Group's businesses are organised into four primary business segments being Individual Lines, Employee Benefits, Commercial Banking and Investment Banking as well as Other. Geographically, the segments are Jamaica, Cayman Islands, United States of America and Other (Costa Rica and St. Lucia). The entity disposed of during the year had operations in Jamaica and the United States of America.

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 Company financial statements, in our report.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Actuarial methodologies and assumptions used in the valuation of life and health insurance contract liabilities (Group)
Refer to notes 2(q-r), 3b(i) and 32 to the financial statements for disclosures of related accounting policies and balances.
As at 31 December 2022, total reserves for life and health insurance contracts account for $92.2 billion or 23% of total liabilities of the Group.
We focused on this area as it involves significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of long-term policyholder liabilities.
Management consider the following as key inputs used to estimate life and health insurance contract liabilities:

Economic assumptions such as investment return and associated discount rates; and
Operating assumptions such as mortality and persistency (including consideration of policyholder behaviour).

Management uses qualified internal actuaries to assist in determining these assumptions and in valuing the actuarial liabilities. Management's experts did not make an explicit assumption for deaths related to COVID-19 as they deemed COVID-19 to be a shock event.
</td><td>
Our approach to addressing the matter, with the assistance of our actuarial expert, involved the following procedures, amongst others:

Updated our understanding for any changes impacting the assumptions, with a focus on mortality, contract lapses, investment return and associated discount rate, and operating expenses, all of which are based on entity experience or published industry studies.
Evaluated the methodologies and assumptions utilised by management's actuaries considering industry and component specific facts and circumstances.
Tested the policy master file for completeness and accuracy of the underlying data utilised by management as inputs to the actuarial valuation.
Tested a sample of contracts to assess whether contract features corresponded to the data file as part of our reliability of data tests.
Challenged management's assertion that COVID-19 is a shock event by examining the current mortality rate for COVID-19 and by considering perspectives on mortality improvements, based on medical advances.

The results of our procedures indicated that the actuarial methodologies and assumptions used by management in the valuation of life and health insurance contract liabilities were not unreasonable.
</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
Valuation of claims payable and incurred but not reported (IBNR) claims for property & casualty contracts (Group) *Refer to notes 2(q-r), 3(b)(i) and 34 to the financial statements for disclosures of related accounting policies and balances.* As at 31 December 2022, total claims payable and incurred but not reported reserves account for $3.0 billion or 0.7% of total liabilities of the Group. The methodologies and assumptions utilised to develop claims payable and IBNR reserves involve a significant degree of judgement. The liabilities are based on the best-estimate ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. There is generally less information available in relation to these claims, which can result in variability between initial estimates and final settlement. A range of methods may be used to determine these provisions. We focused on this area because underlying these methods are a number of explicit and implicit assumptions relating to the expected settlement amount and settlement patterns of claims and the values determined are subject to complex calculations.	Our approach to addressing the matter, with the assistance of our actuarial expert, involved the following procedures, amongst others: • Tested the completeness, accuracy and reliability of the underlying data utilised by management and their external actuarial experts to support the actuarial valuation. • Tested a sample of claims payable by agreeing to supporting documents including claim adjudication results and approvals and assessors' reports. • Performed a methods and assumptions analysis of the actuarial valuation prepared by the Group's actuary. • Evaluated the assumptions used by management and assessed the methodologies used for appropriateness and consistency with established actuarial practice and methodologies used in the prior year. The results of our procedures indicated that management's valuation of claims payable and IBNR claims for property & casualty contracts was not unreasonable.

Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments' – Probabilities of Default, Forward-Looking Information & Significant Increase in Credit Risk (Group) *Refer to notes 2(f), 3(b)(iv), 8 and 10 to the financial statements for disclosures of related accounting policies and balances.* As at 31 December 2022, loans and leases, net of provision for credit losses, totaled $112.7 billion on the Group's consolidated statement of financial position. The Group's debt securities measured at amortised cost and fair value through other comprehensive income (FVTOCI) totaled $255.4 billion. Overall, the above exposures represent 71% of total assets in aggregate. The impairment provision recorded under the IFRS 9 expected credit loss (ECL) model amounted to $1.8 billion for loans and leases and $0.62 billion for debt securities. The IFRS 9 ECL impairment model takes into account reasonable and supportable forward-looking information as well as probabilities of default (PDs). PDs represent the likelihood of a borrower defaulting on its obligation over the next twelve months or over the remaining lifetime of the obligation. The twelve-month and the lifetime PDs are determined differently for loans and leases and debt securities. For loans and leases, management-determined 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. For debt securities, including sovereign and corporate investment securities, PDs are developed with reference to external data collated by Standard & Poor's (S&P) with specific adjustments for industry and country specific risks, where necessary.	Our approach to addressing the matter involved the following procedures, amongst others: ● Updated our understanding of management's ECL model including any changes to source data and assumptions and tested the mathematical integrity of the model. ● Evaluated the design and tested the operating effectiveness of certain relevant controls over the forward-looking information and SICR in the ECL determination by performing inquiries with management and inspecting the evaluation, review and approval of key assumptions, judgements and forward-looking information. ● Evaluated, with the assistance of our specialists, for both loans and leases and debt securities, the appropriateness of management's judgements pertaining to forward-looking information, including macro-economic factors and the basis of the multiple economic scenarios used. ● Sensitised the various inputs and assumptions as part of our reasonableness tests. ● Evaluated the reasonableness of management's judgements pertaining to PD, SICR and forward-looking information, including macro-economic factors. Loans and leases: ● 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. ● Tested the staging of a sample of loans by reference to the number of days outstanding on the loan. ● 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. Debt Securities: ● Tested the reliability of source data used to determine the PD in the model by corroborating the data to external public information, where available. ● Tested the critical data fields used in the ECL model for the PD determination, such as the credit rating and date of default if any, and type of debt security by tracing data back to source documents.

Key audit matter	How our audit addressed the key audit matter
Management also performs scenario analyses to determine the impact of future economic conditions on PDs in the countries and industries where the Group holds debt securities. A macro-economic indicator is determined, which is statistically linked to the credit risk of the sovereign exposure and/or corporate exposure. 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. We further focused on management's assessment of Significant Increase in Credit Risk (SICR) as stage migrations can materially impact the ECL.	SICR (Loans and leases and debt securities): • For debt securities only, tested, on a sample basis, the accuracy of the initial credit risk and the credit risk at the reporting date using rating agency definitions of 'investment grade' and evaluated the appropriateness of the Group stage migration applied to borrowers. • 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. Changes to weighting scenario for forward-looking information: • Evaluated the reasonableness of the increase in the weighting used for the worst case scenario by agreeing the forward-looking economic information to external sources published or pronounced by reputable third parties. • Sensitised the probability weightings used in the ECL calculation. The results of our procedures indicated that the assumptions used by management for determining the probabilities of default, significant increase in credit risk and forward-looking information were not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment (Group) *Refer to notes 2(m)(i), 3(b)(vi) and 17 to the financial statements for disclosures of related accounting policies and balances.* The total carrying value of goodwill is $5.7 billion or 1.1% of total assets as at 31 December 2022. Additional goodwill of $2.7 billion was recognised during the current year, as a result of the Group's acquisition of Alliance Financial Services Limited. Management performed goodwill impairment assessments using the Fair Value Less Costs to Sell approach (FVLCS) to derive the recoverable amount of the life insurance industry related Cash Generating Units (CGUs) and the Value-in-Use approach (VIU) to derive the recoverable amount of the non-life insurance industry related CGUs, as these are respectively considered the higher value model in each of these components. The VIU approach is based on discounted cash flows and FVLCS is based on the capitalised earnings approach. In performing these assessments, management were assisted by valuation experts where required. Both approaches cover a three-year period. We focused on this area as the determination of the carrying value of the goodwill requires management judgement and estimation, and the assessment remains sensitive to reasonably possible changes in key assumptions being: ● earnings multiples (FVLCS method); ● earnings growth rates (VIU method); and ● discount rates (VIU method).	Our approach to addressing the matter involved the following procedures, amongst others: ● Updated our understanding of management's approach to performing their annual impairment assessments. ● Evaluated management's future cash flow forecasts and updated our understanding of the process by which they were developed. Compared previous forecasts to actual results to assess the performance of the business and the extent to which reliance can be placed on management's ability to forecast. Evaluated the forecasts used in the valuation models against the Board approved business plan, and assessed whether the key assumptions were subject to oversight from the Board of Directors. ● Tested the assumptions and methodologies used, in particular those relating to the earnings multiple, earnings growth rate and discount rate, with the assistance of our valuation experts, as follows: ○ Evaluated these assumptions with reference to valuations and performance forecasts of similar companies; ○ Compared the key assumptions to externally derived data where available, including industry betas, equity and market risk premiums, risk free rates, macro-economic indicators and industry growth rates; and ○ Applied sensitivities in evaluating the Directors' assessment of the planned growth rate in cash flows. ● Tested the valuation model calculations for mathematical accuracy. Based on the work performed, management's assumptions utilised in the goodwill impairment assessments were, in our view, not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Business combination (Group) *Refer to notes 2(b), 3(b)(vii) and 56 to the financial statements for disclosures of related accounting policies and balances.* During the year, the Group acquired 100% of the issued share capital of Alliance Financial Services Limited (AFSL) for a total consideration of $3.3 billion. As a result of the transaction, and certain changes to the composition of AFSL's board of directors, management concluded that it controlled AFSL, and consequently, that AFSL became a subsidiary of the Group. The accounting for the acquisition was a key audit matter given the significance of the transaction and the financial and operational impacts on the Group. We focused on this area due to the nature of business combinations, the requirements of which can be complex and require management to exercise judgement in determining certain estimates. The complex judgements include determining, identifying and estimating the fair value of the intangible assets acquired. The Group was assisted by an external valuation expert in this process.	Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others: ● Evaluated the application of the valuation methodologies utilised to derive the fair value of the identified intangible assets. ● Tested the reasonableness of valuation assumptions and inputs by: ○ Referencing historical information in management's cash flow projections to supporting documents and information; ○ Corroborating the revenue growth rates, margins, attrition rates, expense forecasts, capital and tax rates by comparison to historical information as well as independent economic and statistical data; ○ Independently deriving a discount rate which would be applicable to market participants and comparing to that used in the calculations; and ○ Agreeing the remaining useful lives of each intangible asset identified to the period over which the cash flows are expected to be generated. ● Tested the mathematical accuracy of management's discounted cash flow by reperforming the underlying calculations. ● Performed sensitivity analyses on certain of management's assumptions and inputs. ● Assessed the competence and capability of management's valuation expert. Based on the procedures performed, management's assumptions and accounting for the acquisition were not unreasonable.

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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

PricewaterhouseCoopers
Chartered Accountants
1 March 2023
Kingston, Jamaica

Sagicor Group Jamaica Limited
Consolidated Statement of Financial Position
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022	2021
		$'000	$'000
ASSETS			
Cash resources	6	22,252,670	23,383,971
Cash reserve at Central Bank	7	12,091,812	11,084,907
Financial investments	8	221,047,390	238,745,309
Premium due and unpaid	9	4,887,437	4,419,045
Loans and leases, after allowance for credit losses	10	112,736,829	96,889,917
Pledged assets	11	94,209,543	93,636,126
Investment properties	12	1,680,525	1,220,324
Investment in joint venture	13	1,830,001	1,329,797
Intangible assets	17	8,868,597	5,872,442
Property, plant and equipment	18	6,412,479	20,782,133
Right-of-use assets	44	1,823,204	2,155,117
Reinsurance contracts	34	4,072,339	3,689,080
Retirement benefit assets	19	706,137	472,179
Deferred income taxes	20	4,021,850	1,980,237
Taxation recoverable	21	6,281,323	4,186,609
Other assets	22	16,256,746	18,143,511
TOTAL ASSETS		519,178,882	527,990,704

The accompanying notes on pages 12 – 191 form an integral part of these financial statements.

Sagicor Group Jamaica Limited

Consolidated Statement of Financial Position (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Stockholders' Equity Attributable to:			
Stockholders' of the Company			
Share capital	24	8,998,808	8,816,093
Equity reserves	25	(5,391,790)	8,671,998
Capital redemption reserve		3,121,572	3,121,572
Special investment reserve		567,381	531,675
Loan loss reserve		(844,132)	(488,668)
Retained earnings reserve		6,602,098	5,327,140
Retained earnings		100,816,939	88,843,812
		113,870,876	114,823,622
Non-Controlling Interests	55	2,052,493	19,956,091
Total Equity		115,923,369	134,779,713
Liabilities			
Deposit and security liabilities	29	250,837,061	221,851,641
Loans payable	30	2,198,545	9,284,518
Deferred income taxes	20	421,305	2,169,101
Taxation payable		1,775,142	703,344
Retirement benefit obligations	19	3,000,585	5,780,581
Lease liabilities	44	2,143,801	2,521,790
Other liabilities	31	17,086,862	20,395,035
Policyholders' Funds			
Life and health insurance contracts liabilities	32	92,248,682	97,996,749
Investment contracts liabilities	33	20,164,220	19,356,485
Property and casualty insurance contracts and other policy liabilities	34	13,379,310	13,151,747
		125,792,212	130,504,981
Total Liabilities		403,255,513	393,210,991
TOTAL EQUITY AND LIABILITIES		519,178,882	527,990,704

Approved for issue by the Board of Directors on the 27 February 2023 and signed on its behalf by:

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

The accompanying notes on pages 12 – 191 form an integral part of these financial statements.

Sagicor Group Jamaica Limited
Consolidated Income Statement
Year ended 31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Revenue:			
Gross premium revenue	36	62,814,376	57,927,956
Insurance premium ceded to reinsurers	36	(6,261,952)	(5,143,366)
Net premium revenue	36	56,552,424	52,784,590
Interest income earned from financial assets measured at amortised cost and FVTOCI	37	26,802,246	23,720,382
Net gain on de-recognition of financial assets measured at amortised cost	37	579,060	3,292,396
Net gain on de-recognition of financial assets measured at FVTOCI	37	49,581	2,663,679
Income earned and capital net (losses)/gains from assets measured at FVTPL and other investment income	37	(3,126,197)	3,652,326
Investment income	37	24,304,690	33,328,783
Interest expense	37	(6,311,064)	(5,121,852)
Credit impairment losses	37/8	(614,765)	(245,288)
Net investment income	37	17,378,861	27,961,643
Hotel revenue	38	4,659,437	4,418,749
Fees and other income	39	18,513,561	17,395,697
Total revenue, net of reinsurance, interest expense and credit losses		97,104,283	102,560,679
Benefits:			
Insurance benefits incurred		38,510,213	36,429,580
Insurance benefits reinsured		(1,374,259)	(1,376,292)
Net insurance benefits	40	37,135,954	35,053,288
Net movement in actuarial liabilities	32(b)	(3,845,674)	4,279,198
Expenses:			
Administration expenses	41	28,145,338	24,421,497
Commissions and sales expenses	42	7,558,190	7,556,465
Hotel expenses	38	3,379,914	3,367,407
Depreciation and amortisation	17/18	2,604,846	2,719,286
Other taxes and levies	43(a)	893,280	830,767
		42,581,568	38,895,422
		75,871,848	78,227,908
Share of profit from joint venture	13	439,994	607,764
Impairment charge on Goodwill	17	-	(614,400)
Loss on disposal/dilution of interest in associate	15	-	(233,088)
Gain on disposal of subsidiary	16	258,208	-
Profit before Taxation		21,930,637	24,093,047
Taxation	43(a)	(5,334,757)	(6,449,959)
NET PROFIT		16,595,880	17,643,088
Attributable to:			
Stockholders of the parent company	28/45	16,378,634	17,395,431
Non-controlling interests	55	217,246	247,657
		16,595,880	17,643,088
Earnings per stock unit for profit attributable to the stockholders of the parent company during the year:			
Basic and fully diluted	45	4.19	4.46

The accompanying notes on pages 12 – 191 form an integral part of these financial statements.

Sagicor Group Jamaica Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Net profit for the year		16,595,880	17,643,088
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Fair value reserve:			
Unrealised net losses on securities designated as FVTOCI		(15,443,714)	(2,397,323)
Share of joint venture and associate unrealized (losses)/gains on securities designated as FVTOCI		(51,439)	32,733
		(15,495,153)	(2,364,590)
Currency translation -			
Currency translation of foreign subsidiaries		(1,872,691)	2,168,923
Currency translation of associate and joint venture		111,648	6,066
Retranslation of foreign operations recycled on sale of subsidiary		(152,490)	-
Retranslation of foreign operations recycled on sale/ dilution of associate		-	(2,534,160)
		(1,913,533)	(359,171)
Gains recycled to the income statement on sale and maturity of FVTOCI securities		(17,270)	(1,726,068)
Provision for expected credit losses on securities designated as FVTOCI		29,105	32,450
Expected credit losses recycled to the income statement on sale and maturity of FVTOCI securities		-	(539,455)
Change in actuarial liabilities recognised in other comprehensive income	32 (b)	2,536,928	121,612
Share of fair value losses on interest rate swap recycled on sale/dilution of associate company	15	-	526,436
		2,548,763	(1,585,025)
Items that will not be subsequently reclassified to profit or loss			
Owner Occupied Property (OOP)			
Unrealised gains on OOP		2,352,690	1,745,785
		2,352,690	1,745,785
Re-measurements of retirement benefits obligations	19	2,553,979	(1,934,186)
Total other comprehensive income recognised directly in stockholders' equity, net of taxes		(9,953,254)	(4,497,187)
Total Comprehensive Income		6,642,626	13,145,901
Attributable to:			
Stockholders of the parent company		5,023,230	12,992,803
Non-controlling interests		1,619,396	153,098
		6,642,626	13,145,901

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 43(c).

The accompanying notes on pages 12 – 191 form an integral part of these financial statements.

Sagicor Group Jamaica Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Reserves (Note 25)	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, 2022		8,816,093	8,671,998	3,121,572	531,675	(488,668)	5,327,140	88,843,812	114,823,622	19,956,091	134,779,713
Profit for the year		-	-	-	-	-	-	16,378,634	16,378,634	217,246	16,595,880
Other comprehensive income, net of taxation		-	(13,911,822)	-	-	-	-	2,556,418	(11,355,404)	1,402,150	(9,953,254)
Total comprehensive income for the year		-	(13,911,822)	-	-	-	-	18,935,052	5,023,230	1,619,396	6,642,626
Transactions with owners -											
Change in ownership of a subsidiary	16(c)	-	-	-	-	-	-	124,576	124,576	1,465,923	1,590,499
Wind up and sale of subsidiary	55	-	-	-	-	-	-	-	-	(20,988,917)	(20,988,917)
Employee stock option plan											
- value of services provided	25	-	38,252	-			-	-	38,252	-	38,252
- options exercised/expired	25	-	(19,126)	-	-	-			(19,126)	-	(19,126)
Dividends	27	-	-	-	-	-	-	(6,257,999)	(6,257,999)	-	(6,257,999)
Treasury shares	26	182,715	-	-	-	-	-	(44,394)	138,321	-	138,321
Total transactions with owners		182,715	19,126					(6,177,817)	(5,975,976)	(19,522,994)	(25,498,970)
Transfers between reserves -											
To special investment reserve	2(o)	-	-	-	35,706	-	-	(35,706)	-	-	-
To retained earnings	2(o)	-	(171,092)	-	-	-	-	171,092	-	-	-
From loan loss reserves		-	-	-	-	(355,464)	-	355,464	-	-	-
To retained earnings reserves		-	-	-	-	-	1,274,958	(1,274,958)	-	-	-
Total transfers between reserves		-	(171,092)	-	35,706	(355,464)	1,274,958	(784,108)	-	-	-
Balance at December 31, 2022		8,998,808	(5,391,790)	3,121,572	567,381	(844,132)	6,602,098	100,816,939	113,870,876	2,052,493	115,923,369

The accompanying notes on pages 12 – 191 form an integral part of these financial statements

Sagicor Group Jamaica Limited

Consolidated Statement of Changes in Equity (Continued)

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Reserves (Note 25)	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, 2021		8,991,044	11,207,518	3,121,572	496,446	(1,347,635)	4,565,904	79,349,157	106,384,006	20,462,993	126,846,999
Profit for the year		-	-	-	-	-	-	17,395,431	17,395,431	247,657	17,643,088
Other comprehensive income, net of taxation		-	(2,518,114)	-	-	-	-	(1,884,514)	(4,402,628)	(94,559)	(4,497,187)
Total comprehensive income for the year		-	(2,518,114)	-	-	-	-	15,510,917	12,992,803	153,098	13,145,901
Transactions with owners -											
Employee stock option plan									-		-
- value of services provided	25	-	31,122	-	-	-	-	-	31,122	-	31,122
- options exercised/expired	25	-	(20,768)	-	-	-	-	-	(20,768)	-	(20,768)
Dividends	27	-	-	-	-	-	-	(4,331,349)	(4,331,349)	(660,000)	(4,991,349)
Treasury shares	26	(174,951)	-	-	-	-	-	(57,241)	(232,192)	-	(232,192)
Total transactions with owners		(174,951)	10,354	-	-	-	-	(4,388,590)	(4,553,187)	(660,000)	(5,213,187)
Transfers between reserves -											
To special investment reserve	2(o)	-	-	-	35,229	-	-	(35,229)	-	-	-
To retained earnings	2(o)	-	(27,760)	-	-	-	-	27,760	-	-	-
From loan loss reserves		-	-	-	-	858,967	-	(858,967)	-	-	-
To retained earnings reserves		-	-	-	-	-	761,236	(761,236)	-	-	-
Total transfers between reserves		-	(27,760)	-	35,229	858,967	761,236	(1,627,672)	-	-	-
Balance at December 31, 2021		8,816,093	8,671,998	3,121,572	531,675	(488,668)	5,327,140	88,843,812	114,823,622	19,956,091	134,779,713

Sagicor Group Jamaica Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022	2021
		$'000	**$'000**
Net profit		16,595,880	17,643,088
Adjustments for:			
Items not affecting cash and changes to policyholders' funds:			
Adjustments to reconcile net profit to net cash provided by operating activities	46a	(60,526,359)	(27,358,676)
Interest and dividends received		27,703,287	25,639,706
Interest paid		(5,750,488)	(5,016,176)
Income and asset taxes paid		(6,009,905)	(7,875,003)
Net cash (used in)/generated from operating activities		(27,987,585)	3,032,939
Cash Flows from Investing Activities			
Proceeds from disposal of associated company	15	-	13,604,064
Proceeds from disposal of subsidiary	16	1,732,007	-
Net cash outflows from purchase of subsidiary	56	(2,624,434)	-
Proceeds from disposal of Investment Property, net	12	-	193,381
Acquisition of Property, plant and equipment	46c	(928,072)	(496,745)
Purchase of intangible assets, net	17	(592,580)	(390,564)
Net cash (used in)/generated from investing activities		(2,413,079)	12,910,136
Cash Flows from Financing Activities			
Deposits and securities liabilities excluding structured products	46c	27,383,942	4,866,676
Loan payable	46c	(153,573)	(2,065,939)
Change in ownership of subsidiary	16	1,590,499	-
Finance lease repayment	46c	(667,729)	(525,324)
Disposals/(purchases) of treasury shares, net		138,321	(232,192)
Dividend paid to minority interests		-	(660,000)
Dividends paid to stockholders	27	(6,257,999)	(4,331,349)
Net cash generated from/(used in) financing activities		22,033,461	(2,948,128)
Effect of exchange rate on cash and cash equivalents		(574,787)	1,653,173
(Decrease)/Increase in cash and cash equivalents		(8,941,990)	14,648,120
Cash and cash equivalents at beginning of year		51,884,096	37,235,976
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	42,942,106	51,884,096

The accompanying notes on pages 12 – 191 form an integral part of these financial statements

Sagicor Group Jamaica Limited
Company Statement of Financial Position
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
ASSETS:			
Cash resources	6	655,852	431,177
Financial investments	8	469,235	902,992
Pledged assets	11	267,294	439,997
Investment in subsidiaries	16	71,826,639	71,860,326
Investment in joint venture	13	414,267	414,267
Intangible assets	17	93,995	143,383
Property, plant and equipment	18	93,906	95,304
Deferred income taxes	20	225,671	225,674
Taxation recoverable	21	81,661	58,329
Other assets	22	1,203,648	929,810
TOTAL ASSETS		75,332,168	75,501,259
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Stockholders' Equity Attributable to Stockholders' of the Company			
Share capital	24	8,998,808	8,816,093
Equity reserves		28,432,803	28,413,677
Retained earnings		21,934,714	21,849,241
		59,366,325	59,079,011
Liabilities:			
Promissory notes	29	11,098,704	12,003,246
Taxation payable		325,173	-
Other liabilities	31	4,541,966	4,419,002
Total Liabilities		15,965,843	16,422,248
TOTAL EQUITY AND LIABILITIES		75,332,168	75,501,259

Approved for issue by the Board of Directors on the 27 February 2023 and signed on its behalf by:

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

The accompanying notes on pages 12 – 191 form an integral part of these financial statements

Sagicor Group Jamaica Limited
Company Statement of Comprehensive Income
Year ended 31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Revenue:			
Investment income	37	5,819,904	8,309,377
Interest and net investment expense	37	(234,729)	(309,709)
Net Investment Income	37	5,585,175	7,999,668
Management fees	39	5,138,881	43,215
Other income	39	712,488	54,983
Total revenue, net of interest and other investment expense		11,436,544	8,097,866
Expenses:			
Administration expenses	41	4,645,929	813,138
Depreciation	18	51,344	57,272
Amortisation of intangible assets	17	71,522	85,070
		4,768,795	955,480
Profit before Taxation:		6,667,749	7,142,386
Taxation	43(a)	(324,277)	886
NET PROFIT		6,343,472	7,143,272
Other Comprehensive Income, net of taxes:			
Unrealised losses on FVTOCI		-	(5,872)
Total Comprehensive Income		6,343,472	7,137,400

The accompanying notes on pages 12 – 191 form an integral part of these financial statements

Sagicor Group Jamaica Limited

Company Statement of Changes in Equity

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Reserves (Note 25)	Retained Earnings	Grand Total
		$'000	**$'000**	**$'000**	**$'000**
Balance at 31 December 2020		8,991,044	28,300,910	19,037,318	56,329,272
Profit for the year		-	-	7,143,272	7,143,272
Other comprehensive income, net of taxation		-	(5,872)	-	(5,872)
Total comprehensive income for the year		-	(5,872)	7,143,272	7,137,400
Dividends paid to owners of parent	27	-	-	(4,331,349)	(4,331,349)
Transfer of treasury shares	26	208,827	-	-	208,827
Transfer of retained earnings			108,285		108,285
Purchase of treasury shares	26	(383,778)	-	-	(383,778)
Employee stock options		-	10,354	-	10,354
		(174,951)	112,767	2,811,923	2,749,739
Balance at 31 December 2021		8,816,093	28,413,677	21,849,241	59,079,011
Profit for the year, being total comprehensive income		-	-	6,343,472	6,343,472
Dividends paid to owners of parent	27	-	-	(6,257,999)	(6,257,999)
Transfer of treasury shares		182,715	-	-	182,715
Employee stock options	26	-	19,126	-	19,126
		182,715	19,126	85,473	287,314
Balance at 31 December 2022		8,998,808	28,432,803	21,934,714	59,366,325

The accompanying notes on pages 12 – 191 form an integral part of these financial statements

Sagicor Group Jamaica Limited

Company Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022	2021
		$'000	**$'000**
Net profit		6,343,472	7,143,272
Adjustments for:			
Items not affecting cash and changes to policyholders' funds:			
Adjustments to reconcile net profit to net cash provided by operating activities	46a	(5,435,111)	(7,702,417)
Interest and dividend received		5,826,793	8,305,015
Interest paid		(252,144)	(297,306)
Net cash generated from operating activities		6,483,010	7,448,564
Cash Flows from Investing Activities			
Net Cash outflow on acquisition of subsidiary	56	(3,155,150)	-
Cash received on disposal of subsiary		3,920,755	-
Acquisition of property, plant and equipment	18	(50,141)	(8,375)
Cash received on reorganisation	16	-	14,370
Purchase of intangible assets	17	(22,134)	-
Net cash generated from investing activities		693,330	5,995
Cash Flows from Financing Activities			
Securities liabilities		(887,126)	(3,023,377)
Disposal/(Purchase) of treasury shares		182,715	(174,951)
Dividends paid to stockholders	27	(6,257,999)	(4,331,349)
Net cash used in financing activities		(6,962,410)	(7,529,677)
Increase/(decrease) in cash and cash equivalents		213,930	(75,118)
Cash and cash equivalents at beginning of year		774,139	849,257
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	988,069	774,139

The accompanying notes on pages 12 – 191 form an integral part of these financial statements

Sagicor Group Jamaica Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

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% (2021 – 32.45%) owned by LOJ Holdings Limited (LOJH) which is also incorporated and domiciled in Jamaica and 16.66% (2021 – 16.66%) owned by Sagicor Life Inc. (SLI) which is domiciled in Barbados. 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% (2021 – 49.11%) in the company. The other significant shareholder in SGJ is PanJam Investment Limited with a 30.21 (2021 – 30.21%) holding.

