2023
AUDITED FINANCIAL STATEMENTS

Sagicor Group

www.sagicor.com

Sagicor Group Jamaica Limited

Financial Statements
31 December 2023

NOTE

Sagicor Group

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APPOINTED ACTUARY'S REPORT
TO THE SHAREHOLDERS
AND POLICYHOLDERS

I have valued the policy actuarial liabilities of Sagicor Life Jamaica Limited and Sagicor Life of the Cayman Islands Ltd. for the consolidated statement of financial position at 31 December 2023, and the change in the consolidated income statement for the year then ended, in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods.

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

In my opinion the amount of the actuarial reserves and other policy liabilities of Sagicor Life Jamaica Limited and Sagicor Life of the Cayman Islands Ltd. reported in the annual financial statements prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2023, is appropriate for this purpose and the annual financial statements presents fairly the results of the valuation.

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

26 FEBRUARY 2024

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 2023, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

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

- the consolidated statement of financial position as at 31 December 2023;
- 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 2023;
- 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, comprising material accounting policy information and other explanatory information.

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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 2023. The Group adopted IFRS 17, Insurance Contracts on 1 January 2023. IFRS 17 established new rules and principles surrounding the measurement of insurance contracts, the earning of income, and the incurrence of expenses arising from insurance and reinsurance contracts. IFRS 17 also changed the presentation of several financial statement line items and significantly expanded the required disclosure notes. The adoption only impacted the components that issue insurance and hold reinsurance contracts. Consequent on the adoption, the Group also reclassified certain financial instruments accounted for in accordance with IFRS 9, Financial instruments.

We determined the scope of our audit by considering the internal organisation of the Group and identifying the components that have the most significant impact on the financial statements. The Group comprised the Company and 19 reporting components of which we selected 9 (including the parent company), which represent the principal business units within the Group and are located in Jamaica and the Cayman Islands. Full scope audits were performed for the Company and 5 other components, while audits of one or more financial statement line items were performed for 3 further components. The audit work performed covered 99% of the Group's total assets and 96% of the Group's total net insurance and investment result, and fees, hotel and other income. 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.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments" – Probabilities of Default, Forward Looking Assumptions & Significant Increase in Credit Risk (SICR) (Group) *See notes 2(f), 3 (b) (iv), and 9 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.*	
As at 31 December 2023, loans and leases, after allowance for credit losses, totaled \$124.1 billion on the Group's consolidated statement of financial position and represented 22.14% of total assets. The impairment provision recorded under the IFRS 9 expected credit loss (ECL) model amounted to \$1.7 billion. 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.	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 the relevant controls for the forward looking information and SICR in the ECL model • Evaluated, with the assistance of our specialists, 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.

Key audit matter	How our audit addressed the key audit matter

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.
 	
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.
	• 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.
	• For management's SICR assessment, 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.
	
	• For Changes to weighting scenarios for forward looking information:
	  ○ Evaluated the reasonableness of the weighting used for the worst case scenario by agreeing the forward looking economic information to published external sources or reputable third parties.
	  ○ 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, SICR and forward looking information were not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Adoption of IFRS 17, Insurance Contracts (Group) *See notes 2 (a), 3 (b) (i) 30, 33 and 52 to the consolidated financial statements for disclosures of related accounting policies, judgements, estimates and balances.* On 1 January 2023 the Group adopted IFRS 17 with a transition date of 1 January 2022 and restated comparative information for 2022 applying the transition provisions of IFRS 17. The adoption of the standard significantly impacted how the Group recognizes, measures, presents and discloses insurance contracts. The adoption of IFRS 17 resulted in a $29.1 billion reduction in total equity for the Group. Changes in accounting policies resulting from the adoption of IFRS 17 were applied using a full retrospective approach, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was mostly applied to the insurance contracts in force at the transition date that originated less than 5 years prior to transition. Where the full retrospective approach was determined to be impracticable, the fair value approach was applied. These changes required management judgement in developing and implementing accounting policies, including policies specific to transition. We considered this a key audit matter as auditing the Group's transition to IFRS 17 was complex as it related to the measurement of the Group's insurance contract liabilities including the transition Contractual Service Margin (transition CSM) included therein. This required the application of significant auditor judgement due to the complexity of the models, and in the determination of key assumptions, specifically the discount rate and risk adjustment relating to the measurement of the insurance contract liabilities, and the development of fair value assumptions used in the determination of the transition CSM.	Our approach to addressing the matter, with the assistance of our actuarial specialists, included the following procedures, amongst others: • Evaluated the accounting policies and the elections involved in transition. • Assessed the appropriateness and consistency of key assumptions, including discount rate and risk adjustment, used in the measurement of insurance contract liabilities and transition CSM, by comparing to published industry studies, market data, entity specific facts and circumstances, our knowledge of the products and the requirements of IFRS 17. • Tested, on a sample basis, underlying support and documentation such as executed policyholder insurance contracts. • Tested the methodology and calculations of the IFRS 17 insurance contract liabilities and transition CSM through review of the calculation logic within the newly implemented models. • Assessed the disclosures within the consolidated financial statements against the requirements of IFRS 17. Based on the results of our audit procedures, management's application of accounting policies as required by IFRS 17, in our view, was not unreasonable.

Key audit matter	How our audit addressed the key audit matter

Valuation of insurance contract liabilities - Estimation of fulfilment cash flows (Group)
 	
See notes 2 (q), 3 (b) (i) 30 and 33 to the consolidated financial statements for disclosures of related accounting policies, judgements, estimates and balances
 	
At 31 December 2023, insurance contract liabilites totalled $144.9 billion or 31.6% of total liabilties. Insurance contract liabilities consist of:
○ Fulfilment cash flows (FCFs) are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. FCFs comprise unbiased and probability weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk (risk adjustment).
○ Contractual service margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future.
 	
Measurement of the FCFs requires management judgements in estimating the probability weighted mean of expected future cash flows on a present value basis, in addition to applying a risk adjustment.
 	
Estimates of expected cash flows incorporate best estimate assumptions for mortality, morbidity, longevity, expenses, and policyholder behaviour, as well as assumptions for discount rates and the risk adjustment. The assumptions are reviewed and updated at least annually by the Appointed Actuary.
 	
We considered this a key audit matter due to the judgment applied by management when determining the FCFs, which in turn led to a high degree of auditor judgment and effort in evaluating the assumptions described above.
	Our approach to addressing the matter, with the assistance of our actuarial specialists, included the following procedures, amongst others:
	• Obtained an understanding on management's end to end process and controls supporting the determination of FCFs.
	• Tested accuracy and completeness of a sample of the data used in the estimates of future cash flows.
	• Assessed the reasonableness of management's best-estimate assumptions for mortality and policyholder behaviour (lapse and surrenders), and economic assumptions for discount rates, and the adjustment for non-financial risk by:
	  ○ Evaluating whether management's assumptions were determined in accordance with the requirements of IFRS 17.
	  ○ Evaluating the Company's internal experience studies for appropriateness by considering published industry studies, market data and component specific facts and circumstances.
	• Evaluated a sample of actuarial models used in management's determination of the FCFs, by:
	  ○ Assessing the appropriateness of the model of product features.
	  ○ Assessing the appropriateness of the application of best-estimate assumptions.
	  ○ Assessing the disclosures within the consolidated financial statements against the requirements of IFRS 17.
	
	Based on the results of our audit procedures, management's determination of FCFs, in our view, was 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 Accounting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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
Kingston, Jamaica
29 February 2024

Sagicor Group Jamaica Limited
Consolidated Statement of Financial Position
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Note	December 31, 2023 $ '000	December 31, 2022 Restated $ '000	January 1, 2022 Restated $ '000
ASSETS				
Cash resources	6	22,838,318	22,252,670	23,383,971
Cash reserve at Central Bank	7	14,467,076	12,091,812	11,084,907
Financial investments	8	243,787,463	226,123,720	253,842,085
Loans and leases, after allowance for credit losses	9	124,125,496	112,736,829	96,889,917
Pledged assets	10	98,281,596	94,209,543	93,636,126
Investment properties	11	1,618,306	1,680,525	1,220,324
Investment in joint venture	12	2,310,020	1,830,001	1,329,797
Intangible assets	15	7,866,581	8,338,470	5,872,442
Property, plant and equipment	16	6,695,353	6,412,479	20,782,133
Right-of-use assets	38	1,873,251	1,823,204	2,155,117
Reinsurance contract assets	30	2,785,041	2,189,643	2,051,063
Insurance contract assets	30	174,931	-	-
Retirement benefit asset	17	635,539	706,137	472,179
Deferred income taxes	18	7,276,368	3,911,299	1,550,220
Taxation recoverable	19	7,234,809	6,281,323	4,186,609
Other assets	20	18,678,823	15,193,436	16,828,374
TOTAL ASSETS		560,648,971	515,781,091	535,285,264

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

Sagicor Group Jamaica Limited

Consolidated Statement of Financial Position

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	December 31, 2023 $ '000	December 31, 2022 Restated $ '000	January 1, 2022 Restated $ '000
STOCKHOLDERS' EQUITY AND LIABILITIES:				
Stockholders' Equity Attributable to:				
Stockholders' of the Parent Company				
Share capital	22	8,879,881	8,998,808	8,816,093
Equity reserves	23	3,597,762	(101,441)	8,093,162
Capital redemption reserve		3,121,572	3,121,572	3,121,572
Special investment reserve		617,317	567,381	531,675
Loan loss reserve		(590,850)	(844,132)	(488,668)
Retained earnings reserve		7,703,161	6,602,098	5,327,140
Retained earnings		76,450,203	65,270,193	60,089,736
		99,779,046	83,614,479	85,490,710
Non-Controlling Interests	49	2,435,953	2,301,339	20,164,726
Total Equity		102,214,999	85,915,818	105,655,436
Liabilities				
Deposit and security liabilities	27	262,489,546	250,837,061	221,851,641
Loans payable	28	2,198,545	2,198,545	9,284,518
Deferred income taxes	18	475,426	421,305	2,169,101
Taxation payable		881,336	1,775,142	703,344
Retirement benefit obligations	17	3,920,646	3,000,585	5,780,581
Lease liabilities	38	2,143,602	2,143,801	2,521,790
Insurance contract liabilities	30	144,988,028	134,815,292	149,791,729
Reinsurance contract liabilities	30	595,741	551,715	1,013,904
Investment contract liabilities	31	20,892,274	20,164,220	19,356,485
Other liabilities	29	19,848,828	13,957,607	17,156,735
Total liabilities		458,433,972	429,865,273	429,629,828
TOTAL EQUITY AND LIABILITIES		560,648,971	515,781,091	535,285,264

Approved for issue by the Board of Directors on the 29 February 2024 and signed on its behalf by:

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

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

Sagicor Group Jamaica Limited

Consolidated Income Statement

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $ '000	2022 Restated $ '000
Insurance revenue	33	46,818,336	40,671,501
Insurance service expenses	33	(35,133,709)	(30,546,498)
Net expense from reinsurance contracts held	33	(3,616,625)	(2,987,328)
INSURANCE SERVICE RESULT		8,068,002	7,137,675
Interest income earned from financial assets measured at amortised cost and FVTOCI	34	23,332,988	18,804,965
Net (loss) / gain on de-recognition of financial assets measured at amortised cost	34	(1,305)	579,060
Net gain on de-recognition of financial assets measured at FVTOCI	34	530,810	49,581
Interest income earned and capital net gain / (loss) from assets measured at FVTPL and other investment income	34	11,653,559	(12,418,786)
Interest expense	34	(8,617,319)	(6,302,543)
Credit impairment losses	34/8	(451,322)	(574,879)
NET INVESTMENT INCOME	34	26,447,411	137,398
Finance (expenses) / income from insurance contracts issued	34	(5,586,801)	14,602,878
Finance income from reinsurance contracts held	34	125,651	225,266
NET INSURANCE FINANCE (EXPENSES) / INCOME		(5,461,150)	14,828,144
NET INSURANCE AND INVESTMENT RESULT		29,054,263	22,103,217
Fees, hotel and other income	35	17,628,313	21,118,264
Administration expenses	36	(25,388,371)	(25,641,262)
Depreciation and amortisation	15/16	(1,562,215)	(2,114,113)
Other taxes and levies	37(a)	(911,924)	(893,280)
		(10,234,197)	(7,530,391)
Share of profit from joint venture	12	241,664	439,994
Impairment charge on goodwill	15	-	(530,127)
Gain on disposal of subsidiary	14/35	-	258,208
Profit before Taxation		19,061,730	14,740,901
Taxation	37(a)	(4,488,453)	(4,897,479)
NET PROFIT		14,573,277	9,843,422
Attributable to:			
Stockholders of the parent company	26/39	14,368,019	9,585,965
Non-controlling interests	49	205,258	257,457
		14,573,277	9,843,422
Earnings per stock unit for profit attributable to the stockholders of the parent company during the year:			
Basic and fully diluted	39	3.67	2.45

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

Sagicor Group Jamaica Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $ '000	2022 Restated $ '000
Net Profit for the year		14,573,277	9,843,422
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Fair value reserve:			
Unrealised gains / (losses) on securities designated as FVTOCI		3,332,276	(8,509,364)
Share of joint venture unrealised gains / (losses) on securities designated as FVTOCI		7,629	(51,439)
		3,339,905	(8,560,803)
Currency translation -			
Currency translation of foreign subsidiaries		207,997	(377,009)
Currency translation of joint venture		230,719	111,648
Retranslation of foreign operations recycled on sale of subsidiary		-	(152,490)
		438,716	(417,851)
Gains recycled to the income statement on sale and maturity of FVTOCI securities		(478,645)	(5,550)
Provision for expected credit losses on securities designated as FVTOCI	8	(81,846)	(6,535)
		(560,491)	(12,085)
Items that will not be subsequently reclassified to profit or loss			
Owner Occupied Property (OOP)			
Unrealised gains on OOP		474,599	2,352,690
Re-measurements of retirement benefits obligations	38	(717,084)	2,553,979
Total other comprehensive income recognised directly in stockholders' equity, net of taxes		2,975,645	(4,084,070)
Total Comprehensive Income		17,548,922	5,759,352
Attributable to:			
Stockholders of the parent company		17,226,129	4,099,745
Non-controlling interests		322,793	1,659,607
		17,548,922	5,759,352

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

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

Sagicor Group Jamaica Limited
Consolidated Statement of Changes in Equity
Year ended 31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Reserves (Note 23)	Capital Redemption Reserve	Special Investment Reserve	Loan Loss Reserve	Retained Earnings Reserve	Retained Earnings	Equity Owners' Total	Non-controlling Interests Total	Grand Total
		$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Restated Balance as at January 1, 2023		8,998,808	(101,441)	3,121,572	567,381	(844,132)	6,602,098	65,270,193	83,614,479	2,301,339	85,915,818
Tax Impact on application of IFRS 17	18	-	-	-	-	-	-	3,805,097	3,805,097	(60,259)	3,744,838
		8,998,808	(101,441)	3,121,572	567,381	(844,132)	6,602,098	69,075,290	87,419,576	2,241,080	89,660,656
Profit for the year		-	-	-	-	-	-	14,368,019	14,368,019	205,258	14,573,277
Other comprehensive income, net of taxation		-	3,665,909	-	-	-	-	(807,799)	2,858,110	117,535	2,975,645
Total comprehensive income for the year		-	3,665,909	-	-	-	-	13,560,220	17,226,129	322,793	17,548,922
Transactions with owners -											
Employee stock option plan											
- value of services provided	23	-	33,294	-	-	-	-	-	33,294	-	33,294
Dividend	25	-	-	-	-	-	-	(4,784,403)	(4,784,403)	(127,920)	(4,912,323)
Treasury shares	24	(118,927)	-	-	-	-	-	3,377	(115,550)	-	(115,550)
Total transactions with owners		(118,927)	33,294	-	-	-	-	(4,781,026)	(4,866,659)	(127,920)	(4,994,579)
Transfers between reserves -											
To special investment reserve	2(o)	-	-	-	49,936	-	-	(49,936)	-	-	-
To loan loss reserves	9	-	-	-	-	253,282	-	(253,282)	-	-	-
To retained earnings reserves		-	-	-	-	-	1,101,063	(1,101,063)	-	-	-
Total transfers between reserves		-	-	-	49,936	253,282	1,101,063	(1,404,281)	-	-	-
Balance as at December 31, 2023		8,879,881	3,597,762	3,121,572	617,317	(590,850)	7,703,161	76,450,203	99,779,046	2,435,953	102,214,999

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

Sagicor Group Jamaica Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Reserves (Note 23)	Capital Redemption Reserve	Special Investment Reserve	Loan Loss Reserve	Retained Earnings Reserve	Retained Earnings	Equity Owners' Total	Non-controlling Interests Total	Grand Total
Balance as at December 31, 2021, as previously reported		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
Impact of initial application of IFRS 17		-	(235,054)	-	-	-	-	(44,771,904)	(45,006,958)	208,635	(44,798,323)
Impact of application of IFRS 9 policy choices as a result of IFRS 17 implementation		-	(343,782)	-	-	-	-	16,017,828	15,674,046	-	15,674,046
Restated balance as at January 1, 2022		8,816,093	8,093,162	3,121,572	531,675	(488,668)	5,327,140	60,089,736	85,490,710	20,164,726	105,655,436
Profit for the year as restated		-	-	-	-	-	-	9,585,965	9,585,965	257,457	9,843,422
Other comprehensive income, net of taxation		-	(8,042,637)	-	-	-	-	2,556,417	(5,486,220)	1,402,150	(4,084,070)
Total comprehensive income for the year as restated		-	(8,042,637)	-	-	-	-	12,142,382	4,099,745	1,659,607	5,759,352
Transactions with owners -											
Change in ownership of a subsidiary	14	-	-	-	-	-	-	124,576	124,576	1,465,923	1,590,499
Wind up and sale of subsidiary	49	-	-	-	-	-	-	-	-	(20,988,917)	(20,988,917)
Employee stock option plan											
- value of services provided	23	-	38,252	-	-	-	-	-	38,252	-	38,252
- options exercised/expired	23	-	(19,126)	-	-	-	-	-	(19,126)	-	(19,126)
Dividend	25	-	-	-	-	-	-	(6,257,999)	(6,257,999)		(6,257,999)
Treasury shares	24	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	24	-	(171,092)	-	-	-	-	171,092	-	-	-
From loan loss reserves	9	-	-	-	-	(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)	-	-	-
Restated balance as at December 31, 2022		8,998,808	(101,441)	3,121,572	567,381	(844,132)	6,602,098	65,270,193	83,614,479	2,301,339	85,915,818

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

Sagicor Group Jamaica Limited
Company Statement of Financial Position
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $ '000	2022 $ '000
ASSETS			
Cash resources	6	402,592	655,852
Financial investments	8	1,038,154	469,235
Pledged assets	10	276,048	267,294
Investment in joint venture	12	414,267	414,267
Investment in subsidiaries	14	71,826,639	71,826,639
Intangible assets	15	84,471	93,995
Property, plant and equipment	16	154,423	93,906
Deferred income taxes	18	214,875	225,671
Taxation recoverable	19	92,136	81,661
Other assets	20	1,635,862	1,203,648
TOTAL ASSETS		76,139,467	75,332,168
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Stockholders' Equity Attributable to:			
Stockholders' of the Company			
Share capital		8,879,881	8,998,808
Equity reserves		28,466,097	28,432,803
Retained earnings		22,052,486	21,934,714
		59,398,464	59,366,325
Liabilities			
Promissory notes	27	10,937,404	11,098,704
Taxation payable		48,523	325,173
Other liabilities	29	5,755,076	4,541,966
Total liabilities		16,741,003	15,965,843
TOTAL EQUITY AND LIABILITIES		76,139,467	75,332,168

Approved for issue by the Board of Directors on the 29 February 2024 and signed on its behalf by:

Peter Melhado **Chairman**

Christopher Zacca **Director**

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

Sagicor Group Jamaica Limited
Consolidated Statement of Cash Flows
Year ended 31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $ '000	2022 Restated $ '000
Cash Flows from Operating Activities			
Net profit		14,573,277	9,843,422
Adjustments for:			
Items not affecting cash			
Adjustments to reconcile net profit to net cash provided by operating activities	40(a)	(34,895,507)	(53,664,109)
Interest and dividends received		33,264,323	27,593,495
Interest paid		(8,470,109)	(5,750,488)
Income and asset taxes paid		(6,906,958)	(6,009,905)
Net cash used in operating activities		(2,434,974)	(27,987,585)
Cash Flows from Investing Activities			
Proceeds from disposal of subsidiary	14	-	1,732,007
Net cash outflows from purchase of subsidiary	50	-	(2,624,434)
Proceeds from disposal of Investment Property, net	11	252,352	-
Acquisition of property, plant and equipment	40(a)	(503,205)	(928,072)
Purchase of intangible assets, net	15	(218,545)	(592,580)
Net cash used in investing activities		(469,398)	(2,413,079)
Cash Flows from Financing Activities			
Deposits and securities liabilities excluding structured products	40(c)	10,462,688	27,383,942
Loan payable	40(c)	-	(153,573)
Change in ownership of subsidiary	14	-	1,590,499
Finance lease repayment	40(c)	(704,579)	(667,729)
(Purchases)/disposals of treasury shares, net		(115,550)	138,321
Dividend paid to minority interests		(127,920)	-
Dividends paid to stockholders	25	(4,784,403)	(6,257,999)
Net cash generated from financing activities		4,730,236	22,033,461
Effect of exchange rate on cash and cash equivalents		585,450	(574,787)
Increase / (Decrease) in cash and cash equivalents		2,411,314	(8,941,990)
Cash and cash equivalents at beginning of year		42,942,106	51,884,096
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	45,353,420	42,942,106

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

Sagicor Group Jamaica Limited

Company Statement of Comprehensive Income

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $ '000	2022 $ '000
Revenue:			
Investment income	34	4,244,693	5,819,904
Interest and net investment expense	34	(218,699)	(234,729)
Net Investment Income	34	4,025,994	5,585,175
Management fees	35	6,492,018	5,138,881
Other income	35	16,500	712,488
Total revenue, net of interest and other investment expense		10,534,512	11,436,544
Expenses:			
Administration expenses	36	(5,221,818)	(4,645,929)
Depreciation	16	(46,033)	(51,344)
Amortisation of intangible assets	15	(57,606)	(71,522)
		(5,325,457)	(4,768,795)
Profit before Taxation		5,209,055	6,667,749
Taxation	37(a)	(306,880)	(324,277)
Total Comprehensive Income		4,902,175	6,343,472

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

Sagicor Group Jamaica Limited

Company Statement of Changes in Equity

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Reserves (Note 23)	Retained Earnings	Grand Total
		$ '000	$ '000	$ '000	$ '000
Balance as at December 31, 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	25	-	-	(6,257,999)	(6,257,999)
Treasury shares	24	182,715	-	-	182,715
Employee stock options	40(a)	-	19,126	-	19,126
		182,715	19,126	85,473	287,314
Balance as at December 31, 2022		8,998,808	28,432,803	21,934,714	59,366,325
Profit for the year, being total comprehensive income		-	-	4,902,175	4,902,175
Dividends paid to owners of parent	25		-	(4,784,403)	(4,784,403)
Treasury shares	24	(118,927)	-	-	(118,927)
Employee stock options	40(a)	-	33,294	-	33,294
		(118,927)	33,294	117,772	32,139
Balance as at December 31, 2023		8,879,881	28,466,097	22,052,486	59,398,464