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

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

Subsidiaries, and Joint Venture	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 Re Insurance Ltd.	Property and casualty insurance (captive)	Grand Cayman	100%
• Employee Benefits Administrator Limited	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 Ltd.	Life insurance	Grand Cayman	100%
• Sagicor Insurance Managers Limited	Captives management	Grand Cayman	100%
• Alliance Financial Services Limited	Provision of remittance and cambio services	Jamaica	100%

(i) Sagicor Real Estate X Fund Limited (a subsidiary at the end of 2021) owns 51.86% of Jamziv Montego Bay Portfolio Jamaica Limited, (Jamziv Jamaica Limited) and X Fund Properties Limited owns 8.95%. Together Sagicor X Fund Group owns 60.81% of Jamziv Jamaica Limited, which in turn held 14.87% of Playa which was subsequently fully disposed of in January 2021.

On 13 June 2022, a resolution was passed for the wind-up of Jamziv which led to the removal of the company from the Group.

During March 2022, SGJ sold 8.56% interest in X Fund Group, reducing the Group's holdings in the company to 20.75%. The remaining shares were gradually sold and fully disposed of effective September 30, 2022.

(ii) Sagicor Securities Jamaica Limited, a wholly owned subsidiary of Sagicor Group Jamaica Limited was wound up on May 1, 2021. Refer to note 16.

1. Identification and Principal Activities (Continued)

(b) continued

(iii) In April 2022, the Group acquired 100 per cent of the outstanding shares in Alliance Financial Services Limited (AFS). AFS is a provider of cambio and remittance services in Jamaica. Refer to note 56.

All other shareholdings remained the same as prior year.

2. Summary of Significant 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) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and have been prepared under the historical cost convention as modified by the revaluation of fair value through other comprehensive income (FVTOCI) securities, derivatives, investment property, certain property, plant and equipment, defined benefit pension plans where plan assets are measured at fair value and financial assets and liabilities at fair value through profit or loss (FVTPL).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. 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 judgement 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 has adopted the following, which are relevant to its operations.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in the income statement. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'. There will be no impact to the Group on adoption of this amendment.

Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient, (effective for annual periods beginning on or after 1 April 2021). On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. There will be no impact to the Group on adoption of this amendment.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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 has concluded as follows:

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

The Group will apply IFRS 17 – Insurance Contracts ("IFRS 17") for the first time on January 1, 2023. IFRS 17 replaces IFRS 4 – Insurance Contracts ("IFRS 4"). The IASB issued IFRS 17 in May 2017 and the Amendments to IFRS 17 in June 2020. IFRS 17, as amended, is effective for annual reporting periods beginning on or after January 1, 2023, to be applied retrospectively.

With the adoption of the new standard, the Group may elect to designate some financial assets, which are currently held at amortised cost and fair value through OCI (FVTOCI) which support insurance liabilities, at fair value through profit and loss (FVTPL). IFRS 9 – Financial instruments ("IFRS 9") was previously implemented by the Group on January 1, 2018.

The Group will adopt IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach will mostly be applied to the insurance contracts in force at the transition date that were originated less than 3-5 years prior to transition. Where the full retrospective approach was determined to be impracticable, the fair value approach was applied.

IFRS 17 establishes principles for the recognition, measurement, and presentation and disclosure of insurance contracts. The standard introduces three measurement approaches that will be used to measure insurance contracts: the general measurement model (GMM), variable fee approach (VFA), premium allocation approach (PAA).

The Group will mostly apply the GMM approach to its life contracts which uses updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance and reinsurance contracts. PAA will mainly be applied to short duration contracts where the policy's contract boundaries are one year or less, and this includes contracts, such as group life and health and general insurance business. Under PAA, insurance contracts are measured based on unearned profits and the accounting is broadly similar to the Group's current approach under IFRS 4. The VFA applies to insurance contracts issued with direct participation features, which are substantially investment-related service contracts under which the policyholder is promised an investment return based on underlying items, such as segregated funds and certain participating insurance contracts.

Sagicor Group Jamaica Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

IFRS 17 requires that the Group

- Identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder

- Aggregates the insurance and reinsurance contracts into groups of portfolios it will recognise and measure. Portfolios of contracts are generally identified based on contracts subject to similar risks and managed together. The portfolios are then divided into groups based on expected profitability. The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group
- Recognises and measures groups of insurance contracts at:

  A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information

  Plus

  The contractual service margin (CSM) which is an amount representing the unearned profit in the group of contracts is recognised in profit or loss to reflect services provided in each year. The CSM is only applicable to GMM and VFA

  - Recognises insurance revenue from a group of insurance contracts over each period the Group provides insurance contract services, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately

  - Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

Under IFRS 17, the discount rates used to present value future cash flows under IFRS 17 are based on the characteristics of the insurance contracts rather than the portfolio of assets supporting the insurance contract liabilities permitted under IFRS 4.

The new standard also includes a policy option, applied at the portfolio level which allows for the impacts from changes in financial variables (e.g. discount rate) to be disaggregated between OCI and the P&L (OCI option) or to flow through the P&L (P&L option). The Group may elect to use the P&L option.

Additionally, with IFRS 17 the risk adjustment which is incorporated measures the compensation required for uncertainty related to non-financial risk, such as mortality, morbidity, surrender and expenses. There is no amount provided for asset-liability mismatch, and the provisions for uncertainty related to financial risks, are included in the present value of future cashflows. In comparison, under IFRS 4 amounts provided for the risks identified are reflected in a provision for adverse deviations included in insurance contract liabilities.

The Group continues to assess the overall impact of IFRS 17, which is expected to be significant, on the timing of earnings recognition, as well as presentation and disclosure, of its insurance and reinsurance contracts. The Group is expecting that the establishment of the CSM and other measurement changes will result in a reduction to opening equity upon transition to IFRS 17 at January 1, 2022. The impact on the timing of earnings recognition or presentation and disclosure does not impact the cash flows generated by the Group; as a result, IFRS 17 is not expected to have a material impact on the Group's business strategies. The Group also continues to monitor the associated impact on its regulatory capital requirements in each of the jurisdictions in which it operates.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

IFRS 17 requires that the Group (continued)

Overall, the evaluation of the effect of the standard on the Group's consolidated financial statements and the refinement of the new accounting policies, assumptions, judgements and estimation techniques employed continues. These areas remain subject to change and may be revised as further analysis is completed prior to presentation of financial information for periods including the date of initial application.

The preparation of comparative period financial information under the requirements of IFRS 17 for the year ended December 31, 2022 is in progress and will be reported in the Company's March 31, 2023 interim financial reporting.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. There will be no impact to the Group on adoption of this amendment.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction, (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Group is currently assessing the impact of future adoption of the amendment on its financial statements.

Definition of Accounting Estimates – Amendments to IAS 8 (effective for annual periods beginning on or after 1 January 2023) The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The Group is currently assessing the impact of future adoption of the amendment on its financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. Summary of Significant 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.

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.

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(ii) Associates and Joint Ventures

The investments in associated companies where significant influence exists are included in these consolidated financial statements under the equity method of accounting. 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 are eliminated to the extent of the Group's interest in the associates. The Group recognises in other comprehensive income, its share of post acquisition other comprehensive income.

(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.

(iv) Employees share ownership plans (ESOP)

The Group operates two ESOP Trusts which acquire SGJ 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 Sagicor Group Jamaica Limited shares.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to 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 company'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, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments and when part of shadow accounting. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

2. Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

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.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations is taken to stockholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(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

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. 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.

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

(i) Classification of financial assets (continued)

Classification of debt instruments (continued)

Measured at amortised cost

Debt instruments that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (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.

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. Movement 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.

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.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

(i) Unit linked funds fair value model

The Group's liabilities include unit linked funds which are components of insurance contracts issued or unit linked investment contracts issued with terms that the full investment return earned on the backing assets accrue to the contract-holders. As these liabilities are accounted for at FVTPL, the financial assets backing these liabilities are consequently classified as and measured at FVTPL. This eliminates any accounting mismatch. The time to maturity of the short term deposits and securities purchased under resale agreements result in the carrying amount approximating to fair value.

(ii) Embedded derivatives

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

(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

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. Theses 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.

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

(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.

(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 amortizing 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.

(expressed in Jamaican dollars unless otherwise indicated)

Sagicor Group Jamaica Limited

3. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)
(vii) The general approach to recognising and measuring ECL (continued)

Measurement (continued)

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.

Forward looking information
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.

Each macroeconomic scenario used in the ECL calculation has forecasts of the relevant macroeconomic variables – including, but not limited to, unemployment rates and gross domestic product, for a period up to three years, subsequently reverting to long-run averages. Management's estimation of ECL in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Management's base case scenario is based on macroeconomic forecasts that are publicly available. Upside and downside scenarios are set relative to management's base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios occurs on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted according to our best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on a quarterly basis. The base scenario reflects the most likely outcome and is assigned with the highest weighting.

The weightings assigned to each economic scenario were as follows:

	Base	Upside	Downside
December 31, 2021:			
Sagicor Group Jamaica - Investments portfolios	80%	10%	10%
Sagicor Group Jamaica – Other lending portfolios	75%	10%	15%
Sagicor Group Jamaica – Tourism & Entertainment lending portfolios	65%	10%	25%
December 31, 2022:			
Sagicor Group Jamaica - investments portfolios	80%	10%	10%
Sagicor Group Jamaica – Other lending portfolios	75%	10%	15%
Sagicor Group Jamaica – Tourism & Entertainment 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.

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets(continued)

(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.

If the terms are substantially different, the group derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk. At this point the Group will assess if the asset is POCI.

(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. Transfers to or from investment property are recorded when there is a change in use of the property. Transfers to owner-occupied property or to real estate developed for resale are recorded at the fair value at the date of change in use. Transfers from owner-occupied property are recorded at their fair value at the date of change in use.

Investment property may include property of which a portion is held for rental to third parties and the other portion is occupied by the Group. In such circumstances, the property is accounted for as an investment property if the Group's occupancy level is not significant in relation to the total available occupancy. Otherwise, it is accounted for as owner-occupied. Rental income is recognised on an accrual basis.

2. Summary of Significant Accounting Policies (Continued)

(h) Leases

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

The Group leases various offices. 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 payment 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.

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 finance cost. The finance cost 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.

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.

2. Summary of Significant Accounting Policies (Continued)

(h) Leases (continued)

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 contract 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.

(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.

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

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

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. 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.

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:

Freehold buildings	2.5%
Leasehold improvements	Period of lease, not to exceed ten years
Computer equipment	20 - 33⅓%
Furniture	10%
Other equipment	15- 50%
Motor vehicles	20%
Land is not depreciated	

2. Summary of Significant 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. 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.

(l) Real estate developed for sale

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.

(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 impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential 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.

(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.

(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 three 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).

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(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.

(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.

Sagicor Group Jamaica Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(n) Employee benefits (continued)

(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). 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. 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.

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.

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.

2. Summary of Significant Accounting Policies (Continued)

(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%.

2. Summary of Significant 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).

The financial liabilities described under the unit linked fair value model are classified and measured at FVTPL as the Group is obligated to provide investment returns to the unit holder in direct proportion to the investment returns on a specific portfolio of assets, which are also carried at FVTPL. 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.

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 finance costs. 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. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts

(i) Classification (continued)
The Group issues policy contracts that transfer insurance risk and/or financial 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.

Insurance contracts transfer insurance risk and may also transfer financial risk. 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. Investment contracts transfer financial risk and no significant insurance risk. Financial risk includes credit risk, liquidity risk and market risk.

A reinsurance contract is an insurance contract in which an insurance entity cedes assumed risks to another insurance entity.

(ii) Recognition and measurement
Insurance contracts and investment contracts issued by the Group are summarised below:

(1.1) Property and casualty insurance contracts
Property and casualty insurance contracts are generally one-year renewable contracts issued by the insurer covering insurance risks over property, accident and liability. Property insurance contracts provide coverage for the risk of property damage or of loss of property. Commercial property, homeowners' property and certain marine property are common types of risks covered. For commercial policyholders insurance may include coverage for loss of earnings arising from the inability to use property which has been damaged or lost. Casualty insurance contracts provide coverage for the risk of causing physical harm or financial loss to third parties. Personal accident, employers' liability, public liability, product liability and professional indemnity are common types of casualty insurance.

Written premiums are recognised when due. Premium revenue is recognised as earned on a pro-rated basis over the term of the respective policy coverage. If alternative insurance risk exposure patterns have been established over the term of the policy coverage, then premium revenue is recognised in accordance with the risk exposure. The provision for unearned premiums represents the portion of premiums written relating to the unexpired terms of coverage.

Claims and loss adjustment expenses are recorded as incurred. Claim reserves are established for both reported and un-reported claims. Claim reserves represent estimates of future payments of claims and related expenses less anticipated recoveries with respect to insured events that have occurred up to the date of the financial statements.

An insurer may obtain reinsurance coverage for its property and casualty insurance risks. The reinsurance ceded premium is expensed on a pro-rata basis over the term of the respective policy coverage or of the reinsurance contract as appropriate. Reinsurance claim recoveries are established at the time of the recording of the claim liability and are computed on a basis which is consistent with the computation of the claim liability. Profit sharing commission due to the Group is accrued as commission income when there is reasonable certainty of earned profit.

Commissions are recognised on the same basis as premiums earned. At the date of the financial statements, commissions attributable to unearned premiums are recorded as deferred policy acquisition costs. Profit sharing commission payable to reinsurers by the Group arises from contracts between an insurer and a broker; it is accrued on an aggregate basis and it is adjusted to actual in respect of each individual contract when due.

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(ii) Recognition and measurement (continued)

(1.2) Health insurance contracts -
Health insurance contracts are generally one-year renewable contracts issued by the insurer covering insurance risks for medical expenses of insured persons.

Premium revenue is accrued when due for contracts where the premium is billed monthly. For contracts where the premium is billed annually or semi-annually, premium revenue is recognised as earned on a pro-rata basis over the term of the respective policy coverage. The provision for unearned premiums represents the portion of premiums written relating to the unexpired terms of coverage.

Claims are recorded on settlement. Reserves are recorded as described in Note 2(r).

An insurer may obtain reinsurance coverage for its health insurance risks. The reinsurance ceded premium is expensed on a pro-rata basis over the term of the respective policy coverage or of the reinsurance contract as appropriate.

Commissions payable are recognised on the same basis as premiums earned.

(1.3) Long-term traditional insurance contracts
These contracts are traditional participating and non-participating policies. The Group’s participating policies do not have a discretionary participation feature as the amount of additional benefits is not paid at the discretion of the Group.

Long-term traditional insurance contracts are generally issued for fixed terms of five years or more, or for the remaining life of the insured. Benefits are typically a death, disability or critical illness benefit, a cash value on termination and/or a monthly annuity. Annuities are generally payable until the death of the beneficiaries with a provision for a minimum number of payments. Other benefits such as disability and waiver of premium on disability may also be included in these contracts. Some contracts may allow for the advance of policy loans to the policyholder and may also allow for dividend withdrawals by the policyholder during the life of the contract.

Premium revenue is recognised when due. Typically, premiums are fixed and are required to be paid within the due period for payment. If premiums are unpaid, either the contract may terminate, an automatic premium loan may settle the premium, or the contract may continue at a reduced value.

Policy benefits are recognised on the notification of death, disability or critical illness, on the termination or maturity date of the contract, on the declaration of a cash bonus or dividend or on the annuity payment date. Policy loans advanced are recorded as financial investments (investments at amortised cost) in the financial statements and are secured by the cash values of the respective policies. Policy bonuses may be “non-cash” and utilised to purchase additional amounts of insurance coverage. Accumulated cash bonuses and dividends are recorded as interest bearing policy balances.

Reserves for future policy liabilities are recorded as described in Note 2(r).

An insurer may obtain reinsurance coverage for death benefit insurance risks. Typically, coverage is obtained for individual coverage exceeding prescribed limits. The reinsurance premium is expensed when due, which generally coincides with when the policy premium is due. Reinsurance claim recoveries are established at the time of claim notification. Commissions payable is recognised on the same basis as earned premiums.

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(ii) Recognition and measurement (continued)

(1.4) Long-term universal life and unit linked insurance contracts
Universal life and unit linked insurance contracts are generally issued for fixed terms or for the remaining life of the insured. Benefits are typically a death, disability or critical illness benefit, a cash value on termination and/or a monthly annuity. Annuities are generally payable until the death of the beneficiaries with a proviso for a minimum number of payments. Benefits may include amounts for disability or waiver of premium on disability.

Universal life and unit linked contracts have either an interest-bearing investment account and/or unit linked investment accounts. Either gross premiums or gross premiums net of allowances are deposited to the investment accounts. Investment returns are credited to the investment accounts and expenses, not included in the aforementioned allowances, are debited to the investment accounts. Interest bearing investment accounts may include provisions for minimum guaranteed returns or returns based on specified investment indices. Allowances and expense charges are in respect of applicable commissions, cost of insurance, and administrative expenses. Fund withdrawals may be permitted.

Premium revenue is recognised when due and consists of all monies received from the policyholders. Typically, premiums are fixed at the inception of the contract or periodically thereafter, but additional non-recurring premiums may be paid. Policy benefits are recognised on the notification of death, disability or critical illness, on the receipt of a withdrawal request, on the termination or maturity date of the contract, or on the annuity payment date. Reserves for future policy liabilities are recorded as described in Note 2(r).

An insurer may obtain reinsurance coverage for death benefit insurance risks. Typically, coverage is obtained for individual coverage exceeding prescribed limits. The reinsurance premium is expensed when due, which generally coincides with when the policy premium is due. Reinsurance claims recoveries are established at the time of claim notification.
Commissions are generally recognised only on settlement of premiums.

(iii) Liability adequacy test
At each year end date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities, using current estimates of the related expected future cash flows. If a test indicates that the carrying value of insurance contract liabilities is inadequate, then the liabilities are adjusted to correct the deficiency. The deficiency is included in the income statement under benefits.

(iv) Deposit administration and other investment contracts
Deposit administration contracts are issued by an insurer to registered pension schemes for the deposit of pension plan assets with the insurer.

Deposit administration liabilities are recognised initially at fair value and are subsequently stated at:

- amortised cost where the insurer is obligated to provide investment returns to the pension scheme in the form of interest; or
- FVTPL where the insurer is obligated to provide investment returns to the pension scheme in direct proportion to the investment returns on specified blocks of assets.

Deposit administration contributions are recorded directly as liabilities. Withdrawals are deducted directly from the liability. The interest or investment return provided is recorded as an interest expense. In addition, the Group may provide pension administration services to the pension schemes. The Group earns fee income for both pension administration and investment services.

Other investment contracts are recognised initially at fair value and are subsequently stated at amortised cost and are accounted for in the same manner as deposit administration contracts which are similarly classified.

Sagicor Group Jamaica Limited

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(v) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), as well as longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost.

Actuarial liabilities arising from reinsurance are included as an insurance contract liability.

(r) Actuarial liabilities

(1.1) Life insurance and annuity contracts

The determination of actuarial liabilities of long-term insurance contracts has been done using the Policy Premium Method (PPM) of valuation. Under this method, explicit allowance is made for all future benefits and expenses under the policies and expected earned investment income. The premiums, benefits and expenses for each policy are projected and the resultant future cash flows are discounted back to the valuation date to determine the reserves. The actuarial liabilities of health insurance policies and annual renewable group mortgage policies are estimated, in respect of claims that have been incurred but not yet reported or settled.

The process of calculating life insurance and annuity actuarial liabilities for future policy benefits necessarily involves the use of estimates concerning such factors as mortality and morbidity rates, future investment yields, future expense levels and persistency, including reasonable margins for adverse deviations. As experience unfolds, these resulting provisions for adverse deviations will be included in future income to the extent they are released when they are no longer required to cover adverse experience. Assumptions used to project benefits, expenses and taxes are based on insurer and industry experience and are updated annually.

Net insurance contract liabilities represent the amount which, together with estimated future premiums and net investment income, will be sufficient to pay projected future benefits, policyholder dividends and refunds, taxes (other than income taxes) and expenses on policies in-force net of reinsurance premiums and recoveries. The determination of net insurance liabilities is based on an explicit projection of cash flows using current assumptions plus a margin for adverse deviation for each material cash flow item. Investment returns are projected using the current asset portfolios and projected reinvestment yields. The period used for the projection of cash flows is the policy lifetime for most individual insurance contracts.

2. Summary of Significant Accounting Policies (Continued)

(r) Actuarial liabilities (continued)

The Group segments assets to support liabilities by major product segment and geographic market and establishes investment strategies for each liability segment. Projected net cash flows from these assets and the policy liabilities being supported by these assets are combined with projected cash flows from future asset purchases to determine expected rates of return on these assets for future years. Investment strategies are based on the target investment policies for each segment and the reinvestment returns are derived from current and projected market rates for fixed income investments. Investment return assumptions for each asset class make provision for expected future asset credit losses, expected investment management expenses and a margin for adverse deviation.

Under this methodology, assets of each insurer are selected to back its actuarial liabilities. Changes in the carrying value of these assets may generate corresponding changes in the carrying amount of the associated actuarial liabilities. Some of these assets may be designated as FVTOCI for which unrealised gains or losses in fair value are recorded in OCI. The fair value reserve for actuarial liabilities has been established in the equity reserves for the accumulation of changes in actuarial liabilities which are recorded in OCI and which arise from recognised unrealised gains or losses in fair value of securities backing liabilities. This approach is called “Shadow Accounting”.

Certain life insurance policies issued by the insurer contain unit policy side funds. The investment returns on these unitised funds accrue directly to the policies with the insurer assuming no credit risk. Investments held in these side funds are accounted for as financial assets at FVTPL and unit values of each fund are determined by dividing the value of the assets in the fund at the date of the financial statements by the number of units in the fund. The resulting liability is included in actuarial liabilities.

(1.1) Life insurance and annuity contracts

An actuarial valuation is prepared annually. Except as described above, changes in the policyholders’ liabilities are recorded in the income statement. Maturities and annuities are accounted for when due.

Death and disability claims and surrenders are recognised in the financial statements in the year in which they have been notified.

Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred.

(1.2) Health insurance contracts

The actuarial liabilities of health insurance policies and renewable term group mortgage policies are estimated in, respect of claims that have been incurred but not yet reported or settled.

(1.3) Property and casualty insurance contracts

The Group is required to actuarially value its insurance reserves annually. Consequently, provision for claims incurred but not reported (IBNR) as well as the provision for adverse deviations have been independently actuarially determined. The remaining components of the reserves, as below, are determined by management, but are also reviewed by the actuary in determining the overall adequacy of the provision for the Group’s insurance liabilities.

(i) Provision for unearned premium

The provision for unearned premium represents that proportion of premiums written in respect of risks to be borne subsequent to the year end, under contracts entered into on or before the date of the statement of financial position.

(ii) Unearned commission

The unearned commission represents the actual commission income on premium ceded on proportional reinsurance contracts relating to the unexpired period of risk carried. The income is deferred as unearned commission reserves and amortised over the period in which the commissions are expected to be earned. These reserves are calculated on the 24th basis.

2. Summary of Significant Accounting Policies (Continued)

(r) Actuarial liabilities (continued)

(1.3) Property and casualty insurance contracts (continued)

(iii) Claims outstanding
A provision is made to cover the estimated cost of settling claims arising out of events which occurred by the year end and IBNR, less amounts already paid in respect of those claims. This provision is estimated by management (insurance case reserves) and the appointed actuary (IBNR) on the basis of claims admitted and intimated.

(iv) *Claims incurred but not reported*
The reserve for IBNR claims has been calculated by an independent actuary using the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method, the Expected Loss Ratio method and the Claim Count method.

(v) Provision for adverse deviations
This provision reflects considerations relating to the company's claims practices, the underlying data, and the nature of the lines of business and seeks to provide for any unforeseen adverse development in claims liabilities.

(vi) Liability adequacy test
At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the policy liabilities, net of related deferred policy acquisition costs. In performing these tests, current best estimates of future contractual cashflows are compared to the carrying amount of policy liabilities and any deficiency is immediately recognised in profit or loss as unexpired risk provision.

(s) 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.

Sagicor Group Jamaica Limited

2. Summary of Significant Accounting Policies (Continued)

(t) 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.

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) Premium income

Gross premiums for traditional life and health insurance contracts are recognised as revenue when due. Revenue for universal life products and annuity contributions are recognised when received. When premiums are recognised, the related actuarial liabilities are computed, resulting in benefits and expenses being matched with revenue.

Property and casualty insurance premiums are recognised on a pro-rated basis over the period of the respective policies. Unearned premiums are the proportion of net premiums written in the current year which relate to cover provided in the following year.

Commission payable on premium income and commissions receivable on reinsurance of risks are charged and credited to profit or loss, respectively, over the life of the policies.

Where collection of premium is considered doubtful, or payment is outstanding for more than 90 days, the insurance regulations stipulate that the outstanding premium should be provided for in full. IFRS requires that when premiums become doubtful of collection, they are written down to their recoverable amounts and thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

(ii) Fee income

Fees consist primarily of 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. Fee income is recognised on an accrual basis. 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. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

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.

2. Summary of Significant Accounting Policies (Continued)

(t) Revenue recognition (continued)

(iii) 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.

(iv) Hotel revenue - Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax or applicable sales tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

i. Sales of services

Sale of services generated from hotel and other operations are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

ii. Sale of goods

Sale of goods, mainly from gift shops is recognised when products are sold to customers. Sales are usually in cash or by credit card.

(v) 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.

(u) Interest and commission expense

(i) Interest expense

Interest income (expense) is computed by applying the effective interest rate based to the gross carrying amount of a financial asset (liability), except for financial assets that 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.

(ii) Commission expense

Commissions are expensed over the policy year on the same basis as earned premiums.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(v) 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.

(w) 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.

(x) 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.

(y) 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.

2. Summary of Significant Accounting Policies (Continued)

(z) 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.

Derivative financial instruments and hedging activities

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives for three primary purposes: to create risk management solutions for customers, for proprietary trading purposes, and to manage its own exposure to credit and market risk.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at each statement of financial position. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its interest rate swap as a cash flow hedge. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedges, gains and losses relating to the effective portion of changes in the fair value of derivatives are initially recognised in stockholders' equity, in the fair value reserve, and are transferred to the income statement when the forecast cash flows affect the profit or loss. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in stockholders' equity are recycled to the income statement in the periods when the hedged item affects profit or loss. They are recorded in the revenue or expense lines in which associated with the related hedged item is reported.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in stockholders' equity at that time remains in stockholders' equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in stockholders' equity is immediately transferred to the income statement within net trading income'

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 Real Estate X Fund Limited, 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 Funds, Sagicor Real Estate X Fund Limited 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 have not been consolidated in these financial statements. For Sagicor Real Estate X Funds Limited, the major consideration influencing the control and consolidation determinations was the Group's majority composition of the Board of Directors of Sagicor Real Estate X Funds Limited.

(ii) Disposal of Sagicor Real Estate X Fund Limited (SREX) and considerations for accounting for SREX as a discontinued operation

During March 2022, SGJ sold 8.56% interest in X Fund Group, reducing the Group's holdings in the company to 20.75%. The remaining shares were gradually sold and fully disposed of effective September 30, 2022.