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

Sagicor Group Jamaica Limited

Company Statement of Cash Flows

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $ '000	2022 $ '000
Cash Flows from Operating Activities			
Net profit		4,902,175	6,343,472
Adjustments for:			
Items not affecting cash			
Adjustments to reconcile net profit to net cash provided by operating activities	40(a)	(2,815,214)	(5,435,111)
Interest and dividends received		4,376,338	5,826,793
Interest paid		-	(252,144)
Income tax paid		(572,736)	-
Net cash generated from operating activities		5,890,563	6,483,010
Cash Flows from Investing Activities			
Net Cash outflow on acquisition of subsidiary	50	-	(3,155,150)
Cash received on disposal of subsidiary		-	3,920,755
Acquisition of Property, plant and equipment	16	(106,550)	(50,141)
Purchase of intangible assets, net	15	(48,082)	(22,134)
Net cash (used in) / generated from investing activities		(154,632)	693,330
Cash Flows from Financing Activities			
Securities liabilities		(380,000)	(887,126)
(Purchase)/disposal of treasury shares		(118,927)	182,715
Dividends paid to stockholders	25	(4,784,403)	(6,257,999)
Net cash used in financing activities		(5,283,330)	(6,962,410)
Increase in cash and cash equivalents		452,601	213,930
Cash and cash equivalents at beginning of year		988,069	774,139
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	1,440,670	988,069

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

(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% (2022 – 32.45%) owned by LOJ Holdings Limited (LOJH) which is also incorporated and domiciled in Jamaica and 16.66% (2022 – 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% (2022 – 49.11%) in the company. The other significant shareholder in SGJ is Pan Jamaica Group Limited with a 30.21% (2022 – 30.21%) holding.

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

(b) The company, its subsidiaries and joint 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	Pension administration services	Jamaica	100%
• Sagicor Property Services Limited	Property management, real estate sales and rentals	Jamaica	100%
• Sagicor Pooled Investment Funds	Pension fund management	Jamaica	100%
• Sagicor Insurance Brokers Limited	Insurance brokerage	Jamaica	100%
• Sagicor International Administrators	Group insurance administration	Jamaica	100%
• Travel Cash Jamaica Limited	Microfinance	Jamaica	51%
• Sagicor Cayman Limited	Holding Company	Grand Cayman	100%
• Sagicor Investments (Cayman) Ltd.	Investment banking	Grand Cayman	100%
• Sagicor Life of the Cayman Islands	Life insurance	Grand Cayman	100%
• Sagicor Insurance Managers	Captives management	Grand Cayman	100%
• Alliance Financial Services Limited	Provision of remittance and cambio services	Jamaica	100%

All shareholdings remained the same as prior year.

(i) Sagicor Real Estate X Fund Limited (a subsidiary at the end of 2021) owned 51.86% of Jamziv Montego Bay Portfolio Jamaica Limited, (Jamziv Jamaica Limited) and X Fund Properties Limited owned 8.95%. Together Sagicor X Fund Group owned 60.81% of Jamziv Jamaica Limited.

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.

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

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

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new interpretations and amendments, and has adopted the following, which are relevant to its operations.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective for annual periods beginning on or after 1 January 2023). The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

There was no material impact to the Group on adoption of this amendment and Practice Statement.

Definition of Accounting Estimates – Amendments to IAS 8 (effective for annual period 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. There was no impact to the Group on adoption of this amendment.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards, interpretations and amendments to existing standards effective during the current year (continued)

***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. There was no significant impact to the Group on adoption of this amendment.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

There was no material impact to the Group on the adoption of this amendment.

Definition of Accounting Estimates – Amendments to IAS 8 (effective for 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.

There was no material impact to the Group on adoption of this amendment.

IFRS 17 Insurance Contracts (including Amendments to IFRS 17 issued in June 2020 and Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9—Comparative Information (effective for annual periods beginning on or after 1 January 2023). The Group has initially applied IFRS 17, including any consequential amendments to other standards, from January 1, 2023, for the first time. The standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts. With the adoption of IFRS 17, the Group has elected to designate some financial assets, which were previously carried at amortised cost and fair value through OCI (FVTOCI) which support insurance liabilities, at fair value through profit and loss (FVTPL). Refer to the IFRS 9 – Financial instruments (“IFRS 9”) section for further details of amendments to this standard which was previously implemented by the Group on January 1, 2018.

The nature and effects of the key changes in the Group’s accounting policies resulting from its adoption of IFRS 17 are summarised below.

i. Recognition, measurement and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Group’s estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM unless the contract is onerous.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards, interpretations and amendments to existing standards effective during the current year (continued)

The Group no longer applies shadow accounting to insurance-related assets and liabilities. As stated previously the Group has elected to designate some financial assets, which were previously held at amortised cost and fair value through OCI (FVTOCI) which support insurance liabilities, at fair value through profit and loss (FVTPL).

Insurance finance income and expenses are presented separately from insurance revenue and insurance service expenses in the statement of income.

PAA will mainly be applied to short duration contracts where the policy's contract boundary is one year or less. This includes contracts, such as group life and health and general insurance business. Under PAA, insurance contracts are measured based on unearned premiums and the accounting is broadly similar to the Group's historical approach under IFRS 4.

Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in net income / (loss). Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

For an explanation of how the Group accounts for insurance and reinsurance contracts under IFRS 17, see Note 2(q).

ii. Changes to presentation and disclosure

For presentation in the statement of financial position, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are assets
- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Some line-item descriptions in the income statement and statement of comprehensive income have been changed when compared with last year. Previously, the Group reported the following line items:

- Gross premium revenue
- Insurance premium ceded to reinsurers
- Net premium revenue
- Insurance benefits incurred
- Insurance benefits reinsured
- Net insurance benefits
- Net movement in actuarial liabilities

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Finance income/ expense from insurance contracts issued
- Finance income/ expense from reinsurance contracts held

The Group provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards, interpretations and amendments to existing standards

iii. Transition

The Group adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was mostly applied to the insurance contracts in force at the transition date that were originated less than 5 years prior to transition. Where the full retrospective approach was determined to be impracticable, the fair value approach was applied. This approach was applicable for all reinsurance contracts as well.

Under the fair value approach the Group used an embedded value approach, the CSM was determined to be; the cost of capital required to support the insurance contracts less the value of the profits expected to emerge. Projections of required capital, excluding asset default components, were multiplied by a weighted average hurdle rate of 14% to determine the cost of capital. The projections of future profits were based on the expected releases of risk adjustments. All projections were performed at an aggregate portfolio level with the fair value CSM being allocated to the portfolios based on the value of the risk adjustment per cohort.

The Group identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied and any resulting net difference was recognised in equity.

The Group has applied the transition provisions in IFRS 17 and has disclosed the impact of the adoption of IFRS 17 on each financial statement line item and EPS. The effects of adopting IFRS 17 on the consolidated financial statements at January 1, 2022 are presented in the statement of changes in equity. Refer to note 52 for details on restatements.

Insurance and reinsurance contracts

The Group applied the full retrospective approach or the fair value approach in IFRS 17 to identify, recognise and measure certain groups of contracts at January 1, 2022. The full retrospective approach was mostly applied to the insurance contracts in force at the transition date that were originated less than 5 years prior to transition.

The Group considers the full retrospective approach impracticable for some contracts under the following circumstance:

- The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons.

- The full retrospective approach required assumptions about what Group management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight.

IFRS - 9 Financial Instruments

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

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:

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (effective for periods beginning on or after 1 January 2024)
In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines ‘lease payments’ and ‘revised lease payments’ in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28. The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a ‘business’ (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor’s interests in the associate or joint venture. The amendments apply prospectively.

** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

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

(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.

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (Continued)

The excess of the cost of the acquisition, the non-controlling interest recognised and the fair value of any previously held equity interest in the acquiree, over the fair value of the net identifiable assets acquired is recorded as goodwill. If there is no excess and there is a shortfall, the Group reassesses the net identifiable assets acquired. If after reassessment, a shortfall remains, the acquisition is deemed to be a bargain purchase and the shortfall is recognised in income as a gain on acquisition (negative goodwill). Any non-controlling interest balances represent the equity in a subsidiary not attributable to the Group's interests.

Subsequent ownership changes in a subsidiary, without loss of control, are accounted for as transactions between owners in the statement of changes in equity. Non-controlling interest balances represent the equity in a subsidiary not attributable to SGJ's interest.

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

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

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

(i) Change in ownership interests in subsidiaries

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

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

(ii) Associates and Joint Ventures

The investments in associated companies 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. Where a significant exposure to variable returns, the Group either consolidates the assets, liabilities and activity of the fund and accounts for any non-controlling interest as a financial liability or accounts for the fund as an associate.

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (Continued)

(iv) Employees share ownership plans (ESOP)

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

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is the 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. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

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

(iii) Group companies

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation (Continued)

(iii) Group companies (Continued)

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

Goodwill and other intangible assets recognised on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the rate ruling on December 31.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items. Applying IAS 21 at the end of the reporting period, the carrying amount of the group of insurance contracts, including the CSM, is translated into the functional currency at the closing rate. The Group has chosen to present the resulting foreign exchange differences within the line item ‘other income’.

(e) Cash and cash equivalents

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

(f) Financial assets

(i) Classification of financial assets

The Group utilises a principles-based approach to the classification of financial assets. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss (“FVTPL”), fair value through other comprehensive income (“FVTOCI”) or amortised cost based on the nature of the cash flows of these assets and the Group’s business model. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVTOCI with no subsequent reclassification to profit or loss.

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

Classification of debt instruments
Classification and subsequent measurement of debt instruments depend on:

- the Group’s business model for managing the asset; and
- the cash flow characteristics of the asset.

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

Measured at amortised cost
Debt instruments that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI), such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs. Interest income from these financial assets is included in “Interest income” using the effective interest rate method.

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (Continued)

(i) Classification of financial assets (Continued)

Measured at FVTOCI
Financial assets that are held for collection of contractual cash flows and for selling the assets, where cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVTOCI. 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.

Solely Payment of Principal and Interest (SPPI)
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows are SPPI. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

(ii) 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. Where these liabilities are accounted for at FVTPL, the financial investments backing these liabilities are consequently classified as and measured at FVTPL. This eliminates any accounting mismatch.

(iii) Embedded derivatives

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

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (Continued)

(iv) 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.

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

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

(vi) 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.

(vii) Write-off

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

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (Continued)

(viii) The general approach to recognising and measuring ECL

The measurement of ECL reflects:

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

Measurement

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

The PD, LGD and EAD models which support these determinations are reviewed periodically during the year. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, in particular to changes in economic and credit conditions across a large number of geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

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

For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

For defaulted financial assets, based on management's assessment of the borrower, a specific provision of ECLs which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

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

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (Continued)

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

Forward looking information (Continued)

The weightings assigned to each economic scenario were as follows:

	Base	Upside	Downside
December 31, 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%

	Base	Upside	Downside
December 31, 2023:			
Sagicor Group Jamaica - investments portfolios	80%	10%	10%
Sagicor Group Jamaica – Other lending portfolios	65%	10%	25%

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

(ix) 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.

(x) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay; or
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan; or
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate; or
- Change in the currency the loan is denominated in; or
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (Continued)

(x) Modification of loans (Continued)

If the terms are substantially different, the group derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset. The date of 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.

(xi) Reclassified balances

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

(xii) Classification of equity instruments

The Group classifies and subsequently measures all equity investments at FVTPL, except where the Group’s management has elected, at initial recognition, to irrevocably designate an equity investment at FVTOCI. The Group’s policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns.