Under IFRS 5, when a Group disposes of its interest in an entity or a significant portion of the Company, the disclosure should reflect a single amount in the statement of comprehensive income comprising the total of:

- the post-tax profit or loss of discontinued operations; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal Group(s) constituting the discontinued operation.

However, within the context of IAS 1, the analysis of the discontinued operations must be disclosed either in the statement of comprehensive income or in the notes, if material. Management assessed the materiality of SREX as a discontinued operation by considering the following factors:

- The Group's shareholdings – SGJ had a 29.31% stake in the SREX. The company was not a major shareholder of SREX. Considering the shareholdings only, SREX would not have met the criteria for consolidation. The Group was deemed to have control of SREX by maintaining significant representation on the Board of Directors.

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

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

(ii) Disposal of Sagicor Real Estate X Fund Limited (SREX) and considerations for accounting for SREX as a discontinued operation (continued)

- SREX as a major line of business –Management determines reportable segments by considering the contribution to net profit, revenues and total assets. For the current financial period, SREX contributed 1% of the profit attributable to shareholders. Its reported revenue was 5% of the Group's total revenue. At the point of sale, SREX had contributed 5% of the Group's asset base. SREX operates within the tourism and hospitality sector which did not meet the criteria for a reportable segment and was not considered to be a primary business segment for the Group.
- SREX contribution to shareholders' profit – The Group took effective control of SREX on October 1, 2018. For the years 2018 to 2021, the Group generated strong returns to shareholders, but, SREX adversely influenced these results. SREX made a negative 1% contribution to shareholders' profit for all periods except 2020. The COVID-19 pandemic caused a full closure of the tourism and hospitality sector in 2020 which led to SREX reducing shareholders' performance by 19%. The COVID-19 period is an outlier and when excluded, SREX did not make a significant contribution to shareholders' results.
- SREX geographical representation – SREX major operations are domiciled in the United States of America (USA). When the company was first consolidated in 2018, USA represented 11% of SGJ's total assets. This was reduced by 1% in 2019 and further a 3% in the following year to close 2020 at 7%. By 2021, USA was 3% of total assets. USA represented 2% to 6% of total revenues for the years 2018 to 2021.

SREX did not materially influence the Group's performance. Therefore, the statement of comprehensive income did not show a section identified as relating to discontinued operations separately from continuing operations. The results of the operations of SREX up to the date of disposal, with comparative, were disclosed in Note 16.

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

The ultimate liability arising from claims made under insurance contracts.
There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Group. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's own experience. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums.

The main source of uncertainty is that epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed for longevity risk.

Sensitivity analyses for key estimates used in determining the actuarial liabilities are included in Note 49.

For the property and casualty insurance business, outstanding claims comprise estimates of the amount of reported losses and loss expenses and a provision for losses (IBNR) based on the historical experience of the Group and industry data. These claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allow the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims. Significant delays may occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

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

(b) Key sources of estimation uncertainty (continued)

(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.

(iv) Impairment of financial assets
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			DDD	
		9	Doubtful	D	C	DD	d
		10	Loss			D	

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 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 categorised 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 instrument has not increased significantly since initial recognition, if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade or 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.

- 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 when:

  Qualitative test
  Accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

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

- 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) Fair value of securities not quoted in an active market

The Group owns a 4.5% shareholding in Cornerstone Financial Holding Limited (CFHL), a company registered in Barbados. In July 2020, there was a rights issue done by Cornerstone United Holdings Limited (CUHL), a company registered in Jamaica, in which the Group did not participate. Subsequent to the CUHL rights issue, CFHL issued shares to only those shareholders who participated in the CUHL rights issue thus diluting the Group's shareholding to 3.47% from 4.5%. CFHL had a second rights issue further diluting the company's shareholding to 2.82%. The Group is contesting the rights issues in CFHL on the basis of their legality and therefore valued its shareholding at 4.5% in these financial statements as at December 31, 2022. Should the courts rule against the Group then the value of its holding will need to be written down by $814,630,000. See also Note 53.

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

(b) Key sources of estimation uncertainty (continued)

(vi) 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.

(vii) Purchase Price Allocation of a business combination

In a business combination, the acquirer must allocate the cost of the business combination at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at fair value at that date. The allocation is based upon certain valuations and other studies performed with the assistance of external valuation specialists. Due to the underlying assumptions made in the valuation process, the determination of those fair values requires estimations of the effects of uncertain future events at the acquisition date and the carrying amounts of some assets, such as intangible assets, acquired through a business combination could therefore differ significantly in the future.

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 policy liabilities of the Insurance Companies 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 companies 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) Individual Lines - Provides life insurance, health and annuity products to individuals.

(b) Employee Benefits – Provides group life and creditor life, personal accident, group health, group annuities, pension funds investment and administration services and the administration of trust accounts.

(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, property and casualty insurance, hospitality 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 taxation, retirement benefit assets and obligations.

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 policyholders' funds 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 2022 or 2021.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information (Continued)

	The Group						
	2022						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	33,002,695	29,292,952	17,182,682	4,534,381	13,091,573		97,104,283
Revenue from other segments	61,241	-	84	139,789	782,899	(984,013)	-
Total revenue	33,063,936	29,292,952	17,182,766	4,674,170	13,874,472	(984,013)	97,104,283
Benefits and expenses	(26,075,322)	(24,816,281)	(10,971,954)	(2,676,547)	(12,095,635)	416,343	(76,219,396)
Change in actuarial liabilities	4,437,290	(429,167)	-	-	-	(162,449)	3,845,674
Depreciation and amortisation	(201,346)	(120,198)	(716,110)	(150,802)	(1,416,390)	-	(2,604,846)
Asset tax and other taxes	(117,654)	(36,181)	(404,804)	(242,547)	(92,094)	-	(893,280)
Total benefits and expenses	(21,957,032)	(25,401,827)	(12,092,868)	(3,069,896)	(13,604,119)	253,894	(75,871,848)
Share of profit from joint venture	-	439,994	-	-	-	-	439,994
Gains on disposal of subsidiary	-	-	-	-	258,208	-	258,208
Profit before taxation	11,106,904	4,331,119	5,089,898	1,604,274	528,561	(730,119)	21,930,637
Taxation	(2,370,488)	(277,961)	(1,795,525)	(406,505)	(484,278)		(5,334,757)
Net profit/(loss)	8,736,416	4,053,158	3,294,373	1,197,769	44,283	(730,119)	16,595,880
Segment assets -							
Intangible assets	1,626,848	583,559	1,548,458	650,832	4,458,900	-	8,868,597
Other assets	71,050,318	83,912,520	190,248,524	117,400,652	42,113,111	(972,828)	503,752,297
	72,677,166	84,496,079	191,796,982	118,051,484	46,572,011	(972,828)	512,620,894
Unallocated assets -							
Investments in joint venture (Note 13)							1,830,001
Deferred income taxes (Note 20)							4,021,850
Retirement benefits asset (Note 19)							706,137
Total assets							519,178,882
Segment liabilities	58,428,924	71,300,405	166,940,135	100,682,042	19,272,851	(16,790,734)	399,833,623
Unallocated liabilities -							
Deferred income taxes (Note 20)							421,305
Retirement benefit obligations (Note 19)							3,000,585
Total liabilities							403,255,513
Other segment items:							
Capital expenditure: Computer software (Note17)							592,580
Property, plant and equipment (Note 18)							928,072

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information (Continued)

	The Group						
	2021						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	37,359,587	29,709,853	15,523,596	7,379,857	12,587,786		102,560,679
Revenue from other segments	19,623	-	35,924	(44,272)	629,844	(641,119)	-
Total revenue	37,379,210	29,709,853	15,559,520	7,335,585	13,217,630	(641,119)	102,560,679
Benefits and expenses	(24,898,663)	(22,721,910)	(9,529,138)	(2,230,157)	(11,398,817)	380,028	(70,398,657)
Change in actuarial liabilities	(570,651)	(3,783,394)	-	-	-	74,847	(4,279,198)
Depreciation and amortisation	(210,808)	(161,169)	(679,156)	(130,494)	(1,537,659)	-	(2,719,286)
Asset tax and other taxes	(105,518)	(35,634)	(363,645)	(231,484)	(94,486)	-	(830,767)
Total benefits and expenses	(25,785,640)	(26,702,107)	(10,571,939)	(2,592,135)	(13,030,962)	454,875	(78,227,908)
Share of profit from joint venture	-	607,764	-	-	-	-	607,764
Losses on disposal of associate	-	-	-	-	(233,088)	-	(233,088)
Goodwill impairment	-	-	-	-	(614,400)	-	(614,400)
Profit before taxation	11,593,570	3,615,510	4,987,581	4,743,450	(660,820)	(186,244)	24,093,047
Taxation	(2,641,512)	51,711	(1,719,914)	(1,402,284)	(737,960)	-	(6,449,959)
Net profit	8,952,058	3,667,221	3,267,667	3,341,166	(1,398,780)	(186,244)	17,643,088
Segment assets -							
Intangible assets	1,643,141	591,161	1,304,455	669,239	1,664,446	-	5,872,442
Other assets	74,142,601	84,974,612	173,716,507	125,394,021	75,976,578	(15,868,270)	518,336,049
	75,785,742	85,565,773	175,020,962	126,063,260	77,641,024	(15,868,270)	524,208,491
Unallocated assets -							
Investments in joint venture (Note 13)							1,329,797
Deferred income taxes (Note 20)							1,980,237
Retirement benefits asset (Note 19)							472,179
Total assets							527,990,704
Segment liabilities	60,516,060	72,157,243	148,980,811	100,825,423	43,533,671	(40,751,899)	385,261,309
Unallocated liabilities -							
Deferred income taxes (Note 20)							2,169,101
Retirement benefit obligations (Note 19)							5,780,581
Total liabilities							393,210,991
Other segment items:							
Capital expenditure: Computer software (Note17)							390,564
Property, plant and equipment (Note 18)							509,467

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information (Continued)

	The Group 2022						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers:							
Products transferred at a point in time	-	-	7,054,859	39,877	2,228,182	-	9,322,918
Products and services transferred over time	154,412	1,360,737	659,147	1,831,866	5,604,412	-	9,610,574
Total included in fees and other revenue	154,412	1,360,737	7,714,006	1,871,743	7,832,594	-	18,933,492

	The Group 2021						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers:							
Products transferred at a point in time	-	-	5,536,737	296,846	1,020,608	-	6,854,191
Products and services transferred over time	142,706	1,297,758	355,019	2,207,061	5,611,150	-	9,613,694
Total included in fees and other revenue	142,706	1,297,758	5,891,756	2,503,907	6,631,758	-	16,467,885

The Group's geographic information:

	Jamaica	Cayman Islands	United States of America	Other	Total
	2022				
	$'000	$'000	$'000	$'000	$'000
Revenue	89,091,420	3,353,427	4,659,436	-	97,104,283
Total assets	447,203,379	70,145,502	-	1,830,001	519,178,882
	2021				
	$'000	$'000	$'000	$'000	$'000
Revenue	92,662,161	5,479,772	4,418,746	-	102,560,679
Total assets	473,119,393	35,140,731	18,400,783	1,329,797	527,990,704

Geographically, the segments are Jamaica, Cayman Islands, United States of America and Other (Costa Rica and St. Lucia).

Segment assets consist of investments that match insurance and banking liabilities, intangible assets and other operating assets such as receivables and cash. They exclude deferred income taxes, retirement benefit assets investments in joint ventures and investment in associates.

Segment liabilities comprise insurance liabilities, financial liabilities arising mainly from investment contracts and borrowing arrangements. They exclude items taxation, and retirement benefit liabilities.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

6. Cash Resources

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Balances with banks payable on demand	17,359,184	18,729,652	655,852	431,177
Cash in hand	4,893,486	4,654,319	-	-
Balances as per statement of financial position	22,252,670	23,383,971	655,852	431,177
Restricted cash	-	(941,626)	-	-
Short term deposits	3,161,031	16,993,393	22,549	-
Securities purchased under resale agreement	2,813,219	6,928,063	309,668	342,962
USA Government Treasury Bills and BOJ CD's	14,715,186	5,520,295	-	-
Balances as per statement of cash flows	42,942,106	51,884,096	988,069	774,139

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 of deposit-taking institutions (DTIs) with respect to both local and foreign currency prescribed liabilities remained unchanged at 5% and 13% respectively. Effective October 1, 2022, the Liquid asset requirements were reduced by 4% points. The local currency liquid asset requirement was reduced to 5% and the foreign currency liquid asset requirement was reduced to 13%. This completed a series of reductions initiated by the Bank of Jamaica in April 2022 to reduce the liquid asset requirements by 14% points.

No interest is paid on cash reserves.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

8. Financial Investments

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets at FVTPL -				
Debt Securities				
Sovereign bonds	3,766,067	3,270,805	-	-
Corporate bonds	4,950,985	5,965,293	-	-
	8,717,052	9,236,098	-	-
Equities				
Quoted and unquoted equities	11,040,472	14,278,885	-	-
Unit trusts	29,100,535	24,098,411	-	-
	40,141,007	38,377,296		-
Derivative	2,378	16,733	-	-
Total FVTPL	48,860,437	47,630,127	-	-
Financial assets at FVTOCI -				
Debt Securities				
Sovereign bonds	112,781,174	103,289,227	-	-
Corporate bonds	55,408,206	62,466,624	-	-
	168,189,380	165,755,851	-	-
Equities				
Quoted and unquoted equities	56,009	79,950	-	-
Total FVTOCI	168,245,389	165,835,801	-	-
Investments at amortised cost, net of ECL-				
Debt Securities:				
Sovereign bonds	78,210,834	75,858,109	-	554,348
Corporate bonds	8,959,896	12,510,025	-	-
Securities purchased under resale agreement	4,882,866	10,467,668	309,783	342,962
Policy loans	985,278	1,007,286	-	-
Short term deposits	5,112,233	19,072,419	426,746	445,679
Total investments at amortised cost, net of ECL	98,151,107	118,915,507	736,529	1,342,989
Less Pledged assets (Note 11)	(94,209,543)	(93,636,126)	(267,294)	(439,997)
Total Financial Investments	221,047,390	238,745,309	469,235	902,992

Current portion of Financial Instruments disclosed under Note 48 (d).

8. Financial Investments (Continued)

Derivatives

Derivatives are carried at fair value and carried in the statement of financial position as separate assets and liabilities. Asset values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour assuming that all relevant counterparties default at the same time and that transactions can be replaced instantaneously. Liability values represent the cost to the Group counterparties of replacing all their transactions with the Group with a fair value in their favour if the Group was to default. Derivative assets and liabilities on different transactions are only set off if the transactions are with the same counterparty, a legal right of set-off exists and the cash flows are intended to be settled on a net basis. The fair values are set disclosed in the table above.

The derivative is an Equity Indexed Option. Equity Indexed Options give the holder the ability to participate in the upward movement of an equity index while protecting from downward risk and form part of certain structured product contracts with customers (Note 29). The Group is exposed to credit risk on purchased options only, and only to the extent of the carrying amount, which is their fair value.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

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.

	2022			2021		
	Mandatory designation $'000	**Designated by election $'000**	**Total $'000**	**Mandatory designation $'000**	**Designated by election $'000**	**Total $'000**
Unit trust and equities	31,040,930	9,100,077	40,141,007	30,930,383	7,446,913	38,377,296
Derivatives	-	2,378	2,378	-	16,733	16,733
Debt securities	8,622,399	94,653	8,717,052	8,554,670	681,428	9,236,098
	39,663,329	9,197,108	48,860,437	39,485,053	8,145,074	47,630,127

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	
	2022	**2021**
Debt securities	**$'000**	**$'000**
Sovereign debt instruments		
Jamaica	170,767,713	172,364,192
Trinidad & Tobago	2,694,574	2,756,325
Barbados	152,964	168,117
USA	18,864,969	4,464,961
Canada	267,737	305,294
Other	2,010,118	2,359,252
Corporate debt instruments		
Jamaica	37,065,698	33,575,814
Trinidad & Tobago	2,961,602	3,166,288
USA	21,209,867	29,873,069
Canada	426,993	984,000
Other	7,654,927	13,342,771
	264,077,162	263,360,083

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

8. Financial Investments (Continued)

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

	The Group	
	2022	2021
	$'000	$'000
Corporate debt instruments		
Communication Services	3,076,033	4,321,592
Consumer Discretionary	5,225,386	6,669,654
Consumer Staples	2,430,955	3,849,729
Energy	18,935,193	11,598,797
Financials	18,993,042	27,204,450
Health Care	3,277,956	5,017,460
Industrials	3,361,698	4,146,706
Information Technology	5,853,591	7,824,528
Materials	2,676,851	3,687,946
Real Estate	1,154,722	735,886
Tourism	197,581	236,598
Utilities	4,136,079	5,648,596
	69,319,087	80,941,942

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

	The Group	
	2022	2021
	$'000	$'000
Loans and Leases (Note 10)	(491,883)	(86,825)
Investments (Note 8)	(122,882)	332,113
Total per income statement	(614,765)	245,288

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

8. Financial Investments (Continued)

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-2022				
	ECL Staging				
FINANCIAL INVESTMENTS-AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	3,606,830	-	-	-	3,606,830
Non-investment	94,763,927	-	-	-	94,763,927
Gross carrying amount	98,370,757	-	-	-	98,370,757
Loss allowance	(219,650)	-	-	-	(219,650)
Carrying amount	98,151,107	-	-	-	98,151,107

	The Group-2021				
	ECL Staging				
FINANCIAL INVESTMENTS-AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	7,340,753	-	-	-	7,340,753
Non-investment	111,791,693	-	-	-	111,791,693
Gross carrying amount	119,132,446	-	-	-	119,132,446
Loss allowance	(216,939)	-	-	-	(216,939)
Carrying amount	118,915,507	-	-	-	118,915,507

Sagicor Group Jamaica Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

8. Financial Investments (Continued)

Credit risk exposure- financial investments subject to impairment (continued)

	The Group-2022				
	ECL Staging				
FINANCIAL INVESTMENTS at FVTOCI	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	63,413,292	-	-	-	63,413,292
Non-investment	119,086,319	2,820,957	-	165,095	122,072,371
Maximum credit exposure	182,499,611	2,820,957	-	165,095	185,485,663
Loss allowance	(231,375)	(173,297)	-	-	(404,672)
Maximum credit exposure less ECLs	182,268,236	2,647,660	-	165,095	185,080,991

	The Group-2021				
	ECL Staging				
FINANCIAL INVESTMENTS at FVTOCI	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	51,470,062	-	-	-	51,470,062
Non-investment	110,673,487	2,738,789	-	168,278	113,580,554
Maximum credit exposure	162,143,549	2,738,789	-	168,278	165,050,616
Loss allowance	(233,483)	(163,620)	-	-	(397,103)
Maximum credit exposure less ECLs	161,910,066	2,575,169	-	168,278	164,653,513

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

8. Financial Investments (Continued)

Credit risk exposure- financial investments subject to impairment (continued)

	The Company-2022				
	ECL Staging				
FINANCIAL INVESTMENTS – AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	736,529	-	-	-	736,529
Gross carrying amount	736,529	-	-	-	736,529
Loss allowance	-	-	-	-	-
Carrying amount	736,529	-	-	-	736,529

	The Company-2021				
	ECL Staging				
FINANCIAL INVESTMENTS – AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	1,343,939	-	-	-	1,343,939
Gross carrying amount	1,343,939	-	-	-	1,343,939
Loss allowance	(950)	-	-	-	(950)
Carrying amount	1,342,989	-	-	-	1,342,989

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

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

	The Group Maximum exposure to credit risk	
	2022	**2021**
	$000	**$000**
Financial assets designated at fair value		
Debt securities	8,622,399	8,554,670
Equity securities	31,040,930	30,930,383

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

8. Financial Investments (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 recognized 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 the movement of ECL allowance.

	The Group-2022				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
FINANCIAL INVESTMENTS – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2022	216,939	-	-	-	216,939
New financial assets originated or purchased	15,662	-	-	-	15,662
Financial assets fully derecognised during the period	(7,272)	-	-	-	(7,272)
Changes to inputs used in ECL calculation	(3,514)	-	-	-	(3,514)
Foreign exchange adjustment	(2,165)	-	-	-	(2,165)
Loss Allowance as at December 31, 2022	219,650	-	-	-	219,650

	The Group-2021				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
FINANCIAL INVESTMENTS – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2021	203,870	-	-	-	203,870
New financial assets originated or purchased	18,096	-	-	-	18,096
Financial assets fully derecognised during the period	(22,883)	-	-	-	(22,883)
Changes to inputs used in ECL calculation	8,707	-	-	-	8,707
Foreign exchange adjustment	9,149	-	-	-	9,149
Loss Allowance as at December 31, 2021	216,939	-	-	-	216,939

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

8. Financial Investments (Continued)

Loss allowances (continued)

	The Group-2022				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – FVTOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2022	233,483	163,620	-	-	397,103
Transfers:					
Transfer from Stage 1 to Stage 2	(4,859)	4,859	-	-	-
Transfer from Stage 2 to Stage 1	29,802	(29,802)	-	-	-
New financial assets originated or purchased	36,944	-	-	-	36,944
Financial assets fully derecognised during the period	(24,259)	(21,051)	-	-	(45,310)
Changes to inputs used in ECL calculation	(37,739)	57,887	-	-	20,148
Foreign exchange adjustment	(1,997)	(2,216)	-	-	(4,213)
Loss Allowance as at December 31, 2022	231,375	173,297	-	-	404,672

	The Group-2021				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – FVTOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2021	242,181	251,590	405,916	-	899,687
Transfers:					
Transfer from Stage 1 to Stage 2	(44)	44	-	-	-
Transfer from Stage 2 to Stage 1	3	(3)	-	-	-
New financial assets originated or purchased	52,426	-	-	-	52,426
Financial assets fully derecognised during the period	(47,991)	(145,975)	(405,916)	-	(599,882)
Changes to inputs used in ECL calculation	(21,693)	49,777	-	-	28,084
Foreign exchange adjustment	8,601	8,187	-	-	16,788
Loss Allowance as at December 31, 2021	233,483	163,620	-	-	397,103

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

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 in corporate securities

Outlook for the next three (3) years from December 2022:

		2023	**2024**	**2025**
S&P 500 Financial Index EPS	Base	60	50	50
	Upside	50	50	50
	Downside	70	50	50
World GDP growth rate	Base	2.7%	3.2%	3.4%
	Upside	4.1%	4.8%	5.1%
	Downside	1.9%	2.3%	2.4%
WTI Oil Prices/10	Base	7.73	7.25	6.86
	Upside	9.35	9.35	9.35
	Downside	3.14	2.95	2.79

Outlook for the next three (3) years from December 2021:

		2022	**2023**	**2024**
S&P 500 Financial Index EPS	Base	44	49	49
	Upside	66	74	74
	Downside	29	32	32
World GDP growth rate	Base	4.9%	3.6%	3.4%
	Upside	7.4%	5.4%	5.1%
	Downside	2.6%	2.6%	2.4%
WTI Oil Prices/10	Base	7.36	6.79	6.40
	Upside	9.39	9.39	9.39
	Downside	3.09	2.85	2.69

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

8. Financial Investments (Continued)

Loss allowances (continued)

Outlook for the next three (3) years from December 2022:

		2023	2024	2025
Jamaica	Base	Stable	Stable	Stable
	Upside	Stable	Positive	Positive
	Downside	Negative	Stable	Stable

Outlook for the next three (3) years from December 2021:

		2022	2023	2024
Jamaica	Base	Negative	Stable	Stable
	Upside	Stable	Stable	Stable
	Downside	Negative	Stable	Stable

Sensitivity analysis at December 2022

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

SICR criteria *	Actual threshold applied	Change in threshold	ECL impact of Change in threshold
Investments	2-notch downgrade since origination	1-notch downgrade since origination	44,491

* 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	52%	(- / + 5) %	25,566	(25,566)
Investments – Sovereign Debts (excluding Government of Barbados and Government of Jamaica)	35%	(- / + 5) %	6,890	(6,890)
Investments – Sovereign Debts (Government of Jamaica)	15%	(- / + 5) %	79,559	(79,559)

			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	19,647	(19,647)

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

8. Financial Investments (Continued)

Loss allowances (continued)

Sensitivity analysis at December 2021

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

SICR criteria *	Actual threshold applied	Change in threshold	ECL impact of Change in threshold
Investments	2-notch downgrade since origination	1-notch downgrade since origination	45,580

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

Loss Given Default	Actual value applied	Change in value	ECL impact of Increase in value	ECL impact of Decrease in value
Investments – Corporate Debts	52%	(- /+ 5) %	21,965	(21,965)
Investments – Sovereign Debts (excluding Government of Barbados and Government of Jamaica)	35%	(- /+ 5) %	6,266	(6,266)
Investments – Sovereign Debts (Government of Jamaica)	15%	(- /+ 5) %	89,019	(89,019)

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	19,634	(19,634)

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

8. Financial Investments (Continued)

IFRS 9 maximum exposure to credit risk

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

	The Group-2022				
	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
FINANCIAL INVESTMENTS – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum exposure to credit risk as at January 01, 2022	119,132,446	-	-	-	119,132,446
New financial assets originated or purchased	36,552,010	-	-	-	36,552,010
Financial assets fully recognized during the period	(56,715,544)	-	-	-	(56,715,544)
Changes in principal and interest	(18,807)	-	-	-	(18,807)
Foreign exchange adjustment	(579,348)	-	-	-	(579,348)
Maximum exposure to credit risk as at December 31, 2022	98,370,757	-	-	-	98,370,757

	The Group-2021				
	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
FINANCIAL INVESTMENTS- AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum exposure to credit risk as at January 01, 2021	93,363,145	-	-	-	93,363,145
New financial assets originated or purchased	48,410,470	-	-	-	48,410,470
Financial assets fully recognized during the period	(24,990,072)	-	-	-	(24,990,072)
Changes in principal and interest	(168,032)	-	-	-	(168,032)
Foreign exchange adjustment	2,516,935	-	-	-	2,516,935
Maximum exposure to credit risk as at December 31, 2021	119,132,446	-	-	-	119,132,446

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

8. Financial Investments (Continued)

IFRS 9 maximum exposure to credit risk (continued)

	The Group-2022				
	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
DEBT SECURITIES – FVTOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum credit exposure as at January 01, 2022	162,143,549	2,738,789	-	168,278	165,050,616
Transfers:					
Transfer from Stage 1 to Stage 2	(722,233)	722,233	-	-	-
Transfer from Stage 2 to Stage 1	196,294	(196,294)	-	-	-
New financial assets originated or purchased	49,225,186	-	-	-	49,225,186
Financial assets fully recognized during the period	(25,785,313)	(400,739)	-	-	(26,186,052)
Changes in principal and interest	(992,455)	(1,852)	-	(3,183)	(997,490)
Foreign exchange adjustment	(1,565,417)	(41,180)	-	-	(1,606,597)
Maximum credit exposure as at December 31, 2022	182,499,611	2,820,957	-	165,095	185,485,663

	The Group-2021				
	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
DEBT SECURITIES – FVTOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum credit exposure as at January 01, 2021	150,729,654	3,940,744	579,880	194,871	155,445,149
Transfers:					
Transfer from Stage 1 to Stage 2	(158,042)	158,042	-	-	-
Transfer from Stage 2 to Stage 1	77	(77)	-	-	-
New financial assets originated or purchased	43,757,094	-	-	-	43,757,094
Financial assets fully recognized during the period	(39,059,095)	(1,570,232)	(579,880)	(39,943)	(41,249,150)
Changes in principle and interest	1,625,153	20,358	-	-	1,645,511
Foreign exchange adjustment	5,248,708	189,954	-	13,350	5,452,012
Maximum credit exposure as at December 31, 2021	162,143,549	2,738,789	-	168,278	165,050,616

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

8. Financial Investments (Continued)

IFRS 9 maximum exposure to credit risk (continued)

	The Company-2022				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
FINANCIAL INVESTMENTS – Amortised Cost	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum exposure to credit risk as at January 01, 2022	1,343,939	-	-	-	1,343,939
New financial assets originated or purchased	6,533,568	-	-	-	6,533,568
Financial assets fully recognized during the period	(7,122,200)	-	-	-	(7,122,200)
Changes in principal and interest	(11,951)	-	-	-	(11,951)
Foreign exchange adjustment	(6,827)	-	-	-	(6,827)
Maximum exposure to credit risk as at December 31, 2022	736,529	-	-	-	736,529

	The Company-2021				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
FINANCIAL INVESTMENTS – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum exposure to credit risk as at January 01, 2021	1,225,033	-	-	-	1,225,033
New financial assets originated or purchased	1,260,686	-	-	-	1,260,686
Financial assets fully recognized during the period	(1,171,472)	-	-	-	(1,171,472)
Changes in principal and interest	5,270	-	-	-	5,270
Foreign exchange adjustment	24,422	-	-	-	24,422
Maximum exposure to credit risk as at December 31, 2021	1,343,939	-	-	-	1,343,939

9. Premiums Due and Unpaid

	2022 $'000	2021 $'000
Gross Premiums	10,025,954	9,454,372
Provisions	(5,138,517)	(5,035,327)
Net Premiums	4,887,437	4,419,045

Current portion of Premiums Due and Unpaid disclosed under Note 48 (d).

Movement in the provision for premiums due and unpaid is as follows:

	Group insurance $'000	Individual insurance $'000	General Insurance $'000	Total $'000
Provision as at 1 January 2021	(320,132)	(3,826,514)	(40,128)	(4,186,774)
Net write-offs during the period	(50,876)	(797,677)	-	(848,553)
Provision as at 31 December 2021	(371,008)	(4,624,191)	(40,128)	(5,035,327)
Net recoveries /(write-offs) during the period	8,876	(112,066)	-	(103,190)
Provision as at 31 December 2022	(362,132)	(4,736,257)	(40,128)	(5,138,517)

Credit risk is managed based on the line of business. Generally, where collection of premiums is considered doubtful, or payment is outstanding for more than 90 days, the insurance regulations stipulate that the outstanding premium should be provided for in full.

Premiums written for individual insurance policies are required to be settled based on modal frequency (monthly, quarterly, semi-annually, or annually). When policies where payments made by means other than salary deduction are outstanding for more than 90 days, the amounts outstanding are provided for in full. When policies where payments made by salary deduction are outstanding for more than 90 but less than 120 days, the outstanding amounts are partially provided for. The remaining policies where payments are outstanding for more than 120 days are provided for in full.

Premiums written for group insurance policies are required to be settled on a monthly basis. Policies where payment is outstanding for more than 90 days are provided for in full. A separate assessment is done on a case-by-case basis for the recoverability of the amounts outstanding for less than 90 days that are not provided for, to determine if a provision is necessary based on any identified significant increases in credit risk of the policyholder.

Premiums written for group annuities are due immediately upon the inception of the contract. Amounts due and unpaid normally exist as at the year end due to the timing of the receipt of the consideration. These amounts due and unpaid are considered to be subject to a low amount of credit risk and therefore any identified provision is immaterial.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

10. Loans and Leases, after Allowance for Credit Losses

	The Group	
	2022	**2021**
	$'000	**$'000**
Gross loans and advances	113,660,058	97,235,104
Less: Allowance for credit losses	(1,846,831)	(1,589,777)
	111,813,227	95,645,327
Loan interest receivable	589,523	845,191
	112,402,750	96,490,518
Lease receivables, net of allowance for credit losses	334,079	399,399
	112,736,829	96,889,917

Current portion of Loans and Leases, after Allowance for Credit Losses disclosed under Note 48 (d).

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

	The Group	
	2022	**2021**
	$'000	**$'000**
Specific provision	1,106,178	1,486,783
General provision	1,135,944	973,837
	2,242,122	2,460,620
Excess of regulatory provision over IFRS provision recognized in the Bank reflected in non-distributable loan loss reserve (Note 2(j))	355,464	(858,967)

Lease receivables:

	The Group	
	2022	**2021**
	$'000	**$'000**
Gross investment in finance leases -		
Not later than one year	111,460	149,348
Later than one year and not later than five years	250,040	285,681
	361,500	435,029
Less: Unearned income	(27,344)	(35,412)
Net investment in finance leases	334,156	399,617
Net investment in finance leases -		
Not later than one year	96,347	130,181
Later than one year and not later than five years	237,809	269,436
	334,156	399,617
Less: Provision for credit losses	(77)	(218)
	334,079	399,399

Sagicor Group Jamaica Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

10. 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 derecognised.

	The Group-2022				
	ECL Staging				
Loans and leases – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Credit grade:					
Non-investment	108,964,595	3,542,726	-	-	112,507,321
Default	-	-	2,076,339	-	2,076,339
Gross carrying amount	108,964,595	3,542,726	2,076,339	-	114,583,660
Loss allowance	(868,913)	(103,697)	(874,221)	-	(1,846,831)
Carrying amount	108,095,682	3,439,029	1,202,118	-	112,736,829

	The Group-2021				
	ECL Staging				
Loans and leases – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	92,423,463	3,681,462	-	-	96,104,925
Default	-	-	2,374,986	-	2,374,986
Gross carrying amount	92,423,463	3,681,462	2,374,986	-	98,479,911
Loss allowance	(657,292)	(73,380)	(859,322)	-	(1,589,994)
Carrying amount	91,766,171	3,608,082	1,515,664	-	96,889,917

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 $513,000,000 (2021: $599,600,000).

Sagicor Group Jamaica Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

10. 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 recognized during the period.

	The Group-2022				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND LEASES - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2022	657,292	73,380	859,322	-	1,589,994
Transfers:					
Transfer from Stage 1 to Stage 2	(6,924)	6,924	-	-	-
Transfer from Stage 1 to Stage 3	(2,852)	-	2,852	-	-
Transfer from Stage 2 to Stage 1	10,899	(10,899)	-	-	-
Transfer from Stage 2 to Stage 3	-	1,875	(1,875)	-	-
Transfer from Stage 3 to Stage 1	60,521	-	(60,521)	-	-
New financial assets originated or purchased	206,156	9,322	64,122	-	279,600
Financial assets fully derecognised during the period	(74,392)	(5,109)	(398,654)	-	(478,155)
Changes to inputs used in ECL calculation	19,841	29,934	412,244	-	462,019
Foreign exchange adjustment	(1,628)	(1,730)	(3,269)	-	(6,627)
Loss Allowance as at December 31, 2022	868,913	103,697	874,221	-	1,846,831

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

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

Loss allowances (continued)

	The Group-2021				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND LEASES - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2021	766,997	130,045	1,062,748	-	1,959,790
Transfers:					
Transfer from Stage 1 to Stage 2	(4,436)	4,436	-	-	-
Transfer from Stage 1 to Stage 3	(4,594)	-	4,594	-	-
Transfer from Stage 2 to Stage 1	17,457	(17,457)	-	-	-
Transfer from Stage 2 to Stage 3	-	(18,639)	18,639	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	60,318	-	(60,318)	-	-
New financial assets originated or purchased	126,537	2,070	16,844	-	145,451
Financial assets fully derecognised during the period	(107,229)	(17,585)	(514,760)	-	(639,574)
Changes to inputs used in ECL calculation	(205,313)	(12,991)	314,863	-	96,559
Foreign exchange adjustment	7,555	3,501	16,712	-	27,768
Loss Allowance as at December 31, 2021	657,292	73,380	859,322	-	1,589,994

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, 2021

Outlook for lending at December 2021		
Jamaica	**Expected state for the next 12 months**	
Interest rate	Base	Stable
	Upside	Positive
	Downside	Stable
Unemployment rate	Base	Stable
	Upside	Stable
	Downside	Negative

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

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

Loss allowances (continued)

At December 31, 2022

Outlook for lending at December 2022

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

The economic states assigned above are translated into numerical figures.

Sensitivity analysis at December 2022

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) 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	12,459	(12,459)

Sensitivity analysis at December 2021.

			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) 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	14,917	(9,581)

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

10. 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 the beginning and the end of the period due to these factors. For instruments at amortised cost, the gross carrying amount equals the maximum exposure.

	The Group 2022				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND LEASES - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum exposure to credit risk as at January 01, 2022	92,423,463	3,681,462	2,374,986	-	98,479,911
Transfers:					
Transfer from Stage 1 to Stage 2	(1,502,932)	1,502,932	-	-	-
Transfer from Stage 1 to Stage 3	(605,250)	-	605,250	-	-
Transfer from Stage 2 to Stage 1	555,797	(555,797)	-	-	-
Transfer from Stage 2 to Stage 3	-	(312,172)	312,172	-	-
Transfer from Stage 3 to Stage 2	-	35,269	(35,269)	-	-
Transfer from Stage 3 to Stage 1	199,286	-	(199,286)	-	-
New financial assets originated or purchased	35,181,128	314,519	124,967	-	35,620,614
Financial assets fully derecognised during the period	(14,158,323)	(233,350)	(955,180)	-	(15,346,853)
Changes in principal and interest	(2,876,382)	(833,789)	(145,365)	-	(3,855,536)
Foreign exchange adjustment	(252,192)	(56,348)	(5,936)	-	(314,476)
Maximum exposure to credit as at December 31, 2022	108,964,595	3,542,726	2,076,339	-	114,583,660

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

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

IFRS 9 Maximum exposure to credit risk (continued)

	The Group 2021				
	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
LOANS AND LEASES - AMORTISED COST	**\$000**	**\$000**	**\$000**	**\$000**	**\$000**
Maximum exposure to credit as at January 01, 2021	86,842,916	4,469,247	1,809,063	-	93,121,226
Transfers:					
Transfer from Stage 1 to Stage 2	(864,755)	864,755	-	-	-
Transfer from Stage 1 to Stage 3	(662,329)	-	662,329	-	-
Transfer from Stage 2 to Stage 1	568,279	(568,279)	-	-	-
Transfer from Stage 2 to Stage 3	-	(642,595)	642,595	-	-
Transfer from Stage 3 to Stage 2	-	70,852	(70,852)	-	-
Transfer from Stage 3 to Stage 1	150,008	-	(150,008)	-	-
New financial assets originated or purchased	26,286,851	118,170	75,451	-	26,480,472
Financial assets fully derecognised during the period	(14,198,066)	(608,452)	(1,063,976)	-	(15,870,494)
Changes in principal and interest	(7,079,246)	(201,088)	431,108	-	(6,849,226)
Foreign exchange adjustment	1,379,805	178,852	39,276	-	1,597,933
Maximum exposure to credit as at December 31, 2021	92,423,463	3,681,462	2,374,986	-	98,479,911

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

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	
Loans and leases	**2022** **$'000**	**2021** **$'000**
Industry segments		
Agriculture, fishing and mining	1,278,231	1,815,035
Construction and real estate	15,976,768	12,578,664
Distribution	10,728,273	11,083,218
Manufacturing	3,890,799	3,702,898
Personal	48,687,205	40,662,088
Professional and other services	16,370,231	11,239,613
Tourism and entertainment	6,946,151	7,033,605
Transportation, storage and communication	924,009	1,218,376
Other	9,192,470	8,301,223
	113,994,137	97,634,720
Less: Provision for credit losses	(1,846,831)	(1,589,994)
	112,147,306	96,044,726
Interest receivable	589,523	845,191
	112,736,829	96,889,917

11. 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	
	2022 **$'000**	**2021** **$'000**	**2022** **$'000**	**2021** **$'000**
Investment securities pledged as collateral:				
With regulators	153,048	199,168	-	-
Under repurchase agreements (Note 29)	91,413,522	91,968,151	-	-
With bank and other financial institutions	2,642,973	1,468,807	267,294	439,997
	94,209,543	93,636,126	267,294	439,997

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

12. Investment Properties

	The Group	
	2022	**2021**
	$'000	**$'000**
At beginning of year	1,220,324	1,389,305
Additions during the year	-	193,019
Disposal during the year	-	(430,000)
Fair value gains	234,572	68,000
Transfer from other assets & Property, Plant and Equipment	225,629	-
At end of year	1,680,525	1,220,324

The investment properties as at 31 December 2022 were valued at current market value by Allison Pitter & Company, NIA Jamaica Langford & Brown and DC Tavares Finson qualified property appraisers and valuers.

(i) Transfers during the year related to $36,000,000 which was transferred to Property, plant and equipment, $676,000,000 transferred from other assets and with the remaining amount being transferred to fixed assets deposit as development cost pertaining to the construction of a specific project.

(ii) Rental income and repairs and maintenance expenditure in relation to investment properties are disclosed in Note 37.

(iii) During the year, some of the properties were tenanted and generated rental income. Operating expenses related to the properties which were not tenanted amounted to $NIL (2021: $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 47.

13. Investment in Joint Venture

This relates to the group’s investment in Sagicor Costa Rica

	The Group		The Company	
	2022 **$'000**	**2021** **$'000**	**2022** **$'000**	**2021** **$'000**
Balance at 1 January	1,329,797	683,234	414,267	414,267
Share of after tax earnings	439,994	607,764	-	-
Share of movement in other comprehensive income, net of taxation	60,210	38,799	-	-
Balance at 31 December	1,830,001	1,329,797	414,267	414,267

13. Investment in Joint Venture (Continued)

The joint venture has share capital consisting solely of common and nominative shares, which is held directly by the Group.

Sagicor Costa Rica, S.A. is a private company and there is no quoted market price available for its shares.

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

Summarised Financial Information of Joint Venture

Set out below are the summarised financial information for Grupo Sagicor GS, G.A. and subsidiary, which is accounted for using the equity method.

Summarised Statement of Financial Position

	The Group	
	2022	**2021**
	$'000	**$'000**
Current assets		
Cash and cash equivalents	178,760	178,263
Other current assets	4,976,506	3,403,701
	5,155,266	3,581,964
Non-current assets		
Investments	1,625,807	2,300,597
Other non-current asset	313,235	186,712
	1,939,042	2,487,309
Total Assets	7,094,308	6,069,273
Current liabilities		
Provision for unearned premiums	2,063,573	1,783,867
Other liabilities	1,367,900	1,063,453
	3,431,473	2,847,320
Non Current liabilities		
Notes and loans payable	-	527,459
Other liabilities	2,833	34,900
	2,833	562,359
Total Liabilities	3,434,306	3,409,679
Net Assets	3,660,002	2,659,594

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

13. Investment in Joint Venture (Continued)

Summarised Financial Information of Joint Venture (continued)

Summarised statement of comprehensive income

	The Group	
	2022 **$'000**	**2021** **$'000**
Revenue:		
Net premium revenue	3,156,664	5,033,236
Net investment and other income	209,495	488,375
Total revenue, net	3,366,159	5,521,611
Benefits and expenses:		
Benefits	446,870	440,519
Operating expenses	1,775,313	3,287,664
Interest expense	29,900	50,740
Total benefits and expenses	2,252,083	3,778,923
Net profit before taxation	1,114,076	1,742,688
Taxation	(234,087)	(527,159)
Net profit after tax for the period	879,989	1,215,529
Other comprehensive income	201,239	(86,608)
Total comprehensive income	1,081,228	1,128,921

Reconciliation of summarized financial information

Opening net assets at 1 January	2,659,594	1,366,468
Net profit after tax for the period	879,989	1,215,529
Other comprehensive income	201,239	(86,608)
Currency translation	(80,820)	164,205
Closing net assets	3,660,002	2,659,594

14. 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	
	2022	2021
	$'000	$'000
Total assets of PIF	171,946,402	178,323,806
Maximum exposure to loss	21,657,166	22,797,182
Total (losses)/incomefrom the Group's interests	(1,036,272)	2,022,687
Management Fees earned	2,014,519	1,959,065

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

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

14. Interest in Structured Entities (Continued)

(ii) Sagicor Sigma Global Unit Trust (continued)

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.

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	
	2022 $'000	**2021 $'000**
Total assets of the Unit Trust	159,925,587	133,391,341
The Group's interest – Carrying value of units held (included in fair value through profit and Loss – Note 8)	28,623,520	23,601,075
Maximum exposure to loss	(28,623,520)	(23,601,075)
Liability to the Unit Trust in relation to repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	16,603,636	26,182,798
Liability to the Unit Trust in relation to the purchase of shares in Advantage General Insurance Company Limited	800,000	3,355,102
Liability to the Unit Trust in relation to Real Estate Developed for Resale	2,400,000	1,666,029
Total income from the Group's interests	2,851,567	2,805,974

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

	2022 $'000	**2021 $'000**
Total assets of Funds	7,626,920	8,185,651
The Group's interest – Carrying value of equities held (included in fair value through profit and Loss – Note 8)	1,950	148,737
Maximum exposure to loss	(1,950)	(148,737)
Liability in relation to repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	-	62,864
Total income from the Group's interests	24,347	24,814

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.

15. Investment in Associated Company

Sagicor Group owned 0% (2021 – 0%) of the 134,496,340 shares outstanding by Playa through its subsidiary company, Jamziv (owned by Sagicor Real Estate X Fund Limited). On January 15, 2021, the Group completely disposed of the 14.87% equity interest in Playa. Based on Sagicor Group's level of investment in, and participation in the decision and policy-making at Playa, Sagicor Real Estate X Fund Group accounted for its investment in Playa as an associated company from the date of acquisition as required by IAS 28 up to point of disposal. There were no contingent liabilities relating to the Group's interest in the associated company.

(a) *The investment in associated company is represented as follows:*

	The Group 2021 $'000
Investment at January 1, 2021	15,844,876
Disposal	(15,844,876)
Investment at December 31, 2021	-

Jamziv's interest at December 31, 2020 in Playa decreased by 0.62% to 14.87% from 15.49% at December 31, 2019. In June 2020, Playa issued additional shares which resulted in an effective dilution in the Group's interest. In January 2021, the Group disposed of its holdings in Playa.

The following table shows the breakout of the amounts recorded in the income statement in relation to the prior year's disposal.

	2021 $'000
Group's share of proceeds of sale and new shares issued	13,604,064
Carrying value of the investment in associate deemed to be disposed of	(15,844,876)
Loss on sale/ dilution of investment in associate	(2,240,812)
Items recorded in other comprehensive income recycled upon dilution of investment in associate:	
Interest rate swap	(526,436)
Foreign currency translation adjustments	2,534,160
Total loss on disposal /dilution of investment in associate recorded in income statement	(233,088)

Transfers between reserves and retained earnings in Note 25 include $2,709,000 transferred on dilution of associate and $27,761,000 transferred on sale of the associate.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

16. Investment in Subsidiaries

The investment in subsidiaries is represented as follows:

	The Company
	2022
	$'000
Investment at January 1, 2022	71,860,326
Acquisitions (b)	3,271,873
Disposal/dilution of interest ('c)	(3,305,560)
Investment at December 31, 2022	71,826,639

(a) **Sagicor Securities Jamaica Limited**
On May 1, 2021 Sagicor Securities Jamaica Limited, a wholly owned subsidiary of Sagicor Group Jamaica Limited, was effectively wound up and struck of the Companies Office Register. The Company as at that date no longer forms part of the Group's organizational structure.

(b) **Alliance Financial Services Limited**
On April 1, 2022 SGJ acquired 100 per cent of the outstanding share in Alliance Financial Services Limited. Refer to Note 56 for additional information on the transaction.

(c) **Sagicor Real Estate X Fund Limited**
The Group disposed of its 29.31 % shareholding in Sagicor Real Estate X Fund Limited. This was done through a series of transactions below.

Transaction1 – Sale of 8.56 % for $1,590,499,000 bringing the Group's shareholdings to 20.75%. This transaction did not result in a loss of control and was treated as a transaction between equity holders. The Group recognised directly in retained earnings a gain of $124,576,000 and non-controlling interest increased by $1,465,923,000.

Transaction 2- Sale of the remaining 20.75%, brought the Group's shareholding to NIL resulting in a loss of control. The sales took place in August and September 2022. These transactions generated net cash inflows, a gain was recognised in the income statement and revaluation gains on property, plant and equipment in investment reserves were transferred to retained rarnings. Refer to ii, iii and iv below for further details.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

16. Investment in Subsidiaries (Continued)

(c) **Sagicor Real Estate X Fund Limited (continued)**

Financial information relating to SREX for the period to the date of disposal and the prior period comparatives are set out below.

i. Summarised statement of comprehensive income for the year 2021 and the period January 1 to September 30, 2022.

	2022 $'000	2021 $'000
Revenues		
Investment income	46,298	213,204
Interest expense	(242,559)	(554,677)
Net Investment Income	(196,261)	(341,473)
Hotel revenue	4,659,437	4,418,749
Fees and other income	(111,050)	1,141,916
Total Revenues	4,352,126	5,219,192
Expenses		
Administration expenses	41,796	108,155
Hotel expenses	3,379,914	3,367,407
Depreciation	579,482	811,018
Total Expenses	4,001,192	4,286,580
Gain on sale of the subsidiary after tax (See iii below)	258,208	-
Loss on disposal of interest in an associate	-	(233,088)
Profit before taxation	609,142	699,524
Taxation	(126,722)	(25,627)
Profit from discontinued operation	482,420	673,897
Attributable to:		
Stockholders of the parent company	323,178	587,005
Non-controlling interests	159,242	86,892
	482,420	673,897

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

16. Investment in Subsidiaries (Continued)

(c) **Sagicor Real Estate X Fund Limited (continued)**

i. Summarised statement of comprehensive income for the year 2021 and the period January 1 to September 30, 2022 (continued)

	2022 $'000	2021 $'000
Profit from discontinued operation	482,420	673,897
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Currency translation of foreign subsidiaries	(184,152)	657,977
Retranslation of foreign operations recycled on sale of subsidiary/associate	(152,490)	(2,534,160)
Share of fair value losses on interest rate swap recycled on sale of associate company	-	526,435
	(336,642)	(1,349,748)
Items that will not be subsequently reclassified to profit or loss		
Unrealised gains on OOP	2,006,928	1,605,919
Total other comprehensive income recognised directly in stockholders'equity, net of taxes	1,670,286	256,171
Total Comprehensive Income from discontinued operation	2,152,706	930,068
Attributable to:		
Stockholders of the parent company	550,484	892,683
Non-controlling interests	1,602,222	37,385
	2,152,706	930,068

ii. *Summarised statement of cash flows*

	2022 $'000	2021 $'000
Cashflows from operating activities:		
Net cash generated by operating activities	1,710,736	1,549,668
Cashflows from investing activities:		
Net cash (used in)/generated by investing activities	(3,613,591)	7,640,042
Cashflows from financing activities:		
Net cash used in financing activities	(332,787)	(3,479,394)
Net (decrease)/increase in cash and cash equivalents	(2,235,642)	5,710,316

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

16. Investment in Subsidiaries (Continued)

(c) **Sagicor Real Estate X Fund Limited (continued)**

iii. Details of the sale of the subsidiary:

	2022 **$'000**
Consideration received	3,840,307
Carrying amount of net assets sold	(3,734,589)
Gain on sale before income tax and reclassification of foreign currency translation	105,718
Reclassification of foreign currency translation reserve	152,490
Gain on sale after income tax	258,208

Transfers between reserves and retained earnings in Note 25 include $171,092,000 transferred on sale of subsidiary.

iv. Net cash inflow on sale includes:

	2022 **$'000**
Consideration received	3,840,307
Cash resources of Sagicor Real Estate X Fund at date of sale	(2,108,300)
Net proceeds from sale of discountined operations	1,732,007

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

17. Intangible Assets

	The Group				
	Goodwill	**Contractual Customer Relationship**	**Trade Names**	**Computer Software**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cost -					
At 1 January 2021	**3,569,095**	**5,442,499**	**930,433**	**4,041,084**	**13,983,111**
Additions	-	-	-	390,564	390,564
Impairment charge	(614,400)	-	-	-	(614,400)
Translation adjustment	63,285	-	-	-	63,285
At 31 December 2021	**3,017,980**	**5,442,499**	**930,433**	**4,431,648**	**13,822,560**
Arising on acquisition	2,665,612	688,000	10,000	-	3,363,612
Additions	-	-	-	592,580	592,580
Divestitures and disposals	-	(329,000)	-	-	(329,000)
Translation adjustment	(14,519)	-	-	-	(14,519)
At 31 December 2022	5,669,073	5,801,499	940,433	5,024,228	17,435,233
Amortisation -					
At 1 January 2021	**-**	**3,713,968**	**490,704**	**3,120,758**	**7,325,430**
Amortisation charge	-	228,135	16,848	379,793	624,776
Translation adjustment	-	3	-	(91)	(88)
At 31 December 2021	**-**	**3,942,106**	**507,552**	**3,500,460**	**7,950,118**
Divestitures and disposals	-	(60,317)	-	-	(60,317)
Amortisation charge	-	255,918	28,140	392,777	676,835
At 31 December 2022	-	4,137,707	535,692	3,893,237	8,566,636
Net Book Value -					
31 December 2021	**3,017,980**	**1,500,393**	**422,881**	**931,188**	**5,872,442**
31 December 2022	**5,669,073**	**1,663,792**	**404,741**	**1,130,991**	**8,868,597**

	The Company
	Computer Software
	$'000
Cost -	
At 1 January 2021	**1,797,638**
Additions	-
At 31 December 2021	**1,797,638**
Additions	22,134
At 31 December 2022	**1,819,772**
Amortisation -	
At 1 January 2021	**1,569,185**
Amortisation charge	85,070
At 31 December 2021	**1,654,255**
Amortisation charge	71,522
At 31 December 2022	**1,725,777**
Net Book Value -	
31 December 2021	**143,383**
31 December 2022	**93,995**

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

17. Intangible Assets (Continued)

(a) The allocation of goodwill to the Group's and the company's Cash Generating Units (CGUs) is as follows:

	The Group	
	2022	**2021**
	$000	**$000**
Sagicor Life Jamaica Individual Lines Division	855,191	855,191
Sagicor Life Jamaica Employee Benefits Division	530,127	530,127
Sagicor Life of the Cayman Islands Individual Lines Division	753,376	767,881
Sagicor Investments Jamaica Limited	186,066	186,066
Travel Cash Jamaica Limited	119,994	119,994
Advantage General Insurance Company	558,707	558,721
Alliance Financial Services Limited	2,665,612	-
	5,669,073	3,017,980

(i) At 31 December 2022, management tested goodwill and the unamortised balance of other purchased intangibles allocated to all the CGUs as listed in the table above.

(ii) Fair values less costs to sell is used to determine the recoverable amounts of:

Sagicor Life Jamaica Individual Lines Division

Sagicor Life Jamaica Employee Benefits Division

Sagicor Life of the Cayman Islands Individual Lines 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. No impairment was identified.

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

	The Group							
	2022				2021			
	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 Individual Lines Division	9.4	0.5%	14.68%	4.5%	9.7	0.5%	14.29%	4.5%
Sagicor Life Jamaica Employee Benefits Division	10.3	0.5%	14.26%	5%	10.7	0.5%	13.87%	5%
Sagicor Life of the Cayman Islands Individual Lines Division	7.8	0.5%	14.35%	2%	8.5	0.5%	13.28%	2%

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

17. Intangible Assets (Continued)

(a) The allocation of goodwill to the Group's and the company's Cash Generating Units (CGUs) is as follows: (continued)

(ii) Fair values less costs to sell is used to determine the recoverable amounts of:

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 incident 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.