(xiii) Presentation in the Income Statement and Statement of Other Comprehensive Income (OCI)

Financial instruments measured at FVTPL
Realised changes in fair value, unrealised changes in fair value, interest income and dividend income are included in other investment income.

Financial instruments measured at amortised cost
• Interest income is included in interest income earned from financial assets measured at amortised cost in the consolidated statement of income.
• Credit impairment losses are included in the consolidated statement of income.
• Gain or loss on derecognition of debt securities is presented in the consolidated statement of income.

Financial instruments measured at FVTOCI
• Interest income is included in interest income earned from financial assets measured at FVTOCI in the consolidated statement of income.
• Credit impairment losses are included in the consolidated statement of income.
• Unrealised gains and losses arising from changes in fair value are presented in OCI.
• On derecognition, the cumulative fair value gain or loss is transferred from OCI and is presented in the consolidated statement of income.

Equity securities measured at FVTOCI
• Dividend income is included in other investment income.
• Unrealised changes in fair value presented in OCI. Any impairment losses are included with fair value changes.
• On derecognition, the cumulative gain or loss in OCI remains in the fair value reserve for FVTOCI assets.

(g) Investment properties

Investment property consists of freehold land and freehold properties which are held for rental income and/or capital appreciation.

Investment property is recorded initially at cost. In subsequent financial years, investment property is recorded at fair values determined by independent valuers, with the appreciation or depreciation in value being taken to investment income. Fair value represents the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at the valuation date. Fair values are derived using the market value approach and the income capitalisation approach, which reference market-based evidence, using comparable prices adjusted for specific factors such as nature, location and condition of property.

2. Summary of Significant Accounting Policies (Continued)

(g) Investment properties (Continued)

Investment property includes property partially owned by the Group and held under joint operations with third parties for which the Group recognises its share of the joint operation's assets, liabilities, revenues, expenses and cash flows.

Rental income is recognised on an accrual basis.

(h) Leases

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

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

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

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease 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.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options need to be approved by the lessor. There are no variable lease payments and there were no residual value guarantees on leases. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

I. where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
II. uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Sagicor Life Jamaica Limited, which does not have recent third party financing; and
III. makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and 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.

2. Summary of Significant Accounting Policies (Continued)

(h) Leases (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

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

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

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

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

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

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

(i) The amount of the loss allowance; and
(ii) The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15

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

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for 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.

(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

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

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

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

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

(k) Property, plant and equipment

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

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

Owner-occupied properties include property held under joint operations with third parties for which the Group recognises its share of the joint operation's assets, liabilities, revenues, expenses and cash flows. On the disposal of the property, the amount included in the fair value reserve is transferred to retained earnings.

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	10.0%
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. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the profit or loss when the expenditure is incurred. On disposal of revalued assets, the revaluation amounts are transferred to retained earnings. Gains or losses recognised in income on disposal of property, plant and equipment are determined by comparing the net sale proceeds to carrying value.

(l) Real estate developed

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

(m) Intangible assets

(i) Goodwill

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

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

Goodwill arising in a reportable operating segment is allocated to that segment. Goodwill arising in a Group entity, which is not within a reportable operating segment, is allocated to that entity's own operations, or, if that entity is managed in conjunction with another Group entity, to their combined operations. Goodwill arising from an investment in an associate is included in the carrying value of the investment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.
On the disposal of a subsidiary or insurance business, the associated goodwill is derecognised and is included in the gain or loss on disposal. On the disposal of a subsidiary or insurance business forming part of a reportable operating segment, the proportion of the goodwill disposed is the proportion of the fair value of the asset disposed to the total fair value of the operating segment.

(ii) Contractual customer relationships

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

(iii) Trademarks and licences

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

2. Summary of Significant Accounting Policies (Continued)

(m) Intangible assets (Continued)

(iv) Computer software

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

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

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(n) Employee benefits

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

(i) Pension obligations

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

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

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

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

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

For defined contribution plans, the Group pays contributions to the pension schemes on a mandatory or contractual basis. Once paid, the Group has no further payment obligations. Contributions are recognised in income in the period in which they are due.

Where a minimum funding requirement exists, the Group assesses the obligation, to determine whether the additional contributions would affect the measurement of the defined benefit asset or liability.

2. Summary of Significant Accounting Policies (Continued)

(n) Employee benefits (Continued)

(ii) Other post-retirement benefit obligations

The Group provides supplementary health, dental and life insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(iii) Annual leave

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

(iv) Share-based compensation

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

Share options
Senior Executives of the Group participate in a LTI for Share Options. Shares are purchased on the market and held in trust by the LTI Trust until they are transferred to Executives. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). If the equity instruments granted vest immediately and the individual is not required to complete a further period of service before becoming entitled to those instruments, the services received are recognised in full on grant date in the income statement for the period, with a corresponding increase in equity. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity reserve for share based compensation over the remaining vesting period. Where the equity instruments do not vest until the individual has completed a further period of service, the services received are expensed in the income statement during the vesting period, with a corresponding increase in the reserve for equity compensation benefits or in non-controlling interest. Proceeds received net of any directly attributable transaction costs are paid to the trust on transfer of share options being exercised. Any cost to the Group beyond the exercise price of the options is reported in equity as provided for under IFRS 2.

Amounts held in the reserve for equity compensation benefits are transferred to share capital or non-controlling interest either on the distribution of share grants or on the exercise of share options.

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

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

(v) Bonus Plans

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

2. Summary of Significant Accounting Policies (Continued)

(n) Employee benefits (Continued)

(v) Bonus Plans (Continued)

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

(vi) Termination benefits

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

(o) Share capital, reserves and transfers

Share Capital

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

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

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

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

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

(iv) Treasury Stock

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

(v) Reserve and transfers

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

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

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

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

(vi) Statutory reserves

Statutory reserves are established when regulatory accounting requirements result in lower distributable profits or when an appropriation of retained earnings is required or permitted by law to protect policyholders, insurance beneficiaries or depositors.

2. 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.

Securities sold for repurchase
Securities sold for repurchase are treated as collateralised financing transactions and are recorded at the amount at which the securities were sold. Securities sold subject to repurchase are not derecognised but are treated as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The difference between the sale and repurchase price is treated as interest and is accrued over the life of the agreements using the effective yield method. The liability is extinguished when the obligation specified in the contract is discharged, assigned, cancelled or has expired.

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

Loans and other debt obligations
Loans and other debt obligations are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, obligations are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the loan obligations using the effective yield method.

Obligations undertaken for the purposes of financing operations and capital support are classified as loans payable and associated cost classified as 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 Operations

(i) Summary of measurement approaches

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

Contracts Issued	**Product Classification**	**Measurement Model**
Traditional Life contracts	Insurance contracts	GMM
Universal life contracts	Insurance contracts without direct participation features	GMM
Living Benefits	Insurance contracts	GMM
Single Premium Health an	Insurance contracts	GMM
Annuities	Insurance contracts	GMM
Universal Life contract with direct participation	Insurance contracts with direct participation features	VFA
Variable endowments with direct participation	Insurance contracts with direct participation features	VFA
Group Life & Health	Insurance contracts	PAA
General Insurance – Accident, Liability, Marine, Property, Motor	Insurance contracts	PAA

(ii) Definition and classification

The Group issues insurance contracts that transfer significant insurance risk from the policyholder. The Group defines insurance risk as an insured event that could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transaction. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant. Once a contract has been classified as an insurance contract, it remains an insurance contract for its duration, even if the insurance risk reduces significantly over time.

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

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

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

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

These criteria are assessed at the individual contract level based on the Group's expectations at the contract's inception, and they are not reassessed in subsequent periods, unless the contract is modified. The variability in the cash flows is assessed over the expected duration of a contract. The duration of a contract considers all cash flows within the boundary (see note 2(q)(iv)).

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(ii) Definition and classification (Continued)

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

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

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

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

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

(iii) Unit of account

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

1. contracts that are onerous at initial recognition;
2. contracts that at initial recognition have no significant possibility of becoming onerous subsequently;or
3. a group of remaining contracts.

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(iii) Unit of account (Continued)

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

Similar to the treatment of the direct (underlying) contracts, the Group divides reinsurance contracts held into contracts with similar insurance risk. The risks for reinsurance contracts in the life business are mortality, morbidity, hybrid and longevity risks which correspond to portfolios of direct contracts. The hybrid risk for reinsurance contracts refers to treaties that cover both mortality and lapse benefits and therefore have more than one type of risk. The Group manages all reinsurance treaties on the same basis as it does for line of business reporting described above for direct contracts. Applying the grouping requirements to reinsurance contracts held, the Group's policy is to aggregate reinsurance contracts held concluded within a calendar year (annual cohorts) into groups limited to reinsurance contracts arising from a single treaty. IFRS 17 requires that reinsurance contracts be placed in groups of:

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

Transition approaches that were applied by the Group on adoption of IFRS 17 with respect to contracts aggregation requirements are included in note 3(b)(i).

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

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

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

Groups of insurance contracts issued are initially recognised from the earliest of the following:
1. the beginning of the coverage period;
2. the date when the first payment from the policyholder is due or actually received, if there is no due date; and
3. when the Group determines that a group of contracts becomes onerous.

Insurance contracts acquired in a business combination within the scope of IFRS 3 or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

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

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

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(iii) Unit of account (Continued)

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

Insurance and reinsurance contracts are derecognised when they are:

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

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

a) if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:

   i. is not within the scope of IFRS 17;
   ii. results in different separable components;
   iii. results in a different contract boundary; or
   iv. belongs to a different group of contracts.

b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition.

c) the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

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

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

a) adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;

b) adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:

   i. if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
   ii. if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or
   iii. if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment for the premium that the Group would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification; when recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received; and

c) adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(iii) Unit of account (Continued)

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

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

(iv) Measurement

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

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

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

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

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

	2023				
	1 Year	5 Years	10 Years	20 Years	30 Years
Jamaican Portfolio					
JMD	6.38%	7.91%	10.94%	11.93%	11.96%
USD	6.60%	5.51%	6.02%	6.10%	6.10%
Cayman Porfolio					
USD	5.89%	4.80%	5.29%	5.36%	5.36%
	2022				
	1 Year	5 Years	10 Years	20 Years	30 Years
Jamaican Portfolio					
JMD	6.18%	7.70%	10.30%	11.15%	11.17%
USD	6.81%	5.61%	6.02%	6.22%	6.23%
Cayman Porfolio					
USD	6.36%	5.30%	5.60%	5.75%	5.75%

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(iv) Measurement(Continued)

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

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

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

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

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

a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

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

With the exception of contracts that change character referred to in the discussion below, the Group does not have any contracts where it has the right to reassess the risk nor to terminate unilaterally at an individual contract level. For certain universal life and health insurance contracts, the Group has the right to reset premiums to reflect expected experience for the product. However, the Group does not have the right to reprice at the portfolio level as it intends on aggregating contracts with the right to reprice with contracts for which it does not have the right to reprice in the same portfolio.

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

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

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

Any direct contract written and ceded during the period covered by the contract boundary becomes an underlying contract for the reinsurance contract. Cash flows falling within the contract boundary will be determined in relation to the cash flows arising from the direct (underlying) contracts. Since most treaties cover the direct contracts, as long as the direct contracts are in force, the associated cash flows will be projected for the life of the direct contracts.

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

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(iv) Measurement (Continued)

Contract boundary (Continued)

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

Insurance acquisition costs

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

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

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

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

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

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

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

1. an impairment loss is recognised to the extent that the carrying amount of each asset for insurance acquisition cash flows exceeds the expected net cash inflow as determined by the FCF as at initial recognition for the related group of insurance contracts;

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

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(iv) Measurement(Continued)

Risk adjustment for non-financial risk

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

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

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in note 3.