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

Sagicor Investments Jamaica Limited

Sagicor Insurance Managers Limited

Travel Cash Jamaica Limited

Advantage General Insurance Company

Sagicor Real Estate X - Fund Limited

Alliance Financial Services Limited

These calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The Group recorded impairment charges on the following CGUs:

	2021
	$'000
Travel Cash	70,000
Advantage General Insurance Company Limited	500,000
Sagicor Insurance Managers Ltd.[1]	44,400
	614,400

1. This a foreign subsidiary and the goodwill is impacted by movement in the exchange rate.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

17. Intangible Assets (Continued)

(a) The allocation of goodwill to the Group's and the company's Cash Generating Units (CGUs) is as follows: (continued)

Key assumptions used for the impairment calculations are as follows:

	2022		2021	
	Earnings Growth Rate	Discount Rate	Earnings Growth Rate	Discount Rate
Sagicor Bank Jamaica Limited	5.50%	15.23%	5.50%	15.07%
Sagicor Investments Jamaica Limited	5.00%	13.96%	5.00%	12.82%
Sagicor Insurance Managers Ltd.	1.50%	13.80%	1.50%	12.27%
Travel Cash	6.00%	15.52%	6.00%	14.72%
Advantage General Insurance Company Limited	4.50%	14.82%	4.50%	14.04%
Alliance Financial Services Limited	4.50%	11.73%	-	-

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

18. Property, Plant and Equipment

	The Group				
	Leasehold Buildings & Improvements	Freehold Land & Buildings	Furniture & Equipment	Motor Vehicles	Total
Cost or Valuation -	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January 2021	**1,579,465**	**15,247,492**	**7,291,714**	**303,014**	**24,421,685**
Additions	55,673	24,012	402,471	27,311	509,467
Revaluation adjustments	-	2,149,765	-	-	2,149,765
Disposals	-	(19,512)	(5,516)	-	(25,028)
Translation adjustment	5,699	1,162,549	239,398	(17,376)	1,390,270
At 31 December 2021	**1,640,837**	**18,564,306**	**7,928,067**	**312,949**	**28,446,159**
Additions	234,750	14,802	649,220	29,300	928,072
Arising on acquisitions	18,209	-	25,637	26,394	70,240
Reclassification	-	36,000	-	-	36,000
Revaluation adjustments	-	2,876,509	-	-	2,876,509
Disposals	-	(17,005,650)	(2,873,117)	(22,950)	(19,901,717)
Translation adjustment	(1,394)	(312,418)	(60,804)	-	(374,616)
At 31 December 2022	**1,892,402**	**4,173,549**	**5,669,003**	345,693	**12,080,647**
Accumulated Depreciation -					
At 1 January 2021	834,758	903,970	4,111,433	170,668	6,020,829
Charges for the year	124,776	362,380	958,490	49,499	1,495,145
Relieved on revalued assets	-	(25,117)	-	-	(25,117)
Relieved on disposals		(160)	(314)	(12,894)	(13,368)
Translation adjustment	5,023	76,153	105,361	-	186,537
At 31 December 2021	**964,557**	**1,317,226**	**5,174,970**	207,273	**7,664,026**
Charges for the year	133,801	288,144	839,104	45,887	1,306,936
Charges on acquisition	17,512	-	23,121	19,192	59,825
Relieved on revalued assets	-	(28,268)	-	-	(28,268)
Relieved on disposals	-	(1,381,310)	(1,860,721)	(22,950)	(3,264,981)
Translation adjustment	(1,285)	(28,275)	(39,810)	-	(69,370)
At 31 December 2022	**1,114,585**	**167,517**	**4,136,664**	**249,402**	**5,668,168**
Net Book Value -					
31 December 2021	**676,280**	**17,247,080**	**2,753,097**	**105,676**	**20,782,133**
31 December 2022	**777,817**	**4,006,032**	**1,532,339**	**96,291**	**6,412,479**

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

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

18. Property, Plant and Equipment (Continued)

	The Company			
	Leasehold Improvement	**Furniture & Equipment**	**Motor Vehicle**	**Total**
Cost or Valuation -	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January 2021	33,646	492,383	35,840	561,869
Additions	-	8,375	-	8,375
Disposal	-	(176)	-	(176)
At 31 December 2021	33,646	500,582	35,840	570,068
Additions	2,774	36,367	11,000	50,141
Disposal	-	(219)	-	(219)
At 31 December 2022	36,420	536,730	46,840	619,990
Accumulated Depreciation -				
At 1 January 2021	10,468	400,821	6,291	417,580
Charges for the year	3,365	46,739	7,168	57,272
Disposal	-	(88)	-	(88)
At 31 December 2021	13,833	447,472	13,459	474,764
Charges for the year	3,535	39,358	8,451	51,344
Disposal		(24)		(24)
At 31 December 2022	17,368	486,806	21,910	526,084
Net Book Value -				
31 December 2021	**19,813**	**53,110**	**22,381**	**95,304**
31 December 2022	**19,052**	**49,924**	**24,930**	**93,906**

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 $2,904,772,000 (2021 - $2,174,882,000), 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	
	2022	**2021**
	$'000	**$'000**
Cost	1,714,013	13,375,439
Accumulated depreciation	(176,864)	(1,844,823)
Net book value	1,537,149	11,530,616
Carrying value of revalued assets	4,006,032	17,247,080

Disposal of property, plant and equipment includes derecognition of X Fund's property, plant and equipment on sale.

Sagicor Group Jamaica Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

19. Retirement Benefits

	The Group	
	2022	**2021**
	$'000	**$'000**
Retirement benefit assets -		
Pension scheme	706,137	472,179
Retirement benefit obligations -		
Pension scheme	-	943,916
Other retirement benefits	3,000,585	4,836,665
	3,000,585	5,780,581

Pension schemes comprised the following –

	2022	**2021**
	$'000	**$'000**
Retirement benefit assets	706,137	-
Retirement benefit obligations	-	471,737
	706,137	471,737

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 (2021) 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 (2019) was 170% and 114% 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 (2019) was 110%.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

19. Retirement Benefits (Continued)

(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.

(a) Pension schemes

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

	The Group	
	2022	**2021**
	$'000	**$'000**
Present value of funded obligations	24,570,993	30,218,160
Fair value of plan assets	(27,167,909)	(29,746,423)
	(2,596,916)	471,737
Impact of minimum funding requirement/asset ceiling	1,890,779	-
(Surplus)/deficit of funded plan	(706,137)	471,737
(Asset)/liability in the balance sheet	(706,137)	471,737

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

	The Group	
	2022	**2021**
	$'000	**$'000**
Liability at start of year	30,218,160	25,496,152
Current service cost	720,690	652,714
Interest cost	2,278,054	2,257,020
Net expense recognised in income	2,998,744	2,909,734
Re-measurements:		
(Gains)/Losses from changes in financial assumptions	(6,284,435)	1,438,508
(Gains)/Losses from changes in experience	(1,853,988)	398,060
Net (gains)/losses recognised in other comprehensive income	(8,138,423)	1,836,568
Contributions by the members	880,444	830,403
Value of purchased annuities	466,159	1,178,376
Benefits paid	(1,854,091)	(2,033,073)
Net Liability, end of year	24,570,993	30,218,160

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

19. Retirement Benefits (Continued)

(a) Pension schemes (continued)

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

	The Group	
	2022	**2021**
	$'000	**$'000**
Balance at start of year	29,746,423	26,683,400
Contributions made by the employer	622,472	658,132
Contributions by the members	880,444	830,403
Value of purchased annuities	466,159	1,178,376
Benefits paid	(1,854,091)	(2,033,073)
Interest income on plan assets	2,305,461	2,429,414
Re-measurement:		
(Losses)/Gains from changes in financial assumptions	(1,863,773)	139,961
Losses from changes in experience	(3,135,186)	(140,190)
Net losses recognised in other comprehensive income	(4,998,959)	(229)
Balance, end of year	27,167,909	29,746,423

The amounts recognised in the income statement as follows:

	The Group	
	2022	**2021**
	$'000	**$'000**
Current service cost	720,690	652,714
Interest cost on plan obligation	2,278,054	2,257,020
Interest income on plan assets	(2,305,461)	(2,429,414)
Total, included in staff cost (Note 41 (a))	693,283	480,320

19. Retirement Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in other comprehensive income is as follows:

	The Group	
	2022	**2021**
	$'000	**$'000**
Change in financial assumptions	(4,420,662)	1,298,547
Experience adjustments:		
Funding requirement/asset ceiling	1,890,779	
Pension assets and liabilities	1,281,198	538,250
	(1,248,685)	1,836,797
Deferred tax	282,401	(497,880)
	(966,284)	1,338,917

The principal actuarial assumptions used were as follows:

	The Group	
	2022	**2021**
Discount rate - J$ benefits	13.00%	8.00%
Discount rate - US$ Indexed benefits	10.00%	5.50%
Inflation	5.50%	5.00%
Expected return on plan assets	4.00%	8.00%
Future salary increases	9.50%	8.00%
Future pension increases	0.50%	0.50%
Minimum Funding Rate (MFR) as a % of payroll	0.50%	0.25%
Average expected remaining working lives (years)	12	13

The weighted average duration of the defined benefit obligation ranges from 31 years (2021 – 31 years) to 39 years (2021 – 41 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.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

19. Retirement Benefits (Continued)

(a) Pension schemes (continued)

Pension plan assets are comprised as follows:

	The Group			
	2022		2021	
	$'000	%	$'000	%
Equities	8,005,728	29	8,690,687	29
GOJ Bonds	352,719	1	2,721	-
Corporate Bonds	-	-	88,912	-
Real Estate	182,548	1	46,338	-
Mortgages and real estate fund	4,318,926	16	4,550,022	15
Money market fund	441,764	2	245,259	1
Fixed income fund	2,170,003	8	3,254,390	11
Foreign currency fund	3,343,650	12	3,922,707	13
Global market fund	683,247	3	1,072,557	5
Diversified investment fund	31,278	-	129,917	-
Inflation-linked (CPI) fund	2,439,428	9	876,099	3
	21,969,291	81	22,879,609	77
Value of purchased annuities	5,198,618	19	6,866,814	23
	27,167,909	100	29,746,423	100

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
		2022	2022
		$'000	$'000
Discount rate	1.0%	(357,615)	465,054
Future salary increases	1.0%	(12,445)	23,224
Future pension increases	1.0%	281,106	(175,119)
Life expectancy	1 year	39,517	(42,126)

	The Group		
	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		2021	2021
		$'000	$'000
Discount rate	1%	(1,296,046)	1,691,430
Future salary increases	1%	(197,364)	213,199
Future pension increases	1%	2,140,527	(2,135,548)
Life expectancy	1 year	121,396	(125,318)

Sagicor Group Jamaica Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

19. Retirement Benefits (Continued)

(a) Pension schemes (continued)

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.

(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	
	2022	**2021**
	$'000	**$'000**
Present value of unfunded obligations	3,262,679	5,079,345
Fair value of plan assets	(262,094)	(242,680)
Liability in the statement of financial position	3,000,585	4,836,665

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

	The Group	
	2022	**2021**
	$'000	**$'000**
Liability at beginning of year	5,079,345	3,929,008
Current service cost	140,376	99,390
Interest cost	401,052	347,853
Net expense recognised in profit or loss	541,428	447,243
Re-measurement:		
(Gains)/losses from changes in financial assumptions	(2,531,795)	632,332
Losses from changes in experience	313,101	201,526
Net (Gains)/losses recognised in other comprehensive income	(2,218,694)	833,858
Benefits paid	(139,400)	(130,764)
Net Liability, end of year	3,262,679	5,079,345

The principal actuarial assumption used was as follows:

	The Group	
	2022	**2021**
Rate of medical inflation	8.5%	8.0%

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

19. Retirement Benefits (Continued)

(b) Other retirement benefits (continued)

The amounts recognised in the income statements are as follows:

	The Group	
	2022 **$'000**	**2021** **$'000**
Current service cost	140,376	99,390
Interest cost	401,052	347,853
Interest income on plan assets	(19,414)	(20,038)
Total, included in staff cost (Note 41(a))	522,014	427,205

The amounts recognised in other comprehensive income is as follows:

	The Group	
	2022	**2021**
	$'000	**$'000**
Change in financial assumptions	(2,531,795)	632,332
Experience adjustments	313,101	201,526
	(2,218,694)	833,858
Deferred tax	630,999	(238,589)
	(1,587,695)	595,269

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

	The Group	
	2022	**2021**
	$'000	**$'000**
Balance	242,680	222,642
Interest income on plan assets	19,414	20,038
Balance, end of year	262,094	242,680

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

19. Retirement Benefits (Continued)

(b) Other retirement benefits (continued)

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

	The Group Increase/(decrease) in other retirement benefits obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		2022 $'000	**2022 $'000**
Discount rate	1%	(343,733)	417,720
Medical cost inflation	1%	393,033	(327,298)
Future salary increases	1%	16,180	(14,156)
Life expectancy	1 year	79,548	(79,544)

	The Group Increase/(decrease) in other retirement benefits obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		2021 $'000	**2021 $'000**
Discount rate	1%	(596,031)	761,242
Medical cost inflation	1%	783,011	(589,539)
Future salary increases	1%	106,525	(52,718)
Life expectancy	1 year	141,396	(140,318)

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.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

19. Retirement Benefits (Continued)

(c) Plan risks

Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to a number of risks. The Group 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 Group 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 investments.

(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.

Sagicor Group Jamaica Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

20. Deferred Income Taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal rate of:

(a) 25% for the company (Sagicor Group Jamaica Limited), Sagicor Life Jamaica Limited, Sagicor Property Services Limited and Alliance Financial Services Limited.

(b) 33⅓% for Sagicor Investments Jamaica Limited, Sagicor Bank Jamaica Limited, Employee Benefits Administrator Limited, Sagicor Insurance Brokers Limited, Sagicor Insurance Administrators Limited Sagicor and Advantage General Insurance Company Limited;

(c) 1% for the subsidiaries incorporated in St. Lucia; and

(d) 5.5% for the subsidiaries incorporated in Barbados.

The subsidiaries incorporated in Grand Cayman operate under a zero-tax regime.

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

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred income tax assets, net	(4,021,850)	(1,980,237)	(225,671)	(225,674)
Deferred income tax liability, net	421,305	2,169,101	-	-

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

	The Group			
	Deferred tax assets		Deferred tax liabilities	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred tax assets/liabilities to be recovered after more than 12 months	229,965	(170,714)	355,473	(132,034)

	The Company	
	2022	2021
	$'000	$'000
Deferred tax assets to be recovered after more than 12 months	225,671	224,357

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

20. Deferred Income Taxes (Continued)

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

	The Group			
	Net deferred tax assets		Net deferred tax liabilities	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred income tax assets -				
Property, plant and equipment	(464,272)	(305,211)	-	-
Investment securities - FVTOCI	(2,499,514)	(82,267)	-	
Tax losses unused	(96)	(96)		(476,182)
Unrealised foreign exchange losses	(216,677)	(299,862)	6,809	(24,832)
Impairment losses on loans & investment securities (IFRS 9)	(23,790)	-	-	(89,551)
Pensions and other post-retirement benefits	(654,962)	(1,401,821)	-	(40,697)
Other	(162,539)	(35,358)	-	(18,381)
	(4,021,850)	(2,124,615)	6,809	(649,643)
Deferred income tax liabilities -				
Property, plant and equipment	-	-	4,692	1,577,923
Fair value gains/(losses) (FVTPL and FVTOCI)	-	-	-	1,020,198
Impairment losses on loans	-	144,378	-	-
Customer Relationship and Brand	-	-	404,082	220,623
Other	-	-	5,722	-
	-	144,378	414,496	2,818,744
Net deferred taxation (asset)/liability	(4,021,850)	(1,980,237)	421,305	2,169,101

	The Company	
	2022	2021
	$'000	$'000
Deferred income tax assets		
Property, plant and equipment	(225,671)	(224,357)
Impairment losses on loans & investment securities (IFRS 9)	-	(25)
Interest receivable	-	(1,292)
Net deferred tax asset	(225,671)	(225,674)

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

20. Deferred Income Taxes (Continued)

The movement in net deferred tax assets is as follows:

	The Group							
	Property, plant and equipment	**Fair value gains/ (losses)**	**Unused tax losses**	**Unrealised foreign exchange gains**	**Loan & investment securities loss provision**	**Post-employment benefits**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January 2021	(248,298)	390,196	(96)	(278,461)	(123,581)	(722,279)	(23,007)	(1,005,526)
(Credited)/charged to income statement (Note 43 (a))	(62,709)	(77,890)	-	(21,401)	271,291	(932)	(12,351)	96,008
(Credited)/charged to other comprehensive income (Note 43 (c))	5,796	(394,573)	-	-	(3,332)	(678,610)	-	(1,070,719)
At 31 December 2021	(305,211)	(82,267)	(96)	(299,862)	144,378	(1,401,821)	(35,358)	(1,980,237)
(Credited)/charged to income statement (Note 43 (a))	(177,662)	203,592	-	83,185	(148,149)	(166,541)	(127,181)	(332,756)
(Credited)/charged to other comprehensive income (Note 43 (c))	18,601	(2,620,839)	-	-	(20,019)	913,400	-	(1,708,857)
At 31 December 2022	(464,272)	(2,499,514)	(96)	(216,677)	(23,790)	(654,962)	(162,539)	(4,021,850)

Sagicor Group Jamaica Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

20. Deferred Income Taxes (Continued)

The movement in net deferred tax liabilities is as follows:

	Property, plant and equipment	Fair value gains/(losses)	Unused tax losses	Unrealised foreign exchange gains	Loan & investment securities	Pension and other post-retirement benefits	Customer Relationship and Brand	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At January 1, 2021	509,621	2,325,739	(386,406)	(5,972)	-	54,218	254,978	(258,829)	2,493,349
(Credited)/charged to income statement (Note 43 (a))	536,283	77,053	(58,004)	(18,860)	(84,811)	(37,056)	(34,355)	240,818	621,068
(Credited)/chargedto other comprehensive income (Note 43 (c))	423,301	(1,382,594)	-	-	(4,741)	(57,859)	-	-	(1,021,893)
(Credited)/charged directly to equity	108,718	-	(31,772)	-	1	-	-	(370)	76,577
At 31 December 2021	1,577,923	1,020,198	(476,182)	(24,832)	(89,551)	(40,697)	220,623	(18,381)	2,169,101
Assumed on acquisition	4,692	-	-	6,809	-	-	232,667	(1,259)	242,909
Derecognition on sale of subsidiary	(2,254,735)	(53,998)	470,210	10,068	-	-		7,876	(1,820,579)
(Credited)/charged to income statement (Note 43 (a))	133,436	987	-	14,764	89,551	40,697	(49,208)	17,301	247,528
(Credited)/chargedto other comprehensive income (Note 43 (c))	533,486	(967,187)	-	-	-	-	-	-	(433,701)
Foreign exchange	9,890	-	5,972	-	-	-	-	185	16,047
At 31 December 2022	4,692	-	-	6,809	-	-	404,082	5,722	421,305

	The Company	
	2022	2021
	$'000	$'000
As at 1 January	(225,674)	(222,825)
Credited to the income statement	3	(886)
Tax charged to components in other comprehensive income	-	(1,963)
As at 31 December	(225,671)	(225,674)

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

21. 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.

22. Other Assets

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Due from sales representatives	1,707,088	2,263,676	-	-
Real estate developed for resale (i)	7,248,044	6,639,840	-	-
Due from related parties (Note 23)	290,594	806,823	339,833	6
Service contract assets:				
Due from Government Employees & Other - Administrative Scheme Only Fund and Government Pensioners Administrative Scheme Only Fund	225,232	172,705	-	-
Prepayments and deferred commission	3,068,714	3,127,866	732,504	783,125
Customer settlements accounts/unsettled trades	629,559	2,342,437	-	-
Legal claim (Note 52)	53,686	181,648	-	-
Other receivables	3,041,566	2,656,967	131,311	146,679
	16,264,483	18,191,962	1,203,648	929,810
Provision against doubtful receivables and impairment charge	(7,737)	(48,451)	-	-
	16,256,746	18,143,511	1,203,648	929,810

(i) Real estate developed for sale relates to the construction of residential and commercial complexes.

Current portion of Other Assets disclosed under Note 48 (d).

Sagicor Group Jamaica Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

23. 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 venture and associated company. 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). PanJam Investment 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	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Due from related companies -				
Ultimate parent company	72,886	62,290	-	-
Subsidiaries	-	-	339,833	-
Other related companies	5,967	386,605	-	6
Other managed funds	211,741	357,928	-	-
	290,594	806,823	339,833	6
Due to related companies -				
Ultimate parent company	225,850	156,647	70,655	-
Subsidiaries – other liabilities	-	-	3,872,586	4,213,123
Managed funds	136,313	75,696		-
	362,163	232,343	3,943,241	4,213,123
Financial investments-				
Short term deposits	-	-	136,903	133,024
Securities purchased under resale agreements with SIJL	-	-	309,668	342,962
Bonds issued by Ultimate parent company	1,933,068	1,945,687	-	-
Bonds issued by PanJam Investment Limited	501,441	529,742	-	-
Sagicor Select Funds Units	1,950	148,737	-	-
Sigma Units	28,623,521	23,601,075	-	-
	31,059,980	26,225,241	446,571	475,986
Deposit and Security Liabilities-				
Promissory loans:				
Subsidiaries	-	-	11,098,704	12,003,246
BW Shareholders	23,500	23,500	-	-
Other managed funds	4,701,952	2,466,029	-	-
Repurchase agreements with managed funds	15,097,215	24,921,029	-	-
Customer Deposit with ultimate parent Company	115,888	117,152	-	-
	19,938,555	27,527,710	11,098,704	12,003,246

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

23. Related Party Balances and Transactions (Continued)

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

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
PanJam Investment Limited -				
Securities sold under agreement to repurchase	-	272,941	-	-
Customer deposits	2,278,058	437,643	-	-
	2,278,058	710,584	-	-

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

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Directors, key management and other related parties-				
Securities sold under agreements to repurchase and other loans	(398,025)	(102,960)	-	-
Customer deposits	(6,823,289)	(5,749,870)	-	-
Loans	1,126,297	1,825,578	-	-

(c) The income statatement 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 14.

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Ultimate parent company				
Interest income	122,256	119,068	-	-
Interest expense	1,267	38,383	-	37,104
Shared service fees	183,206	221,639	-	-
Sagicor Pooled Investment Funds -				
Interest expense	167,168	52,780	-	-
Lease rental expense	116,322	112,934	-	-
Management fee income	2,014,519	1,959,065	-	-
Pension Schemes -				
Management Fees – Self Directed Funds	278,592	284,426	-	-
Management Fees – DA	4,626	13,033	-	-
PanJam Investment Limited				
Interest expense	1,450	25,576	-	22,810
Interest Income	34,250	10,184	-	-
Directors and key management personnel -				
Interest expense	2,418	1,422	-	-
Interest income	11,968	8,353	-	-

Sagicor Group Jamaica Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

23. Related Party Balances and Transactions (Continued)

(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 14 (continued).

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Parent Company transactions with subsidiaries -				
Management fees Income	-	-	5,138,881	43,215
Interest expense	-	-	(234,729)	(247,035)
Dividend income	-	-	5,721,610	8,272,192
Interest Income	-	-	74,911	10,795
Transactions with Select and Sigma Fund				
Service fee income	2,875,914	2,830,788	-	-
Interest expense	(418,477)	(108,881)	-	-
Lease expense	(519,509)	(395,578)	-	-
Capital appreciation	(903,235)	337,300	-	-
Key management compensation -				
Salaries and other short-term benefits	876,115	755,771	-	-
Share based payments	243,435	198,326	-	-
Contributions to pensions and insurance schemes	38,043	37,900	-	-
	1,157,593	991,997		
Directors' emoluments -				
Fees	136,433	116,818	38,701	34,700
Other expenses	3,780	1,879	-	-
Management remuneration (included in key management compensation)	515,477	291,962	-	-
	655,690	410,659	38,701	34,700

24. Share Capital

	The Group and The Company	
	2022	**2021**
	$'000	**$'000**
Authorised:		
13,598,340,000 (2021 – 13,598,340,000) Ordinary shares		
Issued and fully paid:		
Ordinary stock – January 1	8,816,093	8,991,044
Isssue/(Acquisition) of Treasury shares (Note 26)	182,715	(174,951)
	8,998,808	8,816,093

Sagicor Group Jamaica Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

25. Equity Reserves

				The Group
	Stock Options Reserve	**Investment & Fair Value Reserves**	**Currency Translation Reserve**	**Equity Owners' Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 31 December 2021	58,353	679,475	7,934,170	8,671,998
Net losses recycled to revenue on disposal and maturity of FVTOCI securities	-	(17,270)	-	(17,270)
Net unrealised losses on FVTOCI securities	-	(19,018,790)	-	(19,018,790)
Net unrealised gains on revaluation of owner-occupied properties	-	870,756	-	870,756
Deferred tax on unrealised capital gains and impairment	-	3,477,245	-	3,477,245
Provision for expected credit losses -IFRS 9 on FVTOCI securities	-	9,772	-	9,772
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities	-	577	-	577
Shadow accounting	-	2,536,928	-	2,536,928
Currency translation	-	-	(1,771,040)	(1,771,040)
Total comprehensive income for the year	-	(12,140,782)	(1,771,040)	(13,911,822)
Transactions with owners -				
Employee share option scheme -value of services provided	38,252	-	-	38,252
- employee stock grants and options exercised / expired	(19,126)	-	-	(19,126)
Total transactions with owners	19,126	-	-	19,126
Transfers between reserves -				
To retained earnings	-	(171,092)	-	(171,092)
Total transfers between reserves	-	(171,092)	-	(171,092)
Balance at 31 December 2022	77,479	(11,632,399)	6,163,130	(5,391,790)

Sagicor Group Jamaica Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

25. Equity Reserves (Continued)

	The Group			
	Stock Options Reserve	**Investment & Fair Value Reserves**	**Currency Translation Reserve**	**Equity Owners' Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 31 December 2020	47,999	4,483,477	6,676,042	11,207,518
Net gains recycled to revenue on disposal and maturity of FVTOCI securities	-	(1,716,784)	-	(1,716,784)
Net unrealised gains on FVTOCI securities	-	(4,130,930)	-	(4,130,930)
Net unrealised losses on revaluation of owner-occupied properties	-	742,370	-	742,370
Retirement Benefit Obligation	-	-	-	-
Net gains on Interest Rate Swap	-	93,832	-	93,832
Deferred tax on unrealised capital gains and impairment	-	1,627,226	-	1,627,226
Provision for expected credit losses -IFRS 9 on FVTOCI securities	-	4,730	-	4,730
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities	-	(518,297)	-	(518,297)
Shadow accounting	-	121,611	-	121,611
Currency translation	-		1,258,128	1,258,128
Total comprehensive income for the year	-	(3,776,242)	1,258,128	(2,518,114)
Transactions with owners -				
Employee share option scheme -value of services provided	31,122	-	-	31,122
- employee stock grants and options exercised / expired	(20,768)	-	-	(20,768)
Total transactions with owners	10,354	-	-	10,354
Transfers between reserves -				
To retained earnings	-	(27,760)	-	(27,760)
Total transfers between reserves	-	(27,760)	-	(27,760)
Balance at 31 December 2021	58,353	679,475	7,934,170	8,671,998

25. 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, associate 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.

(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.

26. 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.

Details of the combined share options outstanding are as follows:

	Sagicor Group Jamaica Limited			
	2022		2021	
	Options (thousands)	Weighted Average exercise price in $ per share	Options (thousands)	Weighted Average exercise price in $ per share
At beginning of year	10,252	33.73	11,033	29.65
Measurement year – 2021 awarded 2022	2,660	51.88	-	-
Measurement year – 2020 awarded 2021	-	-	2,224	52.40
Exercised	(2,386)	25.63	(3,005)	32.58
At end of year	10,526	40.15	10,252	33.73
Exercisable at the end of the period	6,815	38.08	6,575	31.28

Sagicor Group Jamaica Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

26. Stock Options and Grants (Continued)

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

	2022		2021	
Expiry Date	**Exercise Price**	**No. of Outstanding Options 000's**	**Exercise Price**	**No. of Outstanding Options 000's**
March 2022	-	-	9.50	298
March 2023	10.49	416	10.49	1,115
March 2024	23.65	412	23.65	613
March 2025	34.10	893	34.10	1,187
March 2026	36.45	1,772	36.45	2,149
March 2027	39.99	2,308	39.99	2,666
March 2028	52.40	2,092	52.40	2,224
March 2029	51.88	2,633	-	-
	29.55	10,526	24.82	10,252

For options outstanding at the end of the year, exercise prices range from $10.49-$51.88 (2021 - $9.50 to $52.40). The remaining contractual terms range from 3 months to 7 years (2021 – 3 months to 7 years).

The weighted average share price for options exercised during the year was $51.88 (2021 - $51.39) and the Group's share of the cost of these options was $3,579,730 (2021 - $7,596,000).

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 year as determined using the Black-Scholes valuation model was $43,468,608 (2021 - $37,557,305). The significant inputs into the model were:

	2022	2021
Share Price	57.44	$51.88
Dividend Yield	2.71%	2.04%
Standard Deviation	29%	29%
Risk Free ratio	5.40%	4.16%
Expected Volatility period	7 years	7 Years

The Sagicor Group Jamaica Limited recognised cumulative expenses of $77,475,104 in the Stock Option Reserves (2021 – $58,349,000) and share options expense of $42,236,751 (2021 - $23,552,000) 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 2022, the Staff Share Purchase Plan Trust purchased NIL (2021: 5,000,000) 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 $3,039,507 (2021 - $6,454,495) at a cost of $162,256,228 (2021 - $344,972,000).

Sagicor Group Jamaica Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

27. Dividends

	The Group and Company	
	2022	**2021**
	$'000	**$'000**
First interim dividend – $1.06 per share (2021 – $0.61 per share)	4,148,956	2,391,811
Second interim dividend – $0.54 per share (2021 – $0.50 per share)	2,109,043	1,939,538
	6,257,999	4,331,349

Dividends represented a dividend per stock unit of $1.60 (2021 - $1.11). There were no dividends declared subsequent to the year end.

28. Net Profit

	2022 $'000	2021 $'000
(i) Net profit attributable to stockholders of Sagicor Group Jamaica Limited, dealt with in the financial statements of:		
The company	6,343,472	7,143,272
Less dividends from subsidiaries	(5,721,610)	(8,272,192)
The subsidiaries, associate and joint venture	15,974,018	18,524,351
	16,595,880	17,395,431

29. Deposit and Security Liabilities

	The Group		The Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Securities sold under repurchase agreements	87,385,529	78,334,999	-	-
Shareholders loan – Bailey Williams Limited	23,500	23,500	-	-
Due to banks and other financial institutions (i)	12,917,290	7,803,208	-	-
Customer deposits and other accounts	145,950,107	133,338,645	-	-
Promissory notes (ii)	3,901,952	1,666,029	11,098,704	12,003,246
Derivative (Note 8)	2,378	16,733	-	-
Structured Product (iii)	656,305	668,527	-	-
	250,837,061	221,851,641	11,098,704	12,003,246

Current portion of Deposit and Security Liabilities disclosed under Note 48 (d).

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

29. Deposit and Security Liabilities (Continued)

	Interest Rate (%)	Maturity Year	The Group 2022 $'000	The Group 2021 $'000	The Company 2022 $'000	The Company 2021 $'000
(I) Due to banks and other financial institutions:						
Development Bank of Jamaica Limited (a)	various	various	1,269,558	1,446,444	-	-
National Housing Trust (NHT) (b)	various	various	846,472	172,611	-	-
International Financial Corporation (IFC) (c)	3.4	2023	6,106,050	6,184,153	-	-
Bank of Nova Scotia (BNS) (d)	8.33	2023	1,000,465	-	-	-
Other Loans (e)	various	various	3,694,745	-	-	-
			12,917,290	7,803,208	-	-

(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%. During 2021, the Group early settled its obligation to NHT and recorded gains of $584,530,000.

(c) International Financial Corporation (IFC)
This is a loan agreement between Sagicor Bank Jamaica and International Financial Corporation (IFC) which attracts interest at 3.4%. The Group was compliant with the loan convenants for the financial year ended 31 December 2022.

(d) Bank of Nova Scotia (BNS)
This is a loan agreement between Sagicor Bank Jamaica and Bank of Nova Scotia (BNS) which attracts interest at 8.33%.

(e) Other Loans
These loans issued by individuals and companies with various maturity dates in 2023.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

29. Deposit and Security Liabilities (Continued)

(ii) Promissory notes

	The Group		The Company	
	2022 **$'000**	**2021** **$'000**	**2022** **$'000**	**2021** **$'000**
Sagicor Life Jamaica Limited (i)	-	-	10,174,675	10,661,622
Sagicor Investment Jamaica Limited (ii)	-	-	924,029	1,341,624
Other managed funds (iii)	3,901,952	1,666,029	-	-
	3,901,952	1,666,029	11,098,704	12,003,246

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 January 2024.

(ii) This promissory note was issued by Sagicor Group Jamaica Limited to Sagicor Investments Jamaica Limited as consideration for the value of Sagicor Bank Jamaica Limited whose ownership was transferred from Sagicor Investment Jamaica Limited to Sagicor Group Jamaica Limited. The promissory note is unsecured with interest at 2% per annum and matures in November 2023.

(iii) This represents funding provided by managed funds to provide work capital support and to cover costs associated with development projects. The loan attacts interest at 8% and 6.5% per annum and matures in June 2023. The balance includes loans issued by Alliance Financial Services Limited (AFSL) to Sigma Global Funds. AFSL exceeded the maximum debt to EBITDA ratio of 5.5x. There were no penalties incurred in respect of the breach.

(iii) Structured product

Principal Protected Notes

Principal protected notes comprise a fixed income element with or without an interest guarantee (included above) and an equity indexed option element disclosed in Note 8. These notes entitle the holders to participate in any positive returns on the equity indexed options and they also include a principal protection feature. If the return on the index is negative, the holder will obtain the principal invested for notes with no interest guarantee and principal invested plus interest for notes with an interest guarantee. The maturity dates of these notes is June 2023.

30. Loans Payable

	The Group		The Company	
	2022 **$'000**	**2021** **$'000**	**2022** **$'000**	**2021** **$'000**
(a) Mortgage Note	-	6,947,445	-	-
(b) Key Money	-	138,528	-	-
(c) Jamaica Central Securities Depository	2,198,545	2,198,545	-	-
Total loans payable	2,198,545	9,284,518	**-**	**-**

Current portion of Loans Payable disclosed under Note 48 (d).

30. Loans Payable (Continued)

(a) *Mortgage Note (US Dollars)*

The mortgage note was issued by Wells Fargo to subsidiary, X Fund Property LLC. The loan amount of NIL (2021 -US$48,736,586) is recorded at fair value at acquisition and was secured by the investment in hotel property. Interest on the note was paid monthly through to maturity at which time the outstanding principal is due and payable. The subsidiary may prepay the note prior to the maturity date only in conjunction with the sale of a property or as a result of casualty or condemnation. The note is payable on October 6, 2025 and attracts a fixed rate interest of 4.9%.

The mortgage note contains a debt service coverage ratio covenant and, upon failing to meet the debt service coverage ratio, substantially all the cash flows from the hotel must be directed to accounts controlled by the lender. As at December 31, 2021, the subsidiary was in compliance with the debt service coverage ratio covenant. On sale of Sagicor Real Estate X Fund (Note 16), the liability was removed from the Group's Statement of Financial Position.

(b) *Key Money*

This note held by subsidiary, X Fund Property Limited is an interest free loan with annual forgiveness of debt over ten years, if contain conditions are met. On sale of Sagicor Real Estate X Fund (Note 16), the liability was removed from the Group's Statement of Financial Position.

(c) *Jamaica Central Securities Depository*

This loan was issued under tranches and arranged by The Jamaica Central Securities Depository (Trustee) to SIJL. Tranche A was issued on 16 August 2019 amounting to $2.18 billion at an interest rate of 6.75% and is repayable on 16 August 2024. Tranche A was issued to finance the acquisition of Advantage General Insurance. Entities which financed the borrowing include related parties.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

31. Other Liabilities

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Legal claim payable (Note 52/53)	54,086	185,548	-	-
Premiums not applied	3,922,172	4,579,669	-	-
Accounts payable and accruals	2,866,976	3,683,662	397,362	31,080
Staff related payable	678,719	979,143	-	-
Dividends payable	275,001	248,651	201,363	174,799
Due to related parties (Note 23)	362,163	232,343	3,943,241	4,213,123
Due to brokers and agents	998,260	1,594,398	-	-
Reinsurance payable	1,654,674	1,653,153	-	-
Mortgage principal and real estate payables	1,338,626	520,107	-	-
Customer settlement accounts	1,570,806	2,792,814	-	-
Regulatory fees and Statutory payables	815,505	925,946	-	-
Items in course of payment	482,084	549,630	-	-
Cheques issued but uncashed	852,384	844,899	-	-
Unearned reinsurance commissions	854,280	763,848	-	-
Miscellaneous	361,126	841,224	-	-
	17,086,862	20,395,035	4,541,966	4,419,002

The analysis of the movement in deferred commission income is as follows:

	The Group	
	2022	**2021**
	$'000	**$'000**
Balance at the beginning of the year	763,848	677,716
Commission received during the year	1,705,288	1,703,827
Amounts recognised in income during the year	(1,614,856)	(1,617,695)
Balance at end of year	854,280	763,848

Current portion of Other Liabilities disclosed under Note 48 (d).

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

32. Life and Health Insurance Contract Liabilities

The note below details the Group's liabilities under insurance contracts arise from the operations of its life insurance subsidiaries.

(a) Composition by line of business is as follows:

	The Group	
	2022	**2021**
	$'000	**$'000**
Group and Individual annuities	60,181,915	61,157,286
Group insurance	5,669,173	6,136,905
Individual insurance	26,397,594	30,702,558
Total	92,248,682	97,996,749

Current portion of Life and Health Insurance Contract Liabilities disclosed under Note 48 (d).

(b) Movements in insurance liabilities:

	The Group			
	2022			
	Group and Individual Annuities	**Individual Insurance**	**Group Insurance**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	61,157,286	30,702,558	6,136,905	97,996,749
Change in assumed investment yields and inflation rate	(2,770,075)	(2,357,586)	(65,624)	(5,193,285)
Change due to the issuance of new policies and the decrements on in-force policies	1,972,720	(803,215)	147,078	1,316,583
Change due to other actuarial assumptions	1,734,012	(1,196,653)	(506,331)	31,028
Normal changes in policyholders' liabilities recorded to incomestatement	936,657	(4,357,454)	(424,877)	(3,845,674)
Changes in actuarial liabilities recorded in Other Comprehensive Income (shadow accounting)	(1,279,756)	(1,257,172)	-	(2,536,928)
Foreign currency translation	(632,272)	1,309,662	(42,855)	634,535
Balance at end of year	60,181,915	26,397,594	5,669,173	92,248,682

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

32. Life and Health Insurance Contract Liabilities (Continued)

(b) Movements in insurance liabilities (continued)

	The Group			
	2021			
	Group Annuities	Individual Insurance	Group Insurance	Total
	$'000	$'000	$'000	$'000
Balance at the beginning of the year	55,704,694	30,290,402	4,782,626	90,777,722
Change in assumed investment yields and inflation rate	143,654	673,684	3,001	820,339
Change due to the issuance of new policies and the decrements on in-force policies	5,175,141	5,105,831	1,212,864	11,493,836
Change due to other actuarial assumptions	(2,388,006)	(5,594,487)	(52,484)	(8,034,977)
Normal changes in policyholders' liabilities recorded in income statement:	2,930,789	185,028	1,163,381	4,279,198
Changes in actuarial liabilities recorded in Other Comprehensive Income (shadow accounting)	35,724	(157,336)	-	(121,612)
Foreign currency translation	2,486,079	384,464	190,898	3,061,441
Balance at end of year	61,157,286	30,702,558	6,136,905	97,996,749

32. Life and Health Insurance Contract Liabilities (Continued)

(c) Policy assumptions

At each date for valuation of actuarial liabilities, the appointed Actuary of each insurer reviews the assumptions made at the last valuation date. The Appointed Actuary tests the validity of each assumption by reference to current data, the Group's experience and where appropriate, changes the assumptions for the current valuation.

Insurance and investment contract liabilities have two major assumptions, best estimate assumptions and provisions for adverse deviation assumptions.

A similar process of review and assessment is conducted in the determination of margins for adverse deviations.

Life Insurance and Annuity Contracts

(i) Best estimate assumptions
Assumptions cover the lifetime of the policies and are made for many variables including mortality, morbidity, investment yields, rates of policy termination (lapse and persistency), operating expenses and certain taxes.

(ii) Mortality and morbidity
The assumptions are based on past Group and industry experience. For individual life policies the Group bases its assumption on the Canadian Institute of Actuaries 97-04 male and female aggregate mortality tables which are 21 year select and ultimate mortality tables. For accidental death and dismemberment benefits the Group bases its assumptions on the 1959 Accidental Death Benefit table for rider benefits and the Canadian Population Accident 1990-1992 sex distinct table for coupon products. Critical illness incidence rates are based on British population sex-distinct incidence rates developed by the Institute of Actuaries. Group annuitant mortality is based on the Society of Actuaries 1994 Group Annuitant male and female basic mortality tables with projection scale AA for improvements in mortality. Individual Annuitant mortality is based on the Society of Actuaries 2012 Individual Annuitant male and female Period mortality tables with projection scale G2 beyond 2012 for improvements in mortality.

(iii) Investment yields
The Group broadly matches assets and liabilities by line of business. The projected cash flows from these assets are combined with future reinvestment rates derived from the current economic outlook and the Group's investment policy to determine expected rates of return on these assets for all future years. The gross long-term ultimate reinvestment rate (after 20 years) is based on expectations of risk-free government bond yields. The gross rate is adjusted to take into account investment expenses and asset default. Assumptions taking into account inflation are that real returns after 40 years will be between 2.0% and 4.0% (2021: 2.0% and 3.3%).

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

32. Life and Health Insurance Contract Liabilities (Continued)

(iv) Lapses and persistency

Lapses relate to termination of policies due to non-payment of premiums. Surrender and withdrawals relate to voluntary termination of policies by policyholders. Policy termination assumptions are based on the Group's own experience and vary by type of product. Lapse rates in the first year of a policy range between 3.5% and 29% of insurance amounts issued. Lapse rates after 20 policy years are assumed to be between 0% and 9.5% of insurance amounts in force. Partial withdrawal rates average about 15.0% (2021: 15.0%) of fund values available from policies in force.

(v) Policy expenses

Policy maintenance expenses are derived from the Group's own internal cost studies projected into the future with an allowance for inflation. All expenses, including overhead, are functionally allocated by line of business, between the administration of the business and the acquisition of the business. All expenses related to the administration of the business are used to determine the policy maintenance unit costs. No expenses related to the acquisition of the business are included in the unit expense assumption used in the valuation of the actuarial liabilities. Interest sensitive and Universal life policies are assumed to be twice as costly to administer as traditional life policies. The inflation assumption is kept consistent with the investment assumption. The initial inflation rate declines over the life of the policies such that real returns after 40 years are between 2.0% and 4.0% (2021: 2.0% and 3.3%).

(vi) Provision for adverse deviation assumptions

To recognize the uncertainty in establishing best estimate assumptions, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the Appointed Actuary is required to include a margin for adverse deviation in each assumption. The impact of these margins is to increase reserves and so decrease the income that would recognized on inception of the policy. The Canadian Institute of Actuaries standards indicate that margins are to be between 5% and 20% of the best estimate assumptions or between 2% and 8% of annuitant mortality best estimate assumptions. The Group uses margins for each assumption at the middle of the range, taking into account the risk profiles of the business.

(vii) Changes in assumptions

Every financial year, the expectations of the Group with respect to the best estimate assumptions and the margins for adverse deviation described above are reviewed. All assumptions are updated as appropriate to reflect the circumstances of the Group.

Health Insurance Contracts

The outstanding liabilities for health insurance claims incurred but not yet reported and for claims reported but not yet paid are determined by statistical methods using expected loss ratios which have been derived from recent historical data. No material claim settlements are anticipated after one year from the statement of financial position date.

33. Investment Contract Liabilities

	The Group	
	2022	**2021**
Amortised cost -	**$'000**	**$'000**
Amounts on deposit	18,083,616	17,193,242
Deposit administration fund	1,469,504	1,501,644
Other investment contracts	611,100	661,599
	20,164,220	19,356,485

Current portion of Investment Contract Liabilities is disclosed under Note 48 (d).

The maturity value of these financial liabilities is determined by the fair value of the linked assets, at maturity date. There will be no difference between the carrying amount and the maturity amount at the maturity date.

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.

34. Property and Casualty Insurance Contract and Other Policy Liabilities

	The Group					
	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Life and health claims payable	5,378,155	(588,700)	4,789,455	5,445,507	(784,167)	4,661,340
Property and casualty claims payable and IBNR	2,976,485	(927,591)	2,048,894	3,304,019	(834,174)	2,469,845
Total Policy Benefit Payable	8,354,640	(1,516,291)	6,838,349	8,749,526	(1,618,341)	7,131,185
Provision for unearned premiums	3,844,083	(2,556,048)	1,288,035	3,259,469	(2,070,739)	1,188,730
Policy dividends and other funds on deposit	1,180,587	-	1,180,587	1,142,752	-	1,142,752
Balance at 31 December	13,379,310	(4,072,339)	9,306,971	13,151,747	(3,689,080)	9,462,667

Movement in policy benefit payable:

	The Group					
	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January	8,749,526	(1,618,341)	7,131,185	7,868,228	(1,716,891)	6,151,337
Policy benefits incurred	38,510,213	(1,374,259)	37,135,954	36,429,580	(1,376,292)	35,053,288
Policy benefits paid	(38,896,935)	1,473,716	(37,423,219)	(35,598,947)	1,497,866	(34,101,081)
Effect of exchange rates	(8,164)	2,593	(5,571)	50,665	(23,024)	27,641
Balance at 31 December	8,354,640	(1,516,291)	6,838,349	8,749,526	(1,618,341)	7,131,185

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

34. Property and Casualty Insurance Contract and Other Policy Liabilities (Continued)

Movement in provision for unearned premiums:

	The Group					
	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January	3,259,469	(2,070,739)	1,188,730	2,755,496	(1,683,928)	1,071,568
Premiums written during the year	7,891,776	(5,677,755)	2,214,021	6,587,945	(4,415,866)	2,172,079
Premiums earned during the year	(7,303,109)	5,188,580	(2,114,529)	(6,099,701)	4,043,992	(2,055,709)
Effects of exchange rate changes	(4,053)	3,866	(187)	15,729	(14,937)	792
Balance at 31 December	3,844,083	(2,556,048)	1,288,035	3,259,469	(2,070,739)	1,188,730

Analysis of unearned premium and property and casualty claims payable and IBNR:

	The Group							
	2022				2021			
	Unearned premiums		Property and casualty claim payable and IBNR		Unearned premiums		Property and casualty claim payable and IBNR	
	$'000' Gross	$'000 Net Reinsured	$'000 Gross	$'000 Net Reinsured	$'000 Gross	$'000 Net Reinsured	$'000 Gross	$'000 Net Reinsured
Liability	257,416	47,851	9,794	9,540	178,301	46,248	73,690	73,273
Motor	2,139,263	1,063,901	2,805,008	1,998,746	2,121,270	1,068,355	3,174,403	2,386,900
Property	1,447,404	176,283	161,683	40,608	959,898	74,127	55,926	9,672
	3,844,083	1,288,035	2,976,485	2,048,894	3,259,469	1,188,730	3,304,019	2,469,845

35. Collateralised Reversed Repurchase Agreements

At December 31, 2022, the Group held $5,036,501,000 (2021 – $10,948,898,000) 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.

Sagicor Group Jamaica Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

36. Premium Income

	2022		
	Gross Premiums	**Reinsurance Premiums**	**Net premiums**
	$'000	**$'000**	**$'000**
Group insurance -			
Group health	12,790,773	(471,167)	12,319,606
Group life	4,576,630	(169,050)	4,407,580
Group annuities	4,272,432	-	4,272,432
	21,639,835	(640,217)	20,999,618
Individual insurance -			
Individual life	32,824,649	(433,155)	32,391,494
Individual health	651,143	-	651,143
Individual annuities	395,640	-	395,640
	33,871,432	(433,155)	33,438,277
Property and casualty	7,303,109	(5,188,580)	2,114,529
Net premiums	62,814,376	(6,261,952)	56,552,424

	2021		
	Gross Premiums	**Reinsurance Premiums**	**Net premiums**
Group insurance -			
Group health	11,474,799	(586,747)	10,888,052
Group life	3,856,618	(121,754)	3,734,864
Group annuities	5,085,776	-	5,085,776
	20,417,193	(708,501)	19,708,692
Individual insurance -			
Individual life	30,557,581	(390,873)	30,166,708
Individual health	579,389	-	579,389
Individual annuities	274,092	-	274,092
	31,411,062	(390,873)	31,020,189
Property and casualty			
Net premiums	6,099,701	(4,043,992)	2,055,709
	57,927,956	(5,143,366)	52,784,590

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

37. Net Investment Income

	The Group		
	2022	**2022**	**2022**
	Amortised cost assets	**FVTOCI assets**	**Total**
	$'000	**$'000**	**$'000**
Interest income -			
Debt securities	7,047,286	9,170,822	16,218,108
Mortgage loans	1,319,430		1,319,430
Policy loans	104,297		104,297
Loans and finance leases	8,677,745		8,677,745
Securities purchased for re-sale	317,962		317,962
Deposits	164,704		164,704
Total Interest Income	17,631,424	9,170,822	26,802,246
Net gain on de-recognition of financial assets measured at FVTOCI			49,581
Net gain on derecognition of financial assets measured at amortised cost			579,060
			27,430,887
FVTPL investments:			
Interest income			489,727
Dividend income			273,705
Unrealised losses on financial assets			(4,060,125)
Net losses on de-recognition of financial assets			(112,011)
			(3,408,704)
Investment properties:			
Unrealised gains			234,572
Rental Income			57,043
			291,615

(expressed in Jamaican dollars unless otherwise indicated)

36. Net Investment Income (Continued)

Other investment income and expense:	
Other investment income	25,375
Other direct investment expense	(34,483)
	(9,108)
Income earned and capital gains/(losses) from assets measured at FVTPL and other investment income	(3,126,197)
Total Investment Income	24,304,690
Interest expense -	
Investment contracts	(792,034)
Customer deposits	(1,412,202)
Repurchase liabilities	(2,954,409)
Insurance contracts and other items	(21,408)
Due to banks and other financial institutions	(559,201)
Lease liabilities	(160,027)
Loans payable	(411,783)
	(6,311,064)
Credit impairment losses	(614,765)
Net investment income	17,378,861

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

37. Net Investment Income (Continued)

	The Company		
	2022	**2022**	**2022**
	Amortised cost assets	**FVTOCI assets**	**Total**
	$'000	**$'000**	**$'000**
Interest income -			
Debt securities	648	-	648
Securities purchased for re-sale	74,911	-	74,911
Deposits	22,189	-	22,189
Total interest income	97,748	-	97,748

Dividend income	5,721,610
Net gains on de-recognition of financial assets on measured at FVTOCI	546
	5,819,904
Interest expense -	
Promissory notes	(234,729)
Net investment income	5,585,175

37. Net Investment Income (Continued)

	The Group		
	2021	2021	2021
	Amortised cost assets	FVTOCI assets	Total
	$'000	$'000	$'000
Interest income -			
Debt securities	6,633,283	7,685,868	14,319,151
Mortgage loans	1,149,031	-	1,149,031
Policy loans	91,772	-	91,772
Loans and finance leases	7,932,278	-	7,932,278
Securities purchased for re-sale	140,654	-	140,654
Deposits	87,496	-	87,496
Total Interest Income	16,034,514	7,685,868	23,720,382
Net gain on de-recognition of financial assets measured at FVTOCI			2,663,679
Net gain on derecognition of financial assets measured at amortised cost			3,292,396
			29,676,457
FVTPL investments:			
Interest income			399,245
Dividend income			169,636
Unrealised losses on financial assets			2,113,275
Net gain on de-recognition of financial assets			828,160
			3,510,316
Investment properties:			
Unrealised gains			68,000
Realised losses			(43,600)
Rental Income			66,058
			90,458

Sagicor Group Jamaica Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

37. Net Investment Income (Continued)

Other investment income and expense:	
Investment income	92,615
Direct investment expense	(41,063)
	51,552
Income earned and capital losses from assets measured at FVTPL & Other Investment Income	3,652,326
Total Investment Income	33,328,783
Interest expense -	
Investment contracts	
Customer deposits	(745,686)
Repurchase liabilities	(1,215,376)
Insurance contracts and other items	(1,792,359)
Due to banks and other financial institutions	(26,191)
Lease liabilities	(451,706)
Loans payable	(182,898)
	(707,636)
	(5,121,852)
Credit impairment losses	
Net investment income	(245,288)
	27,961,643

	The Company		
	2021	**2021**	**2021**
	Amortised cost assets	**FVTOCI assets**	**Total**
	$'000	**$'000**	**$'000**
Interest income -			
Debt securities	4,396	178	4,574
Securities purchased for re-sale	10,795	-	10,795
Deposits	20,583	-	20,583
Total interest income	35,774	178	35,952
Dividend income			8,272,192
Net gains on de-recognition of financial assets on measured at FVTOCI			1,233
			8,309,377
Interest expense -			
Promissory notes			(309,709)
Net investment income			7,999,668

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

38. Results from Hotel Operations

Hotel revenues and expenses relate to X Fund Properties LLC, operators of Double Tree Orlando.

	2022 $'000	2021 $'000
Hotel Revenues:		
Rooms	3,208,817	3,194,370
Food and beverage	1,066,879	735,869
Other departments	304,902	416,482
Other income	78,839	72,028
	4,659,437	4,418,749
Hotel Expenses:		
Rooms	397,669	317,154
Food and beverage	421,553	328,687
Property operations	100,614	95,687
Franchise expense	171,161	167,502
Sales and marketing	267,636	268,921
Other operated departments	772,806	1,136,305
Staff costs:		
Salaries and benefits	1,217,733	1,007,696
Payroll taxes	30,742	45,455
	3,379,914	3,367,407

39. Fees and Other Income

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Service contract revenue	11,699,358	10,350,405	-	-
Commission income on insurance and reinsurance contracts	1,816,509	1,794,612	-	-
Foreign exchange (losses)/gains	(61,433)	1,123,830	(21,282)	54,623
Other fees and commission income	4,732,644	3,418,325		-
Management fees	-	-	5,138,881	43,215
Gain on sale of disposal of subsidiary	-	-	615,195	-
Conditional Payment - AFSL	116,723	-	116,723	-
Miscellaneous fees & other income	209,760	708,525	1,852	360
	18,513,561	17,395,697	5,851,369	98,198

40. Insurance Benefits and Claims

	The Group			
	2022			2021
	Gross incurred $'000	Reinsured $'000	Net Claims $'000	Net Claims $'000
Life insurance benefits	17,669,946	(31,907)	17,638,039	16,600,970
Annuities benefits	6,067,254	-	6,067,254	5,997,601
Health insurance	12,384,994	(305,260)	12,079,734	10,800,743
Property and casualty	2,388,019	(1,037,092)	1,350,927	1,653,974
	38,510,213	(1,374,259)	37,135,954	35,053,288

41. Administration Expenses

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Auditors' remuneration	283,742	260,440	34,498	13,497
Office accommodation	1,231,633	1,194,491	44,303	2,370
Communication and technology	3,507,686	3,468,531	294,771	120,334
Advertising and branding	1,318,611	1,108,941	366,420	340,363
Sales convention and incentives	348,785	219,041	14,340	-
Postage, printing and office supplies	294,843	350,875	8,733	91
Policy stamp duties and reimbursements	108,084	103,418	-	-
Regulators fees	363,553	365,049	11,526	10,267
Directors costs	136,433	139,092	38,701	34,700
Legal and professional fees	1,059,953	749,242	253,558	175,515
Services outsourced	1,021,221	1,048,535	-	705
Electronic channels charges	2,433,210	2,145,613	-	-
Commission and fees	58,945	44,474	-	-
Insurance	435,177	282,948	1,082	989
Travel and entertainment	198,358	102,783	37,390	598
Bank charges and cash transport	562,064	442,385	1,506	1,190
Other expenses	811,339	699,850	90,824	97,323
Staff costs (a)	13,971,701	11,695,789	3,448,277	15,196
	28,145,338	24,421,497	4,645,929	813,138

(a) Staff costs

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Salaries	10,205,351	8,676,065	3,018,645	-
Payroll taxes	1,174,599	999,018	335,153	-
Pension costs (Note 19)	693,283	480,320	-	-
Other post-retirement benefits (Note 19)	522,014	427,205	-	-
Share based compensation	165,225	247,530	44,375	-
Restructuring costs	117,997	22,871	-	-
Other	1,093,232	842,780	50,104	15,196
	13,971,701	11,695,789	3,448,277	15,196

Other staff costs incurred by the Group associated with its hotel operations are disclosed in Note 38.