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

Contractual service margin

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

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(iv) Measurement(Continued)

Contractual service margin (Continued)

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

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

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

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

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

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

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

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

Changes in fulfilment cash flows

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

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

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

Changes in fulfilment cash flows (Continued)

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

a) changes in the amount of the Group's share of the fair value of the underlying items; and
b) changes in the FCF that do not vary based on the returns of underlying items:
   i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
   ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes;
   iii. changes in estimates of the present value of future cash flows in the LRC, except differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable;
   iv. differences between loans to a policyholder expected to become repayable in the period and the actual loan to a policyholder that becomes repayable in the period and
   v. changes in the risk adjustment for non-financial risk that relate to future service

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

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

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

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

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

The Group prepares consolidated financial statements on a quarterly basis. The Group has elected to treat every quarter as a discrete interim reporting period, and estimates made by the Group in previous interim financial statements are not changed when applying IFRS 17 in subsequent interim periods or in the annual financial statements.

The Group does not publish interim financial statements for the last quarter in the year. If an estimate reported in the previous quarter changes significantly in the fourth quarter, the nature and amount of such changes are disclosed in the annual statements.

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

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

Changes in fulfilment cash flows (Continued)
For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

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

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

Interest accretion on the CSM
Under the GMM, interest is accreted on the CSM using an average discount rate determined at initial recognition that is applied to nominal cash flows that do not vary based on the returns of underlying items. The discount rate used for accretion of interest on the CSM is determined using the top-down approach. The locked-in discount rate for a group is determined as the average of the discount rates applied at the beginning and ending of each period.

Adjusting the CSM for changes in the FCF relating to future service
The CSM is adjusted for changes in the FCF, measured applying the discount rates as specified in the Changes in fulfilment cash flows section earlier.

Release of the CSM to net income / (loss)
The amount of the CSM recognised in net income / (loss) for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

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

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

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

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

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

Release of the CSM to net income / (loss) (Continued)
The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage. For investment-return and investment-related services, policyholders' account values are used to determine the quantity of benefits provided.

The Group determines coverage units as follows:

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

The Group reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items, except for contracts measured under the VFA which use the current discount rate.

For reinsurance contracts held, the CSM is released to net income / (loss) as insurance contract services are received from the reinsurer in the period.

The coverage period for these reinsurance contracts is determined based on the coverage period of all underlying contracts whose cash flows are included in the reinsurance contract boundary. Refer to the Contract boundary section in note 2(q)(iv) above.

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

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

a) expected incurred claims and other liability and other directly attributable expenses for the period;
b) changes in the risk adjustment for non-financial risk for the risk expired; and
c) finance income (expenses) from insurance contracts issued.

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

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

When the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, a loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held. The loss-recovery component results in an amount immediately recognised within the statement of income within the net income (expense) from reinsurance contracts held.

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

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

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

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

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

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

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

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

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

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

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

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

a) increased for premiums received in the period
b) decreased for insurance acquisition cash flows paid in the period;
c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

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

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

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less. The Group has determined that for all groups of contracts issued for which there is no significant financing component, the LRC will not be discounted. At the inception of the contract, the Group considers the facts and circumstances, with the use of judgement, to determine if there is a significant financing component.

The Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance. The Group will reflect non-performance of reinsurers where it holds a net asset for the reinsurance treaty or where the reinsurance treaty does not provide the right of offset.

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

For contracts measured under the PAA and GMM, the LIC is measured similarly. Future cash flows are adjusted for the time value of money.

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

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

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the FCF determined using a methodology similar to the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined using a methodology similar to the GMM relating to the future service and the carrying amount of the LRC without the loss component.

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

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

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

For contracts not measured under the PAA, insurance revenue comprises the following:

Amounts relating to the changes in the LRC:

a) claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
   i. amounts allocated to the loss component;
   ii. repayments of investment components and policyholder rights to withdraw an amount
   iii. insurance acquisition expenses; and
   iv. amounts related to the risk adjustment for non-financial risk (see (b));
b) changes in the risk adjustment for non-financial risk, excluding:
   i. changes included in insurance finance income (expenses);
   ii. changes that relate to future coverage (which adjust the CSM); and
   iii. amounts allocated to the loss component;
c) the CSM release.

In period cash-flow variance would go through CSM if they are investment component, premium related or policy loan cash flow variances.

Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows based on the applicable coverage units of each group.

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

Insurance service expenses include the following:

a) incurred claims and benefits, excluding investment component and policy loans, reduced by loss component allocations;
b) insurance acquisition cash flows amortisation;
c) changes that relate to past service – changes in the FCF relating to the LIC; and
d) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
e) insurance acquisition cash flows assets impairment net of reversals.

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

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

Insurance revenue (Continued)
For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

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

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of income.

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

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

a) ceding premiums paid;
b) incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
c) changes that relate to past service – changes in the FCF relating to incurred claims recovery;
d) effect of changes in the risk of reinsurers' non-performance; and
e) amounts relating to accounting for onerous groups of underlying insurance contracts issued:
   i. income on initial recognition of onerous underlying contracts;
   ii. reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
   iii. reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

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

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(x) Amounts recognised in the statement of income within net insurance finance income / expenses

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

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

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

a) interest accreted on the FCF and the CSM; and
b) the effect of changes in interest rates and other financial assumptions.

For contracts measured under the VFA, insurance finance income or expenses include changes in the value of underlying items (excluding additions and withdrawals).

Net income (expenses) from reinsurance contracts held

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

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

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

The Group includes all insurance finance income or expenses for the period in net income / (loss) (that is, the profit or loss option (the PL option) is applied.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items. Applying IAS 21 at the end of the reporting period, the carrying amount of the group of insurance contracts, including the CSM, is translated into the functional currency at the closing rate. The Group has chosen to present the resulting foreign exchange differences within the line item ‘other income’.

(r) Provisions

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

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

(s) Revenue recognition

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

2. Summary of Significant Accounting Policies (Continued)

(s) Revenue recognition (Continued)

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

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

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

(i) Fee income

The Group earns fee income from:

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

Fee income is recognised on an accrual basis.

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

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

(ii) Interest income

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

(iii) 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.

2. Summary of Significant Accounting Policies (Continued)

(s) Revenue recognition (Continued)

(iv) Land development and resale

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

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

(t) Interest expense

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

(u) Taxation

(i) Current and deferred taxes

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(u) Taxation (Continued)

(ii) Income taxes

The Group is subject to taxes on income in the jurisdictions in which business operations are conducted.
Rates of taxation in the principal jurisdictions for the current year are set out in the next table.

Income tax rates	Life insurance and non-registered annuities	Registered annuities	Regulated Companies	Other lines of business
Jamaica	25% of profit before tax	Nil	33.33% of profit before tax	25% of profit before tax
Grand Cayman	Nil	Nil	Nil	Nil
St. Lucia	None	None	None	1% of profit before tax
Barbados	None	None	None	5.5% of profit before tax

Asset tax
The Group is subject to an asset tax in Jamaica. The asset tax is levied on insurance, securities dealers and deposit-taking institutions, and is 2.5% of adjusted assets held at the end of the year. Non-related entities are subjected to a fixed rate based on the total value of assets.

(v) Fiduciary activities

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

(w) Financial instruments

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

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

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

(x) Offsetting of financial instruments

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

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

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

2. Summary of Significant Accounting Policies (Continued)

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

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

(z) 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.

(aa) Presentation of current and non-current assets and liabilities

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

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

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

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

- Sagicor Pooled Investment Fund and Sigma Funds

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

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

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

(b) Key sources of estimation uncertainty

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

(i) Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The Group disaggregates information to disclose insurance contracts issued and reinsurance contracts issued separately. This disaggregation has been determined based on how the group is managed.

Contracts not measured under PAA

- Areas of Judgement
  Areas of judgement which broadly impact the Group's reporting include definition and classification of insurance contracts, the unit of account identified in which insurance contracts are assessed, and the level of aggregation applied for measurement and reporting purposes. Specific areas of judgement and estimates impacting contracts not measured under PAA are described in subsequent notes.
  - Definition and classification
    - Whether contracts are within the scope of IFRS 17 and, for contracts determined to be within the scope of IFRS 17, what measurement model is applicable. The Group was required to determine the classification of contracts issued in Participating product lines as insurance or investment contracts.
    - Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk. The Group issues investment contracts with discretionary participation features. In assessing whether these are within the scope of IFRS 17, the Group assessed if the discretionary amount is a significant amount of the total benefits.
    - Whether contracts that were determined to be within the scope of IFRS 17 meet the definition of an insurance contract with direct participation features, particularly:
      - o whether the pool of underlying items is clearly identified;
      - o whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying items; and
      - o whether the Group expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.

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

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts(Continued)

Contracts not measured under PAA (Continued)

- Unit of account

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

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

- Insurance contracts aggregation

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

  Areas of judgements include:

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

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

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

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts (Continued)

Contracts not measured under PAA (Continued)

- The methods used to measure insurance contracts
  The Group primarily uses deterministic projections to estimate the present value of future cash flows.

  The following assumptions were used when estimating future cash flows:

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

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

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

  - Longevity

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

  - Expenses

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

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

  - Lapse and surrender rates

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

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

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

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts (Continued)

Contracts not measured under PAA (Continued)

- Discount rates

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

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

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

- Risk adjustment for non-financial risk

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

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

The risk adjustment for insurance and reinsurance contracts corresponds to a confidence level between 80% to 90% (2022 - between 80% to 85%).

- Amortisation of the Contractual Service Margin

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

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

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

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts (Continued)

Contracts not measured under PAA (Continued)

- Amortisation of the Contractual Service Margin (Continued)

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

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

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

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

- Assets for insurance acquisition cash flows

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

- Determination of IFRS 17 Transition Amount

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

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

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

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts (Continued)

Contracts not measured under PAA (Continued)

- Determination of IFRS 17 Transition Amount (Continued)
  - Fair value approach
    The CSM (or the loss component) is determined as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at the transition date.

For all contracts measured under the fair value approach, the Group used reasonable and supportable information available at January 1, 2022 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a direct participating contract; and
- how to identify discretionary cash flows for contracts without direct participation features.

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

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

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

Contracts measured under PAA

- Areas of Judgement

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

For insurance contracts with a coverage period of more than one year and for which the entity applies the PAA, the eligibility assessment might involve significant judgement. All contracts measured by the Group under the PAA have a coverage period of one year or less. Thus, no assessment for the PAA is separately required and no judgement was involved. For contracts measured under the PAA, the assessment of the likelihood of adverse changes in applicable facts and circumstances is an area of judgement.

For insurance contracts issued measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

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

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts (Continued)

Contracts measured under PAA (Continued)

- Areas of Judgement (Continued)

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

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

- Insurance and reinsurance contracts

  The Group applies the PAA to simplify the measurement of insurance contracts in its general insurance and group life and health insurance portfolios. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group has elected not to discount the cash flows within the LIC for certain groups of contracts where the cash flows are expected to be paid within a year of the date on which the claim is incurred. For all groups of contracts, the Group includes an explicit risk adjustment for non-financial risk.

- Liability for incurred claims

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

  The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim counts based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

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

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

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts (Continued)

Contracts measured under PAA (Continued)

- Risk adjustment for non-financial risk

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

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

- Assets for insurance acquisition cash flows

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

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

(ii) Pension and post-retirement benefits

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

(iii) Income taxes

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

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

(b) Key sources of estimation uncertainty (Continued)

(iv) Impairment of financial assets (Continued)

In determining ECL, management is required to exercise judgement in defining what is considered a SICR and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the judgements involved is included in the earlier sections 'Measurement' and 'Forward-looking information'.

- Establishing staging for debt securities and deposits

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

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

- Establishing staging for debt securities and deposits.

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

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

(b) Key sources of estimation uncertainty (Continued)

(iv) Impairment of financial assets (Continued)

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

Exposures are considered to have resulted in a SICR and are moved to stage 2 based on the following:

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

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

- Forward looking information

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

(v) 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, 2023. Should the courts rule against the Group then the value of its holding will need to be written down by $535,756,000. See also Note 47.

(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.

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

(b) Key sources of estimation uncertainty (Continued)

(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 Group's policy liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and stockholders. In performing the valuation, the Actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Group and the insurance policies in force.

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

5. Segmental Financial Information

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

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

(a) Long term insurance - Provides annuities, traditional life and universal life products.

(b) Short term insurance – Provides group life, group health and property & casualty offerings

(c) Commercial Banking – Comprises of personal banking, retail mortgages, small business (SME's) banking, treasury management and corporate banking.

(d) Investment Banking – Comprises of wealth management products and services offered to retail and institutional clients; including unit trusts, mutual funds, brokerage, asset management and corporate trust.

(e) Other – Comprises property management, captives management, 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 insurance contract liabilities and interest-bearing liabilities.

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

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

Eliminations comprise inter-company and inter-segment transactions.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2023 or 2022.

5. Segmental Financial Information

	The Group 2023					
	Long Term Insurance $'000	Short Term Insurance $'000	Commercial Banking $'000	Investment Banking $'000	Other $'000	Group $'000
Insurance revenue	17,544,174	29,274,162	-	-	-	46,818,336
Insurance service expenses	(10,761,293)	(24,372,416)	-	-	-	(35,133,709)
Net expense from reinsurance contracts held	47,169	(3,663,794)	-	-	-	(3,616,625)
Insurance service result	6,830,050	1,237,952	-	-	-	8,068,002
Interest income earned and capital net gain / (loss)	11,271,371	1,028,578	14,612,614	7,038,888	1,564,601	35,516,052
Interest expense	-	(27,930)	(3,261,674)	(4,854,432)	(473,283)	(8,617,319)
Credit impairment reversal / (losses)	(416)	541	(580,473)	76,058	52,968	(451,322)
Net investment income / (expenses)	11,270,955	1,001,189	10,770,467	2,260,514	1,144,286	26,447,411
Net insurance finance income / (expense)	(5,461,150)	-	-	-	-	(5,461,150)
Net insurance and investment result	12,639,855	2,239,141	10,770,467	2,260,514	1,144,286	29,054,263
Fees and other revenue	(40,170)	97,095	9,079,615	1,854,612	6,637,161	17,628,313
Share of results of joint venture	-	241,664	-	-	-	241,664
Other operating expenses	(110,361)	(477,746)	(13,087,187)	(2,976,830)	(8,736,247)	(25,388,371)
Depreciation and amortisation	-	(153,839)	(753,761)	(142,543)	(512,072)	(1,562,215)
Asset and other taxes	(113,532)	(43,240)	(446,971)	(214,847)	(93,334)	(911,924)
Profit / (Loss) before taxation	12,375,792	1,903,075	5,562,163	780,906	(1,560,206)	19,061,730
Taxation	(2,148,191)	(349,119)	(1,978,675)	(17,573)	5,105	(4,488,453)
Net Profit / (Loss)	10,227,601	1,553,956	3,583,488	763,333	(1,555,101)	14,573,277
Attributable to:						
Stockholders of the parent Company						14,368,019
Non-controlling interests						205,258
						14,573,277
Segment assets	156,036,071	24,294,685	200,244,327	128,062,251	33,934,029	542,571,363
Unallocated assets						18,077,608
Total assets						560,648,971
Segment liabilities	134,215,832	12,287,452	173,194,819	109,128,579	25,221,553	454,048,235
Unallocated liabilities						4,385,737
Total liabilities						458,433,972
Other segment items:						
Capital expenditure: Computer software (Note15)						(218,545)
Property, plant and equipment (Note 16)						(591,966)

5. Segmental Financial Information (Continued)

	The Group					
	2022					
	Long Term Insurance	Short Term Insurance	Commercial Banking	Investment Banking	Other	Group
	$'000	$'000	$'000	$'000	$'000	$'000
Insurance revenue	15,269,538	25,401,963	-	-	-	40,671,501
Insurance service expenses	(8,180,895)	(22,365,603)	-	-	-	(30,546,498)
Net expense from reinsurance contracts held	(273,091)	(2,714,237)	-	-	-	(2,987,328)
Insurance service result	6,815,552	322,123	-	-	-	7,137,675
Interest income earned and capital net gain / (loss)	(9,693,237)	533,438	11,876,788	5,948,477	(1,650,646)	7,014,820
Interest expense	-	(20,095)	(2,154,588)	(3,386,178)	(741,682)	(6,302,543)
Credit impairment reversal / (losses)	(5,071)	5,281	(474,185)	(16,198)	(84,706)	(574,879)
Net investment income / (expenses)	(9,698,308)	518,624	9,248,015	2,546,101	(2,477,034)	137,398
Net insurance finance income / (expense)	14,828,144	-	-	-	-	14,828,144
Net insurance and investment result	11,945,388	840,747	9,248,015	2,546,101	(2,477,034)	22,103,217
Fee and other revenue	183,598	89,371	7,934,751	1,881,966	11,286,786	21,376,472
Share of results of joint venture	-	439,994	-	-	-	439,994
Other operating expenses	(25,827)	(402,912)	(10,971,954)	(2,619,887)	(11,620,682)	(25,641,262)
Depreciation,amortisation and impairment	-	(619,104)	(716,110)	(82,090)	(1,226,936)	(2,644,240)
Asset and other taxes	(117,895)	(43,912)	(404,804)	(242,547)	(84,122)	(893,280)
Profit / (Loss) before taxation	11,985,264	304,184	5,089,898	1,483,543	(4,121,988)	14,740,901
Taxation	(2,139,720)	(174,344)	(1,795,525)	(358,797)	(429,093)	(4,897,479)
Net Profit / (Loss)	9,845,544	129,840	3,294,373	1,124,746	(4,551,081)	9,843,422
Attributable to:						
Stockholders of the parent Company						9,585,965
Non-controlling interests						257,457
						9,843,422
Segment assets	118,605,082	25,409,084	190,533,274	114,285,444	53,183,011	502,015,895
Unallocated assets						13,765,196
Total assets						515,781,091
Segment liabilities	122,668,836	5,337,588	167,831,361	100,493,729	30,111,861	426,443,375
Unallocated liabilities						3,421,898
Total liabilities						429,865,273
Other segment items:						
Capital expenditure: Computer software (Note15)						(592,580)
Property, plant and equipment (Note 16)						(928,072)

5. Segmental Financial Information (Continued)

The Group's geographic information:

	Jamaica	Cayman Islands	Other	United States	Total
			2023		
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	80,511,807	5,053,867	5,328,386	-	90,894,060
Total assets	509,629,162	42,276,696	8,743,113	-	560,648,971
			2022		
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	57,727,979	(3,326,042)	3,123,998	4,659,436	62,185,371
Total assets	477,965,106	35,985,984	1,830,001	-	515,781,091

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.

6. Cash Resources

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Balances with banks payable on demand	17,795,029	17,359,184	402,592	655,852
Cash in hand	5,043,289	4,893,486	-	-
Balances as per statement of financial position	22,838,318	22,252,670	402,592	655,852
Short term deposits	17,828,543	3,161,031	-	22,549
Securities purchased under resale agreement	734,451	2,813,219	1,038,078	309,668
USA Government Treasury Bills and bonds	3,952,108	14,715,186	-	-
Balances as per statement of cash flows	45,353,420	42,942,106	1,440,670	988,069

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 and requirements and Liquid Asset Ratio are the same for deposit-taking institutions (DTIs). The local and foreign currency prescribed liabilities increased by 100bps to 6% (reduced to 5%) and 14% (reduced to 13%) respectively, effective April 2023.

No interest is paid on cash reserves.

8. Financial Investments

	The Group		The Company	
	2023	2022 Restated	2023	2022
	$ '000	$ '000	$ '000	$ '000
Financial assets FVTPL -				
Debt Securities				
Sovereign bonds	93,359,459	86,878,195	-	-
Corporate bonds	31,631,712	27,775,533	-	-
	124,991,171	114,653,728	-	-
Equities				
Quoted and unquoted equities	9,723,260	11,040,472	-	-
Unit trusts	29,073,648	29,100,535	-	-
	38,796,908	40,141,007	-	-
Derivatives	-	2,378	-	-
Total FVTPL	163,788,079	154,797,113	-	-
Financial assets at FVTOCI -				
Debt Securities				
Sovereign bonds	97,272,251	108,399,697	-	-
Corporate bonds	38,705,806	32,550,886	-	-
	135,978,057	140,950,583	-	-
Equities				
Quoted and unquoted equities	63,796	56,009	-	-
Total FVTOCI	136,041,853	141,006,592	-	-
Investments at amortised cost, net of ECL -				
Debt Securities				
Sovereign bonds	1,579,621	5,524,680	-	-
Corporate bonds	7,981,169	9,009,779	-	-
Securities purchased under resale agreement	2,061,129	4,882,866	1,038,078	309,783
Short term deposits	30,617,208	5,112,233	276,124	426,746
Total investments at amortised cost, net of ECL	42,239,127	24,529,558	1,314,202	736,529
Less: Pledged assets (Note 10)	(98,281,596)	(94,209,543)	(276,048)	(267,294)
Total Financial Investments	243,787,463	226,123,720	1,038,154	469,235

Current portion of Financial Instruments disclosed under Note 42(c) (ii). Restatement details are included in Note 52(b).

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 disclosed in the table above.

The derivative was 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 27). 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.

8. Financial Investments (Continued)

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

	The Group 2023			The Group 2022		
	Mandatory designation $ '000	Designated by election $ '000	Total $ '000	Mandatory designation $ '000	Designated by election $ '000	Total $ '000
Unit trust and equities	30,233,173	8,563,735	38,796,908	31,040,930	9,100,077	40,141,007
Derivatives	-	-	-	-	2,378	2,378
Debt securities	9,736,086	115,255,085	124,991,171	8,622,151	106,031,577	114,653,728
	39,969,259	123,818,820	163,788,079	39,663,081	115,134,032	154,797,113

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 2023 $ '000	The Group 2022 $ '000
Debt securities		
Sovereign debt instruments		
Jamaica	171,267,356	176,829,529
Trinidad & Tobago	3,221,322	2,694,574
Barbados	158,311	152,964
USA	14,871,570	18,864,969
Canada	289,771	267,737
Other	2,403,001	1,992,799
Corporate debt instruments		
Jamaica	38,779,242	37,065,698
Trinidad & Tobago	3,001,694	2,961,602
Barbados	1,498,529	225,659
USA	27,182,663	21,209,867
Canada	371,156	426,993
Other	7,485,403	7,446,379
	270,530,018	270,138,770

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

	The Group 2023 $ '000	The Group 2022 $ '000
Corporate debt instruments		
Communication Services	2,101,447	3,076,033
Consumer Discretionary	7,027,738	5,225,386
Consumer Staples	3,518,416	2,430,955
Energy	19,519,845	18,935,193
Financials	23,775,445	18,993,042
Health Care	3,869,346	3,277,956
Industrials	3,058,528	3,361,698
Information Technology	7,243,600	5,853,591
Materials	2,277,633	2,676,851
Real Estate	1,109,604	1,154,722
Tourism	194,649	197,581
Utilities	4,622,436	4,153,190
	78,318,687	69,336,198

8. Financial Investments (Continued)

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

	The Group	
	2023	2022
	$ '000	$ '000
Loans and Leases (Note 9)	(539,042)	(451,997)
Investments (Note 8)	87,720	(122,882)
Total per income statement	(451,322)	(574,879)