42. Commission and Sales Expense

Amount represents commission and bonuses paid to sales representatives in the Life companies.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

43. Taxation

(a) Tax is computed as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current year taxation -				
Dividend income tax @ 15%	3,059	2,127	-	-
Income tax at 33 ⅓%	2,582,294	3,106,702	-	-
Income tax at 25%	2,834,632	2,624,054	324,277	-
	5,419,985	5,732,883	324,277	-
Deferred income tax (Note 20) - Deferred tax charge/(credit) relating to the origination and reversal of temporary differences	(85,228)	717,076	-	(886)
Taxation	5,334,757	6,449,959	324,277	(886)
Other taxes:				
Asset tax @ 0.25%	892,860	830,582	-	-
Withholding tax	420	185	-	-
Other taxes	893,280	830,767	-	-

(b) Tax is computed as follows:

Income tax:

1. Income tax at 33⅓% is payable on taxable profits of Sagicor Investments Jamaica Limited, Sagicor Bank Jamaica Limited, Employee Benefits Administrator Limited, Sagicor Insurance Brokers Limited, Advantage General Insurance Company and Sagicor International Administrators Limited.

2. Income tax at 25% is payable on taxable profits of Sagicor Life Jamaica Limited, Sagicor Group Jamaica Limited, Alliance Financial Services Limited and Sagicor Property Services Limited.

Other taxes:

1. Asset taxes
   I. Life and General Insurance Companies
   These companies are subjected to asset tax at a rate of 0.25%(2021 - 0.25%) of total assets less required capital specified by the Financial Services Commission and withholding tax receivables owed by the Commissioner General of Tax Administration Jamaica.

   II. Bank of Jamaica Regulated Companies
   Commercial Banks, Building Societies and other deposit taking institutions are subjected to tax of 0.25% (2021 – 0.25%) of total assets less loan loss reserves, withholding tax receivables owed by the Commissioner General of Tax Administration Jamaica and Regulated Capital required by the Bank of Jamaica.

   III. Non- Regulated Entities
   These entities are subjected to a fixed rate based on the total value of assets.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

43. Taxation (Continued)

Tax losses:

Subject to the agreement of the Taxpayer Audit and Assessment Department, losses of certain subsidiary companies, available for set off against future taxable profits amount to approximately $NIL (2021 – $770,700,000).

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

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Investment income tax - Dividend income	20,391	14,177	-	-
Tax at 15%	3,059	2,127	-	-
Income tax - Profit before taxation	21,930,637	24,093,047	6,667,749	7,142,386
Tax at 1%, 21%, 25% & 33⅓%	6,100,942	5,919,699	1,666,937	1,785,597
Adjusted for:				
Income not subject to income tax (i)	(2,285,331)	(2,439,589)	(1,261,958)	(2,076,038)
Asset tax not deductible for tax purposes	328,643	343,849	-	-
Expenses not deductible for tax purposes (ii)	1,845,429	2,290,039	74,883	105,236
Subsidiaries taxed at zero rate	(420,786)	(428,082)	-	-
Prior year under provision	19,753	4,148	-	-
Net effect of other charges and allowances	(256,952)	757,768	(155,585)	184,319
	5,331,698	6,447,832	324,277	(886)
Taxation expense	5,334,757	6,449,959	324,277	(886)

(i) This includes income from Annuities, earnings from associated company and joint venture.
(ii) This includes expenses relating to annuities, interest charges, impairment and share of loss from associated company.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

43. Taxation (Continued)

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

	The Group					
	2022			2021		
	Before tax $'000	Tax (charge)/ credit $'000	After tax $'000	Before tax $'000	Tax (charge)/ credit $'000	After tax $'000
Fair value losses on OCI, net amounts recycled to income on disposal and maturity of FVTOCI securities	(19,100,449)	3,588,026	(15,512,423)	(5,867,826)	1,777,168	(4,090,658)
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	9,086	20,019	29,105	(515,077)	8,072	(507,005)
Shadow accounting reserve	2,536,928	-	2,536,928	121,612	-	121,612
Re-measurement of post-employment benefits	3,467,379	(913,400)	2,553,979	(2,670,655)	736,469	(1,934,186)
Unrealised gains on owner-occupied properties:	2,904,777	(552,087)	2,352,690	2,174,882	(429,097)	1,745,785
Share of fair value losses on interest rate swap recycled on dilution of associate company	-	-	-	526,436	-	526,436
Retranslation of foreign operations recycle on dilution of subsidiary	(152,490)	-	(152,490)	(2,534,160)	-	(2,534,160)
Retranslation of foreign operations	(1,761,043)	-	(1,761,043)	2,174,989	-	2,174,989
Other comprehensive income Deferred income taxes (Note 20)	(12,095,812)	2,142,558	(9,953,254)	(6,589,799)	2,092,612	(4,497,187)

44. Leases

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2022 $'000	2021 $'000
Right-of-use assets		
Buildings	1,767,944	2,098,959
Land	55,260	56,158
	1,823,204	2,155,117
Lease liabilities		
Current	605,806	617,644
Non-current	1,537,995	1,904,146
	2,143,801	2,521,790

Additions to the right-of-use assets during the 2022 financial year were $361,653,000 (2021- $302,580,000).

(b) Amounts recognised in the profit or loss statement

The income statement shows the following amounts relating to leases:

	2022 $'000	2021 $'000
Amortization charge of right-of-use assets	621,075	599,365
Interest expense (included in Interest and other interest expense – note 37)	160,027	182,898
Expense relating to short-term leases (included in administration expenses)	64,517	69,587

(c) The total cash outflow for leases in 2022 was $773,219,099 (2021 - $714,049,815).

(d) As at 31 December 2022, potential future cash outflows of $42,174,000 (2021- $87,852,000) (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 $209,118,332 (2021- $266,252,516).

45. 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	
	2022	**2021**
Net profit attributable to stockholders ($'000)	16,378,634	17,395,431
Weighted average number of ordinary stock units in issue ('000)	3,906,079	3,900,751
Basic earnings per stock unit ($)	4.19	4.46

(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. Shares amounting to 150,000,000 have been set aside to cover share grants and options to Executives.

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 over the Jamaica Stock Exchange in the name of the Staff Share Purchase Trust or the Long-term Incentive Plan.

	The Group	
	2022	**2021**
Net profit attributable to stockholders ($'000)	16,378,634	17,395,431
Weighted average number of ordinary stock units in issue ('000)	3,913,572	3,904,935
Fully diluted earnings per stock unit ($)	4.19	4.46

(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	
	2022	**2021**
	'000	**'000**
Weighted average number of ordinary stock units for the purposes of the computation of basic earnings per stock unit	3,906,010	3,900,751
Effect of dilutive potential ordinary stock units – stock options	7,569	4,184
Weighted average number of ordinary stock units for the purposes of the computation of diluted earnings per stock unit	3,913,579	3,904,935

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

46. Cash Flows

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

		The Group		The Company	
	Note	**2022 $'000**	**2021 $'000**	**2022 $'000**	**2021 $'000**
Adjustments for non-cash items, interest and dividends:					
Depreciation and amortisation	17/ 18	2,604,846	2,719,286	122,866	142,342
Interest and dividend income	37	(27,565,678)	(24,289,263)	(5,819,358)	(8,308,144)
Interest expense and finance costs	37	6,311,064	5,121,852	234,729	309,709
Income tax	43	5,334,757	6,449,959	324,277	(886)
Other tax expense	43	892,860	830,582	-	-
Gains on disposal of investment securities	37	(516,630)	(6,784,235)	(546)	(1,233)
Fair value losses/(gains) on trading securities	37	4,060,125	(2,113,275)	-	-
Gain on disposal of mortgage portfolio	29	-	(584,530)		
Credit impairment losses	37	614,765	245,288	-	-
Loss on disposal on Investment property		-	43,600	-	-
Impairment charge on land developed for resale		310,664	168,000	-	-
Interest and gains on disposal of Real Estate Developed for Resale		(608,697)	(79,453)	-	-
Gains on revaluation of investment properties	13	(234,572)	(68,000)	-	-
Conditional Payment - AFSL	56	(116,723)	-	(116,723)	-
Losses on disposal of property, plant and equipment		-	16,315	195	88
Increase in policyholders' funds		1,192,140	2,914,905	-	-
Net movement in actuarial liabilities	32	(3,845,674)	4,279,198	-	-
Retirement benefit obligations		453,425	118,637	-	-
Effect of exchange gains on foreign currency balances		61,423	(1,123,830)	1,325	(50,847)
Loss on disposal of interest in associate	15	-	233,088	-	-
Gain on disposal of subsidiary	16	(258,208)	-	(615,195)	-
Impairment charge on goodwill	17	-	614,400	-	-
Share of profits from joint venture		(439,994)	(607,764)	-	-
		(11,750,107)	(11,895,240)	(5,868,430)	(7,908,971)

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

46. Cash Flows (Continued)

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

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Changes in other operating assets and liabilities:				
Statutory reserves at Bank of Jamaica and restricted cash	(1,213,130)	(681,910)	-	-
Structured products	485	675,240	-	-
Stock options and grants	19,126	10,354	19,126	10,354
Reinsurance contracts	(389,717)	(250,302)	-	-
Due from related parties	51,617	113,642	-	-
Premium due and unpaid	(473,023)	(267,733)	-	-
Other assets	3,224	(7,185,807)	(297,170)	(84,202)
Other liabilities	(2,636,243)	4,821,018	123,860	614,739
	(4,637,661)	(2,765,498)	(154,184)	540,891

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Net investment purchases:				
Proceeds on sale of investment securities	102,073,524	271,308,537	590,510	462,675
Purchase of investment securities	(131,238,498)	(275,987,977)	(3,007)	(797,012)
Repurchase agreemets and deposits	1,838,963	(3,938,264)	-	-
Loans	(16,877,900)	(4,002,844)	-	-
Lease receivables	65,320	(77,390)	-	-
	(44,138,591)	(12,697,938)	587,503	(334,337)
	(60,526,359)	(27,358,676)	(5,435,111)	(7,702,417)

(b) Net acquisition of property, plant and equipment

		The Group		The Company	
		2022	**2021**	**2022**	**2021**
		$'000	**$'000**	**$'000**	**$'000**
Purchases	18	(928,071)	(509,467)	(50,141)	(8,375)
Proceeds from disposal		-	12,722	-	-
		(928,071)	(496,745)	(50,141)	(8,375)

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

46. Cash Flows (Continued)

(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	
		2022	**2021**
		$'000	**$'000**
Deposit and security liabilities	29	250,837,061	221,851,641
Loans payable	30	2,198,545	9,284,518
Lease liabilities	44	2,143,801	2,521,790
		255,179,407	233,657,949

	The Group	
	2022	**2021**
	$'000	**$'000**
At January 1	233,657,949	220,829,088
Interest Payable	(703,955)	(615,922)
Bank Overdraft classified as cash and cash equivalent	-	(62,885)
	232,953,994	220,150,281
Drawdown, net of repayments:		
Deposits and securities liabilities excluding structured products (i)	27,383,942	4,282,146
Derivative	-	16,733
Loan payable	(153,573)	(2,065,939)
Lease repayments	(667,729)	(525,324)
Structured products	-	675,240
Non-Cash Movements:		
Assumed on acquisition (AFSL) (note 56)	1,008,568	-
Loan extinguishment on sale of subsidiary (XFUND)	(6,767,862)	-
Recognition of reverse repurchase agreement on sale of subsidiary	2,754,191	-
Derivative	(14,355)	-
New leases	285,387	266,254
Foreign Exchange Impact	(2,786,425)	10,136,963
Amortization of loan cost	22,074	52,624
Amortization of principal	-	(34,984)
Interest payable	1,161,195	703,955
At December 31	255,179,407	233,657,949

i)

	2021
	$'000
Deposits and securities liabilities excluding structured products	4,282,146
Gain on disposal of mortgage portfolio	584,530
	4,866,676

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

46. Cash Flows (Continued)

(c) Net debt reconciliation (continued)

	The Company	
	2022	**2021**
	$'000	**$'000**
At January 1	12,003,246	15,685,639
Interest Payable	(61,405)	(55,703)
	11,941,841	15,629,936
Dividend payable converted to promissory notes	-	(3,023,377)
Loan repayments	(887,126)	
Non-Cash Movements:		
Cancelled loan	-	(664,718)
Interest payable	43,989	61,405
At December 31	11,098,704	12,003,246

47. 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.

Differences between the fair values and the carrying values are accounted for in determining the amount of policyholders' liabilities that must be set aside each year.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

47. Fair Values of Financial Instruments (Continued)

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:

	The Group			
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
	2022	**2022**	**2021**	**2021**
	$000	**$000**	**$000**	**$000**
Financial Assets				
Investments at amortised cost (loans and receivables)	98,151,107	103,900,640	118,915,507	134,529,961
Loans & leases, after allowance for credit losses	112,736,829	111,464,342	96,889,917	97,047,906
Financial Liabilities (Note 29)				
Securities sold under agreements to repurchase	87,385,529	87,385,529	78,334,999	78,334,999
Customer deposits and other accounts	145,950,107	145,955,724	133,338,645	133,683,605
Due to banks and other financial institutions	12,940,790	12,928,260	7,803,208	7,803,208
Loans Payable	2,198,545	2,176,559	9,284,518	9,836,268

	The Company			
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
	2022	**2022**	**2021**	**2021**
	$000	**$000**	**$000**	**$000**
Financial Assets				
Financial investments – loans and receivables	736,529	736,529	1,342,989	1,343,930

47. Fair Values of Financial Instruments (Continued)

(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.

Certain of the Group's liabilities are unit linked, i.e. derive their value from a pool of assets which are carried at fair value. The Group assigns a fair value hierarchy of Level 2 to the contract liability if the liability represents the unadjusted fair value of the underlying pool of assets.

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

A financial instrument is classified as Level 3 if:

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

Level 3 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 include debt securities and equities for which the full income return and capital returns accrue to holders of unit linked liabilities. These assets are valued with inputs other than observable market data.

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

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

47. Fair Values of Financial Instruments (Continued)

The following table provides an analysis of financial instruments that are measured in the statement of financial position at fair value at 31 December 2022, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

	The Group			
	2022			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial Assets				
Financial investments	65,398,023	150,934,201	773,602	217,105,826
Non-Financial Assets				
Property, plant & equipment	-	-	4,006,032	4,006,032
Investment properties	-	-	1,680,525	1,680,525
	65,398,023	150,934,201	6,460,159	222,792,383

	The Group			
	2021			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial investments	66,461,915	146,267,466	736,547	213,465,928
Non-Financial Assets				
Property, plant & equipment	-	-	17,247,080	17,247,080
Investment properties	-	-	1,220,324	1,220,324
	66,461,915	146,267,466	19,203,951	231,933,332

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

47. 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:

	The Group					
Description	**Fair value at**		**Unobservable inputs**	**Range of unobservable inputs**		**Relationship of unobservable inputs to fair value**
	2022	**2021**		**2022**	**2021**	
	$'000	**$'000**		**$'000**	**$'000**	
Investment properties (Note 12)	1,680,525	1,220,324	Comparable sale	5%	5%	Increases in comparable sale prices will have direct correlation to the fair value.
Property, plant & equipment (Note 18)	4,006,032	17,247,080	Comparable sale	5%	5%	Increases in comparable sale prices will have a direct correlation to fair value.
Unquoted ordinary equity	773,602	736,547	Adjustments to net assets	10%	10%	Increases in adjusted net assets of the underlying entities will have a direct correlation to fair value.
	6,460,159	19,203,951				

Reconciliation of level 3 unquoted ordinary equity –

	The Group	
	2022	**2021**
	$'000	**$'000**
Balance at beginning of year	736,547	833,616
Total gains/(losses) – income statement	83,061	(149,024)
Purchases	63,927	90,190
Settlements	(109,933)	(38,235)
Balance at end of year	773,602	736,547

The gains or losses recorded in the profit or loss statement are included in Note 37.

47. Fair Values of Financial Instruments (Continued)

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.

48. 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. Management of the Group's insurance and financial risk for this financial year has been impacted by COVID-19. The changes to the Group's risk management as a result of COVID-19 are discussed for each category of risk.

48. Insurance and Financial Risk Management (Continued)

(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.

(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.

48. Insurance and Financial Risk Management (Continued)

(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.

(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.

With scientific understanding of the COVID-19 virus, medical response, and actions by governments and organisations evolving rapidly, the situation remains fluid. While high correlation in life and health insurance losses is a feature of pandemic risk, the impact of the virus on long term mortality and morbidity risk is not yet quantified. A characteristic of the pandemic is that losses will materialize over time. Sagicor continues to examine its processes for underwriting, product pricing and product management at the policy level, and evaluate and refine internal models and scenario analyses to measure and manage the implied outcomes.

Long term insurance contracts

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.

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Long term insurance contracts

(i) Frequency and severity of claims (continued)

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 48 (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-2022			
	Total Benefits Insured			
	Before Reinsurance	**%**	**After Reinsurance**	**%**
	$'000		**$'000**	
0 – 200	150,268,124	7	128,617,123	6
200 - 400	145,570,866	7	125,411,900	6
400 - 800	175,964,209	8	160,249,015	8
800 - 1000	137,446,782	6	133,531,056	6
More than 1,000	1,570,774,527	72	1,535,957,060	74
Total	2,180,024,508	100	2,083,766,154	100

Individual Life Benefits Assured per Life ($'000)	The Group-2021			
	Total Benefits Insured			
	Before Reinsurance	**%**	**After Reinsurance**	**%**
	$'000		**$'000**	
0 – 200	155,048,225	8	134,486,239	7
200 - 400	154,219,870	8	135,730,933	7
400 - 800	209,239,616	10	196,228,387	10
800 - 1000	219,469,433	11	214,987,135	11
More than 1,000	1,279,229,173	63	1,251,370,501	65
Total	2,017,206,317	100	1,932,803,195	100

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Long term insurance contracts (continued)

(i) Frequency and severity of claims (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.

	The Group-2022			
Group Life Benefits Assured per Life ($'000)	Total Benefits Insured			
	Before Reinsurance $'000	**%**	**After Reinsurance $'000**	**%**
0 - 200	33,899,220	3	22,419,576	2
200 - 400	5,049,634	-	3,372,356	-
400 - 800	1,310,001	-	718,532	-
800 - 1,000	13,690	-	13,690	-
More than 1,000	1,197,000,319	97	1,179,875,787	98
	1,237,272,864	100	1,206,399,941	100

	The Group-2021			
Group Life Benefits Assured per Life ($'000)	Total Benefits Insured			
	Before Reinsurance $'000	**%**	**After Reinsurance $'000**	**%**
0 - 200	35,460,874	3	23,777,017	2
200 - 400	5,245,996	-	3,586,800	-
400 - 800	1,186,757	-	583,883	-
800 - 1,000	18,250	-	18,250	-
More than 1,000	1,048,717,864	97	1,035,732,212	98
	1,090,629,741	100	1,063,698,162	100

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Long term insurance contracts (continued)

(i) Frequency and severity of claims (continued)
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.

	The Group			
Annuity Payable per annum per annuitant ($'000)	**Total Benefits Insured**			
	2022	**%**	**2021**	**%**
	$'000		**$'000**	
0 – 20	116,682	2	114,783	2
20 - 40	125,969	2	120,264	2
40 - 80	105,766	2	99,393	2
80 - 100	48,719	1	51,159	1
More than 100	5,472,561	93	5,216,719	93
Total	5,869,697	100	5,602,318	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.

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

The Group manages these risks through its underwriting strategy and reinsurance arrangements.

(i) Frequency and severity of claims (continued)
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 contracts that insure survival, 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.

(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. A margin for adverse deviation based on expected deterioration or mis-estimation of the mean, is added to the best estimate assumptions to derive the valuation assumptions which are used for calculating the liabilities arising under the insurance contracts.

See Note 32 (d) for detail policy assumptions.

Short-duration life and health 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.

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

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 48(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 48(b) for retention limits.

(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.

See Note 32(d) for detail policy assumptions.

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.

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

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 48 (b).

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:

Sagicor Group Jamaica Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

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. 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. 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. 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.

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (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:
The table in note 34 shows management's exposure to general insurance risk (based on the carrying value of insurance provisions at the reporting date) per major category of business. Management has its largest risk concentration in the motor line.

Development Claim Liabilities
In addition to sensitivity analysis, the development of insurance liabilities provides a measure of ability to estimate the ultimate value of claims. The table below illustrates how management’s estimate of the ultimate claims liability for accident years 2017 – 2022 has changed at successive year ends, up to 2022. Updated unpaid claims and adjustment expenses (UCAE) and IBNR estimates 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.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

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 in the statement of financial position.

The Group

	2017	2018	2019	2020	2021	2022	Total
Gross	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Estimate of ultimate claims incurred:							
At the end of the reporting year	2,147,757	2,366,194	2,381,008	1,700,600	1,604,252	1,881,335	
One year later	2,512,465	2,603,621	2,423,211	1,786,758	1,832,944		
Two years later	2,736,195	2,713,092	2,530,613	1,853,994			
Three years later	2,879,541	2,884,722	2,612,056				
Four years later	2,991,305	2,924,408					
Five years later	2,975,312						
Current estimate of cumulative claims	2,975,312	2,924,408	2,612,056	1,853,994	1,832,944	1,881,335	14,080,049
Cumulative payments to date	(2,791,008)	(2,638,350)	(2,277,992)	(1,590,495)	(1,486,211)	(830,313)	(11,614,369)
Liability recognised in the statement of financial position	184,304	286,058	334,064	263,499	346,733	1,051,022	2,465,680
Liability in respect of prior years and ULAE							510,805
Total liability							2,976,485

	2017	2018	2019	2020	2021	2022	Total
Reinsurers' share	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Estimate of ultimate claims incurred:							
At the end of the reporting year	14,076	12,505	144,540	750,832	896,918	989,375	
One year later	12,720	15,199	256,792	801,057	915,432		
Two years later	28,673	15,573	265,100	817,645			
Three years later	29,968	15,018	268,425				
Four years later	30,569	15,877					
Five years later	32,581						
Current estimate of cumulative claims	32,581	15,877	268,425	817,645	915,432	989,375	3,039,335
Cumulative payments to date	(3,434)	(13,849)	(245,745)	(709,060)	(746,279)	(417,018)	(2,135,385)
Recoverable recognised in the statement of financial position	29,147	2,028	22,680	108,585	169,153	572,357	903,950
Recoverable in respect of prior years							23,641
Total recoverable from reinsurers							927,591

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

	The Group						
Gross	**2016 $'000**	**2017 $'000**	**2018 $'000**	**2019 $'000**	**2020 $'000**	**2021 $'000**	**Total $'000**
Estimate of ultimate claims incurred:							
At the end of the reporting year	2,175,548	2,147,757	2,366,194	2,381,008	1,700,600	1,604,252	
One year later	2,705,893	2,512,465	2,603,621	2,423,211	1,786,758		
Two years later	2,788,710	2,736,195	2,713,092	2,530,613			
Three years later	2,886,877	2,879,541	2,884,722				
Four years later	2,966,119	2,991,305					
Five years later	3,031,384						
Current estimate of cumulative claims	3,031,384	2,991,305	2,884,722	2,530,613	1,786,758	1,604,252	14,829,034
Cumulative payments to date	(2,880,163)	(2,704,837)	(2,489,888)	(2,066,958)	(1,359,402)	(650,062)	(12,151,310)
Liability recognised in the statement of financial position	151,221	286,468	394,834	463,655	427,356	954,190	2,677,724
Liability in respect of prior years and ULAE							626,295
Total liability							3,304,019

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

Reinsurers' share	**2016 $'000**	**2017 $'000**	**2018 $'000**	**2019 $'000**	**2020 $'000**	**2021 $'000**	**Total $'000**
Estimate of ultimate claims incurred:							
At the end of the reporting year	276,482	14,076	12,505	144,540	750,832	896,918	
One year later	275,424	12,720	15,199	256,792	801,057		
Two years later	269,053	28,673	15,573	265,100			
Three years later	269,182	29,968	15,018				
Four years later	269,365	30,569					
Five years later	269,243						
Current estimate of cumulative claims	269,243	30,569	15,018	265,100	801,057	896,918	2,277,905
Cumulative payments to date	(269,243)	(30,473)	(13,671)	(221,895)	(605,071)	(324,569)	(1,464,922)
Recoverable recognised in the statement of financial position	-	96	1,347	43,205	195,986	572,349	812,983
Recoverable in respect of prior years							21,191
Total recoverable from reinsurers							834,174

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Sensitivity Analysis of Actuarial Liabilities

The determination of actuarial 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 was based on our discussion with management and the change in AGI's 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.

A 10% increase in the future development assumptions increases the net total claims liability by $61,719,000 (2021 - $84,796,000) while a 10% decrease, decreases the net liability by $64,796,000 (2021 - $87,942,000).

Provision for adverse deviation assumptions
The basic assumptions made in establishing insurance reserves are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin for adverse deviation in each assumption.

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.

(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

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.

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-2022	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 – 15% of the sum insured per risk or US$1,200,000
General Insurance - Property Q/S Treaty - Homeowners and Condominium	Retention – 25% of the sum insured per risk or US$2,000,000
General Insurance - Engineering & Construction Q/S Treaty	Retention – 10% of the sum insured per risk or US$500,000
Catastrophe Excess of Loss	Retention – 10% of the sum insured per risk or US$500,000
General Insurance – Motor Excess of Loss	Retention – US$500,000.
General Insurance – Property Excess of Loss	Retention – US$500,000.

Type of insurance contract-2021	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	Retention – 10% of the sum insured per risk or US$800,000.
Catastrophe Excess of Loss	Retention – 10% of the sum insured per risk or US$500,000
General Insurance – Motor Excess of Loss	Retention – US$500,000.
General Insurance – Property Excess of Loss	Retention – US$500,000.

48. Insurance and Financial Risk Management (Continued)

(c) 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. Resulting from the financial effects of COVID 19, the Group enhanced its monitoring of its investment portfolios to determine if any action was required to protect its financial position. The Group improved its liquidity by shortening the duration of its portfolios early in the year and, post June 2021, observed improvements in cash flow and interest rate risk.

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 is 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.

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 $404,939,000 (2021 - $397,676,000) 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.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

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 investment portfolio as at 31 December 2022 and 2021.

	The Group				
	2022				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Assets					
Cash resources	6,697,695	-	-	15,554,975	22,252,670
Cash reserve at Bank of Jamaica	-	-	-	12,091,812	12,091,812
Financial investments and pledged assets	57,424,984	36,137,372	177,662,066	44,034,889	315,259,311
Loans & leases, after allowance for credit losses	111,109,841	867,063	286,995	472,930	112,736,829
Reinsurance contracts	-	-	-	1,516,291	1,516,291
Premiums due and unpaid	-	-	-	4,887,437	4,887,437
Other assets	-	53,686	-	6,113,096	6,166,782
Total assets	**175,232,520**	**37,058,121**	**177,949,061**	**84,671,430**	**474,911,132**
Liabilities					
Deposit and security liabilities	242,231,549	7,068,281	905,226	632,005	250,837,061
Loan Payable	-	2,180,000	-	18,545	2,198,545
Other liabilities	-	53,686	-	16,059,340	16,113,026
Lease liabilities	601,720	1,032,872	504,788	4,421	2,143,801
Insurance contracts liabilities	6,048,019	26,018,103	56,323,974	3,858,586	92,248,682
Investment contracts liabilities	16,624,191	3,540,029	-	-	20,164,220
Other policy liabilities	1,161,962	-	-	8,373,265	9,535,227
Total liabilities	266,667,441	39,892,971	57,733,988	28,946,162	393,240,562
On statement of financial position interest sensitivity gap	(91,434,921)	(2,834,850)	120,215,073	55,725,268	
Cumulative interest sensitivity gap	(91,434,921)	(94,269,771)	25,945,302	81,670,570	

Sagicor Group Jamaica Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Group				
	2021				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Total assets	163,871,261	45,585,912	186,406,704	82,485,140	478,349,017
Total liabilities	234,711,515	47,051,589	66,064,290	32,617,421	380,444,815
On statement of financial position interest sensitivity gap	(70,840,254)	(1,465,677)	120,342,414	49,867,719	97,904,202
Cumulative interest sensitivity gap	(70,840,254)	(72,305,931)	48,036,483	97,904,202	

	The Company				
	2022				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Assets					
Cash Resources	655,852	-	-	-	655,852
Financial Investments and pledged assets	736,529	-	-	-	736,529
Other Assets	-	-	-	471,144	471,144
Total assets	**1,392,381**	**-**	**-**	**471,144**	**1,863,525**
Liabilities					
Deposits and security liabilities	-	11,098,704	-	-	11,098,704
Other Liabilities	-	-	-	4,541,966	4,541,966
Total liabilities	-	11,098,704	-	4,541,966	15,640,670
On statement of financial position interest sensitivity gap	**1,392,381**	**(11,098,704)**	**-**	**(4,070,822)**	**(13,777,145)**
Cumulative interest sensitivity gap	**1,392,381**	**(9,706,323)**	**(9,706,323)**	**(13,777,145)**	

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Company				
	2021				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Total assets	1,218,311	51,541	499,147	151,852	1,920,851
Total liabilities	-	11,941,842	-	4,480,406	16,422,248
On statement of financial position interest sensitivity gap	1,218,311	(11,890,301)	499,147	(4,328,554)	(14,501,397)
Cumulative interest sensitivity gap	1,218,311	(10,671,990)	(10,172,843)	(14,501,397)	

The table summarises the average effective yields by the earlier of the contractual repricing or maturity dates:

	The Group					
	2022					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	8.7	5.1	8.2	4.9	3.3	7.6
Loans	9.7	8.1	6.8	6.8	2.8	8.7
Mortgages (2)	-	9.9	8.6	9.5	7.1	8.8
Bank overdraft	48	-	-	-	-	-
Deposits	1.2	3.8	4.3	4.2	-	1.73

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Group					
	2021					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	4.18	4.18	2.46	4.96	7.87	6.46
Loans	10.06	8.18	7.11	7.03	7.00	8.97
Mortgages (2)	-	7.58	7.58	7.58	7.58	7.58
Bank Overdraft	2.50	-	-	-	-	2.50
Deposits	1.06	3.02	2.44	4.85	-	1.40

	The Company					
	2022					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	-	4	-	-	-	-
Deposits	-	4.50	5.50	-	-	-

	The Company					
	2021					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	4.29	4.29	3.00	1.79	8.5	5.65
Deposits	-	4.5	3	-	-	3.75

48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

(1) Yields are based on book values and contractual interest adjusted for amortization 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 49.