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 - 2023				
	ECL Staging				
FINANCIAL INVESTMENTS – AMORTISED COST	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Purchased credit-impaired	Total
	$ '000	$ '000	$ '000	$ '000	$ '000
Credit grade:					
Investment	1,033,949	-	-	-	1,033,949
Non-investment	39,016,030	2,246,264	-	-	41,262,294
Gross carrying amount	40,049,979	2,246,264	-	-	42,296,243
Loss allowance	(18,610)	(38,506)	-	-	(57,116)
Carrying amount	40,031,369	2,207,758	-	-	42,239,127

	The Group - 2022				
	ECL Staging				
FINANCIAL INVESTMENTS – AMORTISED COST	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Purchased credit-impaired	Total
	$ '000	$ '000	$ '000	$ '000	$ '000
Credit grade:					
Investment	5,718,631	-	-	-	5,718,631
Non-investment	18,855,061	-	-	-	18,855,061
Gross carrying amount	24,573,692	-	-	-	24,573,692
Loss allowance	(44,134)	-	-	-	(44,134)
Carrying amount	24,529,558	-	-	-	24,529,558

8. Financial Investments (Continued)

Credit risk exposure - financial investments subject to impairment

	The Group - 2023				
	ECL Staging				
DEBT SECURITIES - FVTOCI	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Credit grade:					
Investment	34,261,876	-	-	-	34,261,876
Non-investment	102,952,652	1,396,069	-	168,659	104,517,380
Maximum credit exposure	137,214,528	1,396,069	-	168,659	138,779,256
Loss allowance	(74,583)	(46,894)	-	-	(121,477)
Maximum credit exposure less ECLs	137,139,945	1,349,175	-	168,659	138,657,779

	The Group - 2022				
	ECL Staging				
DEBT SECURITIES - FVTOCI	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Credit grade:					
Investment	39,498,867	-	-	-	39,498,867
Non-investment	110,942,682	1,151,137	-	165,095	112,258,914
Maximum credit exposure	150,441,549	1,151,137	-	165,095	151,757,781
Loss allowance	(205,551)	(46,392)	-	-	(251,943)
Maximum credit exposure less ECLs	150,235,998	1,104,745	-	165,095	151,505,838

	The Company - 2023				
	ECL Staging				
FINANCIAL INVESTMENTS - AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Credit grade:					
Non-investment	1,314,202	-	-	-	1,314,202
Gross carrying amount	1,314,202	-	-	-	1,314,202
Loss allowance	-	-	-	-	-
Carrying amount	1,314,202	-	-	-	1,314,202

8. Financial Investments (Continued)

Credit risk exposure- financial investments subject to impairment

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

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

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

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Financial assets designated at fair value		
Debt securities	9,736,086	8,622,399
Equity securities	30,233,173	31,040,930

Loss allowances

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

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

8. Financial Investments (Continued)

Loss allowances (Continued)

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

	The Group - 2023				
	ECL Staging				
FINANCIAL INVESTMENTS – AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Loss Allowance as at January 1, 2023	44,134	-	-	-	44,134
Transfers:					
Transfer from Stage 1 to Stage 2	(4,570)	4,570	-	-	-
New financial assets originated or purchased	5,147	-	-	-	5,147
Financial assets fully derecognised during the period	(1,525)	-	-	-	(1,525)
Changes to inputs used in ECL calculation	(25,256)	33,936	-	-	8,680
Foreign exchange adjustment	680	-	-	-	680
Loss Allowance as at December 31, 2023	18,610	38,506	-	-	57,116

	The Group - 2022				
	ECL Staging				
FINANCIAL INVESTMENTS – AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Loss Allowance as at January 1, 2022	25,700	-	-	-	25,700
New financial assets originated or purchased	8,063	-	-	-	8,063
Financial assets fully derecognised during the period	(4,854)	-	-	-	(4,854)
Changes to inputs used in ECL calculation	15,573	-	-	-	15,573
Foreign exchange adjustment	(348)	-	-	-	(348)
Loss Allowance as at December 31, 2022	44,134	-	-	-	44,134

8. Financial Investments (Continued)

Loss allowances (Continued)

	The Group - 2023				
	ECL Staging				
DEBT SECURITIES - FVTOCI	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Loss Allowance as at January 1, 2023	205,551	46,392	-	-	251,943
Transfers:					
Transfer from Stage 1 to Stage 2	(99)	99	-	-	-
Transfer from Stage 2 to Stage 1	5,681	(5,681)	-	-	-
New financial assets originated or purchased	12,149	-	-	-	12,149
Financial assets fully derecognised during the period	(34,236)	-	-	-	(34,236)
Changes to inputs used in ECL calculation	(116,623)	5,083	-	-	(111,540)
Foreign exchange adjustment	2,160	1,001	-	-	3,161
Loss Allowance as at December 31, 2023	74,583	46,894	-	-	121,477

	The Group - 2022				
	ECL Staging				
DEBT SECURITIES - FVTOCI	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Loss Allowance as at January 1, 2022	215,407	71,481	-	-	286,888
New financial assets originated or purchased	31,819	-	-	-	31,819
Financial assets fully derecognised during the period	(24,194)	(19,250)	-	-	(43,444)
Changes to inputs used in ECL calculation	(15,597)	(4,851)	-	-	(20,448)
Foreign exchange adjustment	(1,884)	(988)	-	-	(2,872)
Loss Allowance as at December 31, 2022	205,551	46,392	-	-	251,943

(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 corporate securities

Outlook for the next three (3) years from December 2023:

		2024	2025	2026
S&P 500 Financial Index EPS	Base	42	46	45
	Upside	68	73	72
	Downside	27	29	29
World GDP growth rate	Base	2.9%	3.2%	3.2%
	Upside	4.5%	4.9%	4.9%
	Downside	2.1%	2.4%	2.4%
WTI Oil Prices/10	Base	7	7	7
	Upside	13	12	12
	Downside	3	3	3

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 2023:

		2024	2025	2026
Jamaica	Base	Stable	Stable	Stable
	Upside	Positive	Positive	Positive
	Downside	Negative	Negative	Negative

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

(expressed in Jamaican dollars unless otherwise indicated)

8. Financial Investments (Continued)

Loss allowances (Continued)

Sensitivity analysis at December 2023

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	32,563

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

			ECL impact of	
Loss Given Default	**Actual value applied**	**Change in value**	**Increase in value**	**Decrease in value**
Investments – Corporate Debts	53%	(- / + 5)%	9,866	(9,866)
Investments – Sovereign Debts (excluding Government of Barbados and Government of Jamaica)	35%	(- / + 5)%	5,790	(5,790)
Investments – Sovereign Debts (Government of Jamaica)	15%	(- / + 5)%	11,161	(11,161)

			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	6,946	(6,946)

Sensitivity analysis at December 2022

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

* See note 2 (f) (viii) 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)

8. Financial Investments (Continued)

Sensitivity analysis at December 2022 (Continued)

			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)

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

8. Financial Investments (Continued)

IFRS 9 maximum exposure to credit risk (Continued)

	The Group - 2023				
	ECL Staging				
FINANCIAL INVESTMENTS – AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Maximum exposure to credit risk as at January 1, 2023	24,573,692	-	-	-	24,573,692
Transfers:					
Transfer from Stage 1 to Stage 2	(2,193,493)	2,193,493	-	-	-
New financial assets originated or purchased	90,362,986	-	-	-	90,362,986
Financial assets fully recognized during the period	(132,351,275)	-	-	-	(132,351,275)
Changes in principal and interest	59,530,331	52,771	-	-	59,583,102
Foreign exchange adjustment	127,738	-	-	-	127,738
Maximum exposure to credit risk as at December 31, 2023	40,049,979	2,246,264	-	-	42,296,243

	The Group - 2022				
	ECL Staging				
FINANCIAL INVESTMENTS – AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Maximum exposure to credit risk as at January 1, 2022	46,067,826	-	-	-	46,067,826
New financial assets originated or purchased	33,577,824	-	-	-	33,577,824
Financial assets fully recognized during the period	(55,110,495)	-	-	-	(55,110,495)
Changes in principal and interest	123,232	-	-	-	123,232
Foreign exchange adjustment	(84,695)	-	-	-	(84,695)
Maximum exposure to credit risk as at December 31, 2022	24,573,692	-	-	-	24,573,692

8. Financial Investments (Continued)

IFRS 9 maximum exposure to credit risk (Continued)

	The Group - 2023				
	ECL Staging				
DEBT SECURITIES - FVTOCI	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Maximum exposure to credit risk as at January 1, 2023	150,441,549	1,151,137	-	165,095	151,757,781
Transfers:					
Transfer from Stage 1 to Stage 2	(415,946)	415,946	-	-	-
Transfer from Stage 2 to Stage 1	190,689	(190,689)	-	-	-
New financial assets originated or purchased	28,563,965	-	-	-	28,563,965
Financial assets fully recognized during the period	(41,957,845)	-	-	-	(41,957,845)
Changes in principal and interest	(1,034,886)	(5,175)	-	-	(1,040,061)
Foreign exchange adjustment	1,427,002	24,850	-	3,564	1,455,416
Maximum exposure to credit risk as at December 31, 2023	137,214,528	1,396,069	-	168,659	138,779,256

	The Group - 2022				
	ECL Staging				
DEBT SECURITIES - FVTOCI	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Maximum exposure to credit risk as at January 1, 2022	139,033,389	1,547,398	-	168,278	140,749,065
Transfers:					
New financial assets originated or purchased	39,658,426	-	-	-	39,658,426
Financial assets fully recognized during the period	(25,696,399)	(373,204)	-	-	(26,069,603)
Changes in principal and interest	(1,366,722)	(844)	-	-	(1,367,566)
Foreign exchange adjustment	(1,187,145)	(22,213)	-	(3,183)	(1,212,541)
Maximum exposure to credit risk as at December 31, 2022	150,441,549	1,151,137	-	165,095	151,757,781

8. Financial Investments (Continued)

IFRS 9 maximum exposure to credit risk (continued)

FINANCIAL INVESTMENTS - AMORTISED COST	The Company - 2023				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Purchased credit-impaired	Total
	$ '000	$ '000	$ '000	$ '000	$ '000
Maximum exposure to credit risk as at January 1, 2023	736,529	-	-	-	736,529
New financial assets originated or purchased	2,559,427	-	-	-	2,559,427
Financial assets fully recognized during the period	(3,106,130)	-	-	-	(3,106,130)
Changes in principal and interest	1,124,376				1,124,376
Maximum exposure to credit risk as at December 31, 2023	1,314,202	-	-	-	1,314,202

FINANCIAL INVESTMENTS - AMORTISED COST	The Company - 2022				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Purchased credit-impaired	Total
	$ '000	$ '000	$ '000	$ '000	$ '000
Maximum exposure to credit risk as at January 1, 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

9. Loans and Leases, after Allowance for Credit Losses

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Gross loans and advances	125,059,188	113,660,058
Less: Allowance for credit losses	(1,738,075)	(1,846,831)
	123,321,113	111,813,227
Loan interest receivable	709,955	589,523
	124,031,068	112,402,750
Lease receivables, net of allowance for credit losses	94,428	334,079
	124,125,496	112,736,829

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

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

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Specific provision	1,272,279	1,106,178
General provision	1,247,981	1,135,944
	2,520,260	2,242,122
Excess of regulatory provision over IFRS Accounting Standards provision recognized in the Bank reflected in non-distributable loan loss reserve Note 2(j)	(253,282)	355,464

Lease receivables:

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Gross investment in finance leases -		
Not later than one year	-	111,460
Later than one year and not later than five years	94,428	250,040
	94,428	361,500
Less: Unearned income	-	(27,344)
Net investment in finance leases	94,428	334,156
Net investment in finance leases -		
Not later than one year	-	96,347
Later than one year and not later than five years	94,428	237,809
	94,428	334,156
Less: Provision for credit losses	-	(77)
	94,428	334,079

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

Credit risk exposure- loans and leases subject to impairment

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

	The Group - 2023				
	ECL Staging				
LOANS AND LEASES – AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Credit grade:					
Non-investment	120,767,824	3,100,614	-	-	123,868,438
Default			1,995,133	-	1,995,133
Gross carrying amount	120,767,824	3,100,614	1,995,133	-	125,863,571
Loss allowance	(718,703)	(112,877)	(906,495)	-	(1,738,075)
Carrying amount	120,049,121	2,987,737	1,088,638	-	124,125,496

	The Group - 2022				
	ECL Staging				
LOANS AND LEASES – AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Credit grade:					
Non-investment	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

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 $139,000,000 (2022: $513,000,000).