(d) 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.

COVID-19 was expected to have resulted in increased liability run-offs; Sagicor's experience has so far indicated that the impact is moderate. Early in the year the Group improved its liquidity position, thereby enabling the Group to meet its contractual and regulatory obligations. The Group has been cautious in deploying liquidity in client segments considered particularly vulnerable to the impact of the pandemic. We continue to prudently manage liquidity across the group by maintaining adequate cash resources and investment in highly marketable instruments. This ensures that there are always resources available to meet planned and unplanned liquidity needs.

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 managing the concentration and profile of debt maturities.

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.

48. Insurance and Financial Risk Management (Continued)

(d) Liquidity risk (continued)
Liquidity risk management process (continued)

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 31 December 2022 and 2021.

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 insurance liabilities and financial liabilities.

	The Group			
	within 1 year	**1-5 years**	**Over 5 years**	**Total**
	$000	**$000**	**$000**	**$000**
Undiscounted Financial Liabilities- 31 December 2022				
Deposit and security liability	251,865,681	2,358,394	1,531,067	255,755,142
Loans Payable	147,956	2,290,866	-	2,438,822
Other liabilities	16,194,854	53,686	-	16,248,540
Lease liabilities	751,678	1,248,556	746,232	2,746,466
Investment contracts liabilities	16,624,192	4,062,071	-	20,686,263
Total undiscounted liabilities	285,584,361	10,013,573	2,277,299	297,875,233

	Within 1 year	**1-5 years**	**Over 5 years**	**Total**
	$000	**$000**	**$000**	**$000**
Undiscounted Financial Liabilities - 31 December 2021				
Deposit and security liability	212,680,151	10,894,311	943,911	224,518,373
Loans Payable	647,895	10,288,046	-	10,935,941
Other liabilities	19,435,422	181,648	-	19,617,070
Lease liabilities	755,692	1,719,799	644,483	3,119,974
Investment contracts liabilities	16,129,573	3,322,455	-	19,452,028
Total undiscounted liabilities	249,648,733	26,406,259	1,588,394	277,643,386

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(d) Liquidity risk (continued)

	The Company			
	2022			
	Within 1 year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Undiscounted Financial Liabilities				
Promissory notes	-	11,351,012	-	11,351,012
Other Liabilities	4,471,311	-	-	4,471,311
Total undiscounted liabilities	4,471,311	11,351,012	-	15,822,323

	The Company			
	2021			
	Within 1 year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Undiscounted Financial Liabilities				
Promissory notes	-	12,481,841	-	12,481,841
Other Liabilities	4,419,002	-	-	4,419,002
Total undiscounted liabilities	4,419,002	12,481,841	-	16,900,843

Off-balance sheet items
The tables below show the contractual expiry by maturity of commitments.

	The Group			
	No later than 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
At December 31, 2022				
Credit commitments	11,882,296	2,523,253	94,268	14,499,817
Guarantees, acceptances and other financial facilities	3,187,168	889,319	1,508,453	5,584,940
Operating lease commitments	24,875	-	-	24,875
	15,094,339	3,412,572	1,602,721	20,109,632
At December 31, 2021				
Credit commitments	6,751,638	672,960	152,111	7,576,709
Guarantees, acceptances and other financial facilities	2,740,109	1,019,058	1,336,168	5,095,335
Operating lease commitments	48,551	-	-	48,551
	9,540,298	1,692,018	1,488,279	12,720,595

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(d) Liquidity risk (continued)

The tables below reflect the expected maturities of the Group's discounted financial assets and liabilities at the year-end date.

	The Group			
	2022			
	Within 1 Year	1-5 years	Over 5 years	Total
Financial Assets	**$000**	**$000**	**$000**	**$000**
Cash resources	22,252,670	-	-	22,252,670
Cash reserve at Bank of Jamaica	12,091,812	-	-	12,091,812
Financial investments & pledged assets excluding equities	60,312,545	36,137,372	178,610,000	275,059,917
Loans and leases, after allowance for credit losses	30,105,806	42,235,983	40,395,040	112,736,829
Reinsurance contracts	1,417,271	-	99,020	1,516,291
Premium receivable and unpaid	4,887,437	-	-	4,887,437
Other assets	6,113,096	53,686	-	6,166,782
Total financial assets	137,180,637	78,427,041	219,104,060	434,711,738
Financial Liabilities				
Deposit and securities liability	242,611,513	7,267,107	958,441	250,837,061
Loan payable	18,545	2,180,000	-	2,198,545
Other liabilities	16,059,340	53,686	-	16,113,026
Investment contract	6,048,013	26,018,103	60,182,566	92,248,682
Insurance contracts liabilities	16,624,191	3,540,029	-	20,164,220
Lease liabilities	605,806	1,033,207	504,788	2,143,801
Other policy liabilities	8,012,837	1,235,010	287,380	9,535,227
Total financial liabilities	289,980,245	41,327,142	61,933,175	393,240,562
On statement of financial position interest sensitivity gap	(152,799,608)	37,099,899	157,170,885	
Cumulative interest sensitivity gap	(152,799,608)	(115,699,709)	41,471,176	

	2021			
	Within 1 year	1-5 years	Over 5 years	Total
	$000	**$000**	**$000**	**$000**
Total assets	134,579,254	82,241,464	223,071,053	439,891,771
Total liabilities	261,850,402	48,316,535	70,277,878	380,444,815
On statement of financial position interest sensitivity gap	(127,271,148)	33,924,929	152,793,175	59,446,956
Cumulative interest sensitivity gap	(127,271,148)	(93,346,219)	59,446,956	

Equities securities balance of $40,253,025,000 (2021-$38,457,246,000) held within underlying assets is excluded from the table above.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(d) Liquidity risk (continued)

The tables below reflect the expected maturities of the Group's discounted financial assets at the year-end date (continued).

	The Company			
	2022			
	Within 1 year	1-5 years	Over 5 years	Total
Assets	$000	$000	$000	$000
Cash resources	655,852	-	-	655,852
Financial investments & pledged assets	736,529	-	-	736,529
Other assets	131,317	-	-	131,317
Total assets	1,523,698	-	-	1,523,698
Liabilities				
Promissory notes	924,029	10,174,675		11,098,704
Other liabilities	4,471,311	-	-	4,471,311
Total liabilities	5,395,340	10,174,675	-	15,570,015
On statement of financial position interest sensitivity gap	(3,871,642)	(10,174,675)	-	
Cumulative interest sensitivity gap	(3,871,642)	(14,046,317)	(14,046,317)	

	2021			
	Within 1 year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Total assets	1,370,163	51,540	499,148	1,920,851
Total liabilities	4,419,002	12,003,246	-	16,422,248
On statement of financial position interest sensitivity gap	(3,048,839)	(11,951,706)	499,148	(14,501,397)
Cumulative interest sensitivity gap	(3,048,839)	(15,000,545)	(14,501,397)	

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.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(e) 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 balance sheet 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.

(i) 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 49.

(ii) 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 United States of America (USA) 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.

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.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(e) Market risk (continued)

(ii) Currency risk (continued)

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			
	2022			
	Jamaican $	**US$**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Cash resources	8,443,675	11,480,965	2,328,030	22,252,670
Cash reserve at Bank of Jamaica	4,057,352	7,749,817	284,643	12,091,812
Financial investments and pledged assets	162,757,364	151,311,063	1,188,506	315,256,933
Loans & leases, after allowance for credit losses	92,531,141	20,205,688	-	112,736,829
Reinsurance contracts	1,387,137	129,154	-	1,516,291
Premium receivable and unpaid	4,562,986	212,201	112,250	4,887,437
Other assets	4,211,949	1,952,598	2,235	6,166,782
Total Financial assets	277,951,604	193,041,486	3,915,664	474,908,754
Financial liabilities				
Deposit and security liabilities	127,922,026	120,322,096	2,592,939	250,837,061
Loans Payable	2,198,545	-	-	2,198,545
Other liabilities	13,468,887	2,395,875	248,264	16,113,026
Insurance contracts	51,104,491	37,245,877	3,898,314	92,248,682
Investment contracts liabilities	12,894,589	7,165,748	103,883	20,164,220
Lease liabilities	2,143,801	-	-	2,143,801
Other policy liabilities	8,574,500	361,673	599,054	9,535,227
Total financial liabilities	218,306,839	167,491,269	7,442,454	393,240,562
Net on statement of financial position interest sensitivity gap	59,644,765	25,550,217	(3,526,790)	81,668,192

	The Group			
	2021			
	Jamaican $	**US$**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Total assets	269,283,057	205,511,107	3,554,853	478,349,017
Total liabilities	201,631,748	168,564,361	10,248,706	380,444,815
Net on statement of financial position	67,651,309	36,946,746	(6,693,853)	97,904,202

As of December 31, 2022, the Company's maximum exposure to foreign currency exchange rate risk pertains to financial investments, pledged assets and cash resources amounting to J$423,097,000 (2021: J$430,254,000), denominated in US dollars.

49. Sensitivity Analysis

Actuarial liabilities for the Group's life and health insurance contracts comprise 73.32% (2021 –75.09%) of total Policyholders' Funds. The determination of actuarial liabilities is sensitive to a number of assumptions, and changes in those assumptions could have a significant effect on the valuation results.

(i) Sensitivity arising from the valuation of life insurance and annuity contracts

In summary, the valuation of actuarial 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
- the margins for adverse deviations.

The Appointed Actuary tests the actuarial liabilities under several economic scenarios. These tests have been done and the liabilities have been derived from the scenarios which produce the worst results.

The assumption for future investment yields has a significant impact on actuarial liabilities. The other assumptions to which the actuarial liabilities of the Group are most sensitive, are in descending order of impact:

- Mortality and morbidity
- Operating expenses and taxes
- Lapse rates

(ii) Dynamic capital adequacy testing (DCAT)

DCAT is a technique used to assess the adequacy of an insurer's future financial condition in the light of different future economic and policy experience scenarios. DCAT assesses the impact over the next 5 years on the insurer's financial position and financial condition under specific scenarios.

The financial position of an insurer is reflected by the amounts of assets, liabilities and equity in the statement of financial position at a given date.

The financial condition of an insurer at a particular date is its prospective ability at that date to meet its future obligations, especially obligations to policyholders, those to whom it owes benefits and to its shareholders.

The purpose of the DCAT is:

- to develop an understanding of the sensitivity of the total equity of the insurer and future financial condition to changes in various experience factors and management policies;
- to alert management and the Board to material, plausible and imminent threats to the insurer's solvency; and
- to describe possible courses of action to address these threats.

The DCAT does not test any correlation that may exist between assumptions. The use of differing sensitivity rates by insurers reflects differences in the insurers' environment.

The following table represents the impact of changes in the assumptions to net actuarial liabilities for the Group resulting from changes in the variables listed below. The table below shows the impact on the insurance liability at the end of the year, based on the respective variable changes, and is not reflective of the results of the DCAT assessment.

		The Group	
Variable	**Change in Variable**	**2022 Change in Liability $'000**	**2021 Change in Liability $'000**
Worsening of mortality/morbidity	+10%.	7,821,042	7,570,789
Improvement in annuitant mortality	-10%.	1,371,097	1,450,417
Lowering of investment return	-1%.	8,271,746	9,394,381
Worsening of base renewal expense and inflation rate	+10%	1,461,231	1,360,778
Worsening of lapse rate	+10%	1,801,756	1,506,678
Higher interest rates	+1%.	(6,351,048)	(7,447,858)

49. 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		
	Carrying Value $'000	**Effect of 6% decrease at 31 December 2022 $'000**	**Effect of 6% increase at 31 December 2022 $'000**
Financial assets at fair value through profit or loss and other comprehensive income equity securities:			
Listed on Jamaica Stock Exchange	6,783,097	(406,986)	406,986
Listed on US stock exchanges	4,174,096	(250,446)	250,446
Other	29,239,823	(1,754,389)	1,754,389
	40,197,016	(2,411,821)	2,411,821

(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 Group					
	2022			2021		
	Balances Denominated in other than JMD $'000	**Effect of a 4% depreciation at 31 December 2022 $'000**	**Effect of a 1% appreciation at 31 December 2022 $'000**	**Balances Denominated in other than JMD $'000**	**Effect of a 6% depreciation at 31 December 2021 $'000**	**Effect of a 2% appreciation at 31 December 2021 $'000**
Statement of financial position:						
Assets	196,957,150	189,078,864	198,926,722	209,065,959	196,522,003	213,247,280
Liabilities	174,933,723	167,936,374	176,683,060	178,813,067	168,084,283	182,389,328
Net position	22,023,427	21,142,490	22,243,662	30,252,892	28,437,720	30,857,952
Impact on Net Profit Other comprehensive Income		(880,937)	220,235		(1,815,173)	605,059

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

49. Sensitivity Analysis (Continued)

(iv) Sensitivity arising from currency risk (continued)

	The Company					
	2022			2021		
	Balances Denominated in other than JMD $'000	Effect of a 4% depreciation at 31 December 2022 $'000	Effect of a 1% appreciation at 31 December 2022 $'000	Balances Denominated in other than JMD $'000	Effect of a 6% depreciation at 31 December 2021 $'000	Effect of a 2% appreciation at 31 December 2021 $'000
Statement of financial position:						
Assets	423,097	406,173	427,328	430,254	440,439	438,859
Impact on Net Profit Other comprehensive Income		(16,924)	4,231		(25,815)	8,605

(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 sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the floating rate of non-trading financial assets and financial liabilities. The sensitivity of other components of equity is calculated by revaluing fixed rate FVOCI for the effects of the assumed changes in interest rates.

	The Group			
	Effect on Net Profit Before Tax 2022 $'000	Effect on Other Comprehensive Income 2022 $'000	Effect on Net Profit Before Tax 2021 $'000	Effect on Other Comprehensive Income 2021 $'000
Change in basis points:				
Decrease – JMD- 50 and USD- 50 (2021- JMD- 100 and USD- 100)	(2,905,009)	(2,864,451)	10,793,004	8,197,356
Increase – JMD – 100 and USD- 100 (2021- JMD- 100 and USD- 100)	3,371,178	(5,321,303)	(8,846,481)	(10,609,565)

The Company is not exposed to changes in interest rates.

50. 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 monthly basis and assessed by Management. These metrics are reported to Boards of Directors quarterly, and are filed with the Regulators in Jamaica monthly, in Cayman annually 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 managed at the operating company level. It is calculated monthly by the Appointed Actuary and reviewed by Executive Management and the Board of Directors. In addition, 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 which has been adopted is the Minimum Continuing Surplus and Capital Requirement (MCCSR) standard as per the Insurance Regulations, 2001. The minimum standard required Insurance Regulations 2001 at the year-end date is an MCCSR of 150%. Sagicor Life Jamaica Limited as at 31 December 2022 had met the standard required.

(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 31 December 2022 satisfied the regulatory capital requirements.

(c) Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited

The Bank's objectives in managing their capital are:

(i) To comply with the capital requirements set by the Regulators of the financial market in Jamaica.

(ii) To provide adequate returns to shareholders commensurate with the level of risk undertaken and adequate benefits to staff and other stakeholders.

(iii) To safeguard the Banks' ability to meet its obligations to depositors, note-holders and other stakeholders.

(iv) To safeguard the Banks' ability to continue as solvent going concerns.

(v) To maintain an appropriate capital base to support the growth and development of its business.

50. Capital Management (Continued)

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.

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 250%. AGI was compliant with the regulatory capital requirements as at 31 December 2022.

51. 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.

Sagicor Group Jamaica Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

52. Contingent Liabilities

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 matters are as follows:

(a) Suit has been filed by a customer against one of the Group's subsidiaries for breach of contract, and breach of trust in the amount of US$8,928,500, being loss allegedly suffered as a result of what the claimants say is the unlawful withholding of insurance proceeds by the subsidiary. No provision was made in these financial statements for this claim as the matter has not been heard.

(b) Suit has been filed by an independent contractor against one of the Group’s subsidiaries for breach of contract arising from an alleged contractual agreement. The Claimant alleges that the subsidiary failed to pursue initiatives contemplated by the contract with a third party and that by not doing so, it caused the Claimant company significant losses which they have estimated at over US$300,000,000. No provision was made in these financial statements for this claim as the claim has been stayed to accommodate arbitration as required under the Agreement between the parties.

53. Litigation

YP Seaton, Earthcrane Haulage Ltd and YP Seaton and Associates v Sagicor Bank Jamaica Limited

On March 17, 2014 the Supreme Court of Jamaica granted judgement in favour of a claimant in a case brought against Sagicor Bank Jamaica Limited (formerly RBC Royal Bank Jamaica Limited). This claim pre-dated the acquisition of the Bank by Sagicor Group Jamaica Limited, and also predated the acquisition of control of the Bank by RBTT from Finsac Limited (“Finsac”) in 2001.

By virtue of the Share Sale Agreement entered into between Finsac, RBTT Financial Holdings Limited and RBTT International Limited, Finsac agreed to fully indemnify RBTT International Limited against any loss the bank may suffer in this matter. As the current owner of Sagicor Bank Jamaica Limited, Sagicor Group is the current beneficiary of the Indemnity. The Indemnity from Finsac is further supported by a Government of Jamaica Guarantee on a full indemnity basis.

Sagicor appealed the Supreme Court decision and Judgment was delivered on July 31, 2018 which ruled that the award previously awarded to the Claimant be reduced with costs to the Claimant subject to an accounting exercise to determine the apportionment of costs between the parties. This reduced award took into account lower interest rates applying simple interest rather than compounding interest. The issue of costs remains to be determined by the courts following a subsequent application to amend the judgment which was delivered in January 2019. The amount previously awarded to the Claimant has been recorded as payable to the claimant with accrued interest and correspondingly receivable from Finsac/Government of Jamaica.

On July 1, 2019 the Claimant filed an application for conditional leave to appeal to the Privy Council on the issue of interest with final leave to appeal being granted by the Court of Appeal on October 26, 2020.

The Privy Council heard the matter in May 2022 and delivered its judgment December 8, 2022. They invited the parties to make submissions as to costs. We are awaiting their final ruling.

53. Litigation (Continued)

Sagicor Investments Jamaica Limited v Cornerstone Financial Holdings Limited.

A suit has been filed by Sagicor Investments Jamaica (SIJL) against Cornerstone Financial Holdings Limited (CFHL), a company registered in Barbados, for damages suffered as a result of a rights issue being offered to only those shareholders that had participated in the rights issue of an affiliated company. In July 2020, Cornerstone United Holdings Limited (CUHL), a company registered in Jamaica, offered a rights issue to raise US$21 million at US$1.40 per share. SIJL chose not to participate in this rights issue. CFHL subsequently allotted shares to the shareholders that participated in the CUHL rights issue at a price of less than one cent per share when the shares had a book value of approximately US$7.80 per share. This had the effect of reducing the value of SIJL's shareholding in CFHL by approximately US$4 million and SIJL's shareholding was diluted from 4.5% to 3.47%. CFHL has argued this was justifiable because of an agreement to maintain similar shareholding structures. A second rights issue was completed on a similar basis thus reducing the company's shareholding to 2.82%. Based on legal opinion the company has a high probability of success in this matter. No adjustment to the carrying value of the holdings has been recorded in the financial statements in respect of this suit as at 31 December 2022.

54. 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

	2022						
				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	34,344,482	-	34,344,482	-	-	-	34,344,482
Financial investments	427,993,762	-	427,993,762	(88,511,127)	-	(155,426)	339,327,209
	462,338,244	-	462,338,244	(88,511,127)	-	(155,426)	373,671,691
Liabilities							
Due to banks and other financial institutions	250,834,683	-	250,834,683	(89,044,677)	-	-	161,790,006
Derivative financial instruments	2,378	-	2,378	-	-	(2,378)	-
	250,837,061	-	250,837,061	(89,044,677)	-	(2,378)	161,790,006
	2021						
Assets							
Cash resources	34,468,878	-	34,468,878	-	(941,626)	-	33,527,252
Financial investments	429,271,352	-	429,271,352	(93,436,958)	-	(215,901)	335,618,493
	463,740,230	-	463,740,230	(93,436,958)	(941,626)	(215,901)	369,145,745
Liabilities							
Due to banks and other financial institutions	221,834,908	-	221,834,908	(79,003,526)	-	-	142,831,382
Derivative financial instruments	16,733	-	16,733	-	-	(16,733)	
	221,851,641		221,851,641	(79,003,526)	-	(16,733)	142,831,382

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

54. Offsetting Financial Assets and Financial Liabilities (Continued)

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	The Company						
	2022						
					Related amounts not set off in the statement of financial position		
	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Impact of master netting agreements	Cash collateral	Financial instruments collateral	Net amounts
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash resources	655,852	-	655,852	-	-	-	655,852
Financial investments	736,529	-	736,529	-	-	(267,294)	469,235
	1,392,381	-	1,392,381	-	-	(267,294)	1,125,087
Liabilities							
Due banks and other financial institutions	11,098,704	-	11,098,704	-	-	-	11,098,704
	11,098,704	-	11,098,704	-	-	-	11,098,704
	2021						
Assets							
Cash resources	431,177	-	431,177	-	-	-	431,177
Financial investments	1,342,989	-	1,342,989	-	-	(439,997)	902,992
	1,774,166	-	1,774,166	-	-	(439,997)	1,334,169
Liabilities							
Due banks and other financial institutions	12,003,246	-	12,003,246	-	-	-	12,003,246
	12,003,246	-	12,003,246	-	-	-	12,003,246

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

55. Non-Controlling Interest

The non-controlling interests represent the share of net assets and net profit not attributed to Sagicor Group. The amounts were calculated as follows:

	2022				
	Travel Cash	**SREX**	**AGI**	**Bailey Williams**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Total assets	1,132,248	-	13,178,922	3,628,162	
Total liabilities	(306,347)	-	(9,713,873)	(3,568,522)	
Net Assets	825,901	-	3,465,049	59,640	
Non-controlling interest	477,701	-	1,556,900	17,892	2,052,493
Revenue	246,103	4,352,126	4,321,305	288	
Net profit for the period	141,539	224,213	303,090	(1,183)	
Other comprehensive income	-	59,769	102,076	-	
Total comprehensive income	141,539	283,982	405,166	(1,183)	
Non-controlling interest	69,354	159,241	82,205	(93,554)	217,246
Cashflows from operating activities	111,972	1,710,735	(2,463,933)	(547,625)	
Cashflows from investing activities	(1,480)	(3,613,590)	(295,653)	-	
Cashflows from financing activities	-	(332,786)	-	733,970	
Net increase/ (decrease) in cash and cash equivalents	110,492	(2,235,641)	(2,759,586)	186,345	

Non-Controlling Interest in SREX

	2022
	$'000
Jamziv (i)	5,767,620
SREX (ii)	15,211,297
	20,988,917

i). Non-controlling interest cancelled on wind up of Jamziv. Refer to note 1b(i) for additional details.
ii). Non-controlling interest removed from the balance sheet on sale of X Fund. Refer to note 16 for additional details.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

55. Non-Controlling Interest (Continued)

	2021				
	Travel Cash	**SREX**	**AGI**	**Bailey Williams**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Total assets	975,044	31,265,465	12,505,766	1,809,932	
Total liabilities	(290,681)	(8,942,794)	(9,241,731)	(1,749,109)	
Net Assets	684,363	22,322,671	3,264,035	60,823	
Non-controlling interest	408,347	17,920,772	1,515,526	111,446	19,956,091
Revenue	290,472	5,219,189	4,315,531	4,366	
Net profit/(loss) for the period	157,965	673,891	429,425	3,410	
Other comprehensive income	-	256,236	(112,741)	-	
Total comprehensive income	157,965	930,127	316,684	3,410	
Non-controlling interest	77,403	86,892	132,739	(49,377)	247,657
Cashflows from operating activities	29,005	1,549,668	(575,192)	95,697	
Cashflows from investing activities	(53)	7,640,042	276,000	(57,666)	
Cashflows from financing activities	-	(3,479,394)	-	-	
Net increase/ (decrease) in cash and cash equivalents	28,952	5,710,316	(299,192)	38,031	

The information above represents amounts before intercompany eliminations.

Sagicor Group Jamaica Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

56. Business Combination

On 1 April 2022, the Group acquired 100% of the share capital of Alliance Financial Services Limited.

The acquired business contributed post acquisition revenues and net profits of $697,358,000and $68,743,000 for the year ended 31 December 2022. Had the company been acquired at the beginning of the year, it would have contributed revenues of approximately $637,191,000 and net losses of approximately $1,516,562,000 to the Group for the year ended 31 December 2022.

Details of the net assets acquired, purchase consideration and goodwill, determined on a provisional basis, were as follows:

	Fair Values
	$'000
Net assets arising on the acquisition:	
Financial investments (Note 8)	465,446
Intangibles assets	698,000
Property, plant and equipment (Note 18)	10,415
Right- of- use assets	3,778
Other assets	459,224
Cash resources	271,803
Deferred income taxes	(242,909)
Deposits and securities liabilities	(1,004,215)
Lease liabilities	(4,353)
Other liabilities	(50,928)
	606,261

	$'000
Purchase consideration – Cash (i)	3,271,873
Net asset acquired	(606,261)
Goodwill (Note 17)	2,665,612
Cash paid (i)	3,155,150
Cash and cash equivalents included in net assets acquired	(530,717)
Net cash outflow on acquisition	2,624,434

(i) The purchase consideration includes an initial cash consideration and contingent cash consideration based on specified performance criteria. Cash consideration and contingent consideration at acquisition were $3,271,873,000. The actual payment made in respect of the acquisition was $3,155,150,000 and the difference of $116,723,000 was recorded to the Income Statement.

56. Business Combination (Continued)

(ii) Goodwill encompasses the following factors:

- Access to customers using the network of sub-agents (distribution network). The agents of AFSL will allow Sagicor access to a wider customer base.
- Life Span of the Firm -The company has a good brand name, good customer experience and a loyal customer base
- Nature of product - The company provides Remittance and Cambio services which are in demand daily. The remittance sector is the second highest foreign exchange earner in Jamaica
- Buyer-specific synergies which include but not limited to expanding product offerings to SGJ clients, the ability to move into new business segments, and cost synergies.

Sagicor Group

www.sagicor.com