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

Loss allowances

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

● Transfers between stages due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during the period;

● Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;

● Impact on the measurement of ECL due to inputs used in the calculation including the effect of 'step-up' (or 'step down') between 12-month and life-time ECL;

● Impacts on the measurement of ECL due to changes made to models and assumptions; and

● Foreign exchange retranslations for assets denominated in foreign currencies and other movements;

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

	The Group - 2023				
	ECL Staging				
LOANS AND LEASES – AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Loss Allowance as at January 1, 2023	868,913	103,697	874,221	-	1,846,831
Transfers:					
Transfer from Stage 1 to Stage 2	(6,507)	6,507	-	-	-
Transfer from Stage 1 to Stage 3	(4,874)	-	4,874	-	-
Transfer from Stage 2 to Stage 1	46,619	(46,619)	-	-	-
Transfer from Stage 2 to Stage 3	-	(2,466)	2,466	-	-
Transfer from Stage 3 to Stage 1	9,924	-	(9,924)	-	-
Transfer from Stage 3 to Stage 2	-	6,276	(6,276)	-	-
New financial assets originated or purchased	124,741	9,314	28,879	-	162,934
Financial assets fully derecognised during the period	(39,058)	(3,285)	(155,019)	-	(197,362)
Changes to inputs used in ECL calculation	(283,179)	38,126	165,868	-	(79,185)
Foreign exchange adjustment	2,124	1,327	1,406	-	4,857
Loss Allowance as at December 31, 2023	718,703	112,877	906,495	-	1,738,075

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

Loss allowances (Continued)

	The Group - 2022				
	ECL Staging				
LOANS AND LEASES – AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Loss Allowance as at January 1, 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

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, 2023

Outlook for lending at December 2023

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

(expressed in Jamaican dollars unless otherwise indicated)

9. 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 2023

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	13,450	(14,411)

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)

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

IFRS 9 Maximum exposure to credit risk

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

	The Group - 2023				
	ECL Staging				
LOANS AND LEASES – AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Maximum exposure to credit risk as at January 1, 2023	108,964,595	3,542,726	2,076,339	-	114,583,660
Transfers:					
Transfer from Stage 1 to Stage 2	(1,246,585)	1,246,585	-	-	-
Transfer from Stage 1 to Stage 3	(829,224)	-	829,224	-	-
Transfer from Stage 2 to Stage 1	1,606,353	(1,606,353)	-	-	-
Transfer from Stage 2 to Stage 3	-	(96,197)	96,197	-	-
Transfer from Stage 3 to Stage 1	46,868	-	(46,868)	-	-
Transfer from Stage 3 to Stage 2	-	27,723	(27,723)	-	-
New financial assets originated or purchased	27,697,645	251,877	49,948	-	27,999,470
Financial assets fully derecognised during the period	(6,118,812)	(116,365)	(323,311)	-	(6,558,488)
Changes to inputs used in ECL calculation	(9,763,541)	(180,338)	(661,105)	-	(10,604,984)
Foreign exchange adjustment	410,525	30,956	2,432	-	443,913
Maximum exposure to credit risk as at December 31, 2023	120,767,824	3,100,614	1,995,133	-	125,863,571

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

IFRS 9 Maximum exposure to credit risk (Continued)

	The Group - 2022				
	ECL Staging				
LOANS AND LEASES – AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Maximum exposure to credit risk as at January 1, 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 1	-	35,269	(35,269)	-	-
Transfer from Stage 3 to Stage 2	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 to inputs used in ECL calculation	(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 risk as at December 31, 2022	108,964,595	3,542,726	2,076,339	-	114,583,660

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	
	2023	**2022**
Loans and leases	**$ '000**	**$ '000**
Industry segments		
Agriculture, fishing and mining	1,647,749	1,278,231
Construction and real estate	18,315,139	15,976,768
Distribution	10,395,436	10,728,273
Manufacturing	3,557,331	3,890,799
Personal	55,377,167	48,687,205
Professional and other services	17,631,702	16,370,231
Tourism and entertainment	9,343,377	6,946,151
Transportation, storage and communication	989,606	924,009
Other	7,896,109	9,192,470
	125,153,616	113,994,137
Less: Provision for credit losses	(1,738,075)	(1,846,831)
	123,415,541	112,147,306
Interest receivable	709,955	589,523
	124,125,496	112,736,829

10. Pledged Assets

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

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Investment securities pledged as collateral:				
With regulators	140,710	153,048	-	-
Under repurchase agreements (Note 27)	95,860,867	91,413,522	-	-
With bank and other financial institutions	2,280,019	2,642,973	276,048	267,294
	98,281,596	94,209,543	276,048	267,294

11. Investment Properties

	The Group	
	2023	2022
	$ '000	$ '000
At beginning of year	1,680,525	1,220,324
Disposal during the year	(247,219)	-
Fair value gains	185,000	234,572
Transfer from other assets & Property, Plant and Equipment	-	225,629
At end of year	1,618,306	1,680,525

The investment properties as at December 31, 2023 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 prior 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 34.

(iii) During the year, some of the properties were tenanted and generated rental income. There were no operating expenses related to the properties which were not tenanted (2022: NIL).

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

12. Investment in Joint Venture

This relates to the group’s investment in Grupo Sagicor GS, G.A.

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Balance at 1 January	1,830,001	1,329,797	414,267	414,267
Share of after tax earnings	241,664	439,994	-	-
Share of movement in other comprehensive income, net of taxation	238,355	60,210	-	-
Balance at 31 December	2,310,020	1,830,001	414,267	414,267

12. 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.

Grupo Sagicor GS, G.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	
	2023	**2022**
	$ '000	**$ '000**
Current assets		
Cash and cash equivalents	325,574	178,760
Reinsurance contracts assets	90,921	95,554
Other current assets	2,385,142	3,557,422
	2,801,637	3,831,736
Non-current assets		
Investments	2,325,031	1,625,807
Other non-current asset	65,252	37,877
	2,390,283	1,663,684
Total Assets	5,191,920	5,495,420
Current liabilities		
Insurance contract liabilities	54,092	1,291,107
Other liabilities	201,767	-
	255,859	1,291,107
Non Current liabilities		
Notes and loans payable	316,022	541,478
Other liabilities	-	2,833
	316,022	544,311
Total Liabilities	571,881	1,835,418
Net Assets	4,620,039	3,660,002

12. Investment in Joint Venture (Continued)

Summarised statement of comprehensive income

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Insurance revenue	5,040,353	3,473,536
Insurance service expenses	(2,504,115)	(1,100,437)
Net expenses from reinsurance contracts held	(431,481)	(315,696)
Insurance service result	2,104,757	2,057,403
Net investment income/(expenses)	(72,406)	(46,466)
Net insurance and investment result	2,032,351	2,010,937
Fees and other income	-	223,399
Other operating expenses	(1,298,123)	(1,120,260)
Net profit before taxation	734,228	1,114,076
Taxation	(250,901)	(234,087)
Net profit after tax for the period	483,327	879,989
Other comprehensive income	393,500	201,239
Total comprehensive income	876,827	1,081,228
Reconciliation of summarized financial information		
Opening net assets at 1 January	3,660,002	2,659,594
Net profit after tax for the period	483,327	879,989
Other comprehensive income	393,500	201,239
Currency translation	83,210	(80,820)
Closing net assets	4,620,039	3,660,002

13. Interest in Structured Entities

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

Consolidated Structured Entity
The Group has no consolidated structured entity.

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

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

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

	The Group	
	2023	2022
	$ '000	$ '000
Total assets of PIF	178,615,201	171,946,402
Maximum exposure to loss	22,457,645	21,657,166
Liability to the Unit Trust in relation to repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	9,293,065	5,023,465
Total income/(losses) from the Group's interests	760,569	(1,036,272)
Management Fees earned	1,977,700	2,014,519

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.

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

13. Interest in Structured Entities (Continued)

(ii) Sagicor Sigma Global Unit Trust (Continued)

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

	The Group	
	2023 $ '000	2022 $ '000
Total assets of the Unit Trust	153,964,642	159,925,587
The Group's interest – Carrying value of equities held (included in fair value through profit and Loss – Note 8)	28,756,893	28,623,521
Maximum exposure to loss	(28,756,893)	(28,623,521)
Liability to the Unit Trust in relation to repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	12,907,990	16,603,636
Liability to the Unit Trust in relation to the purchase of shares in Advantage General Insurance Company Limited	800,000	800,000
Liability issued by the Unit Trust	3,546,064	2,400,000
Managed Funds -Real Estate Payables	2,261,657	-
Total income from the Group's interests	2,885,726	2,851,567

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

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

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

	The Group	
	2023 $ '000	2022 $ '000
Total assets of Funds	6,786,570	7,626,920
The Group's interest – Carrying value of equities held (included in fair value through profit and Loss – Note 8)	1,850	1,950
Maximum exposure to loss	(1,850)	(1,950)
Total income from the Group's interests	19,397	24,347

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

14. Investment in subsidiaries

The investment in subsidiaries is represented as follows:

	The Company	
	2023	2022
	$ '000	$ '000
Investment at January 1	71,826,639	71,860,326
Acquisitions	-	3,271,873
Disposal/dilution of interest	-	(3,305,560)
Investment at December 31	71,826,639	71,826,639

(a) **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 50 for additional information on the transaction.

(b) **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 earnings. Refer to ii, iii and iv below for further details.

14. Investment in subsidiaries (Continued)

(b) 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 period January 1 to September 30, 2022.

	2022 $ '000
Revenues	
Investment income	46,298
Interest expense	(242,559)
Net Investment Income	(196,261)
Hotel revenue	4,659,437
Fees and other income	(111,050)
Total Revenues	4,352,126
Expenses	
Administration expenses	(41,796)
Hotel expenses	(3,379,914)
Depreciation	(579,482)
Total Expenses	(4,001,192)
Gain on sale of the subsidiary after tax (See iii below)	258,208
Profit before taxation	609,142
Taxation	(126,722)
Profit from discontinued operation	482,420
Attributable to:	
Stockholders of the parent company	323,178
Non-controlling interests	159,242
	482,420

	2022 $ '000
Profit from discontinued operation	482,420
Other comprehensive income	
Items that may be subsequently reclassified to profit or loss	
Currency translation of foreign subsidiaries	(184,152)
Retranslation of foreign operations recycled on sale of subsidiary/associate	(152,490)
	(336,642)
Items that will not be subsequently reclassified to profit or loss Unrealised gains on OOP	2,006,928
Total other comprehensive income recognised directly in stockholders' equity, net of taxes	1,670,286
Total Comprehensive Income from discontinued operation	2,152,706
Attributable to:	
Stockholders of the parent company	550,484
Non-controlling interests	1,602,222
	2,152,706

14. Investment in subsidiaries (Continued)

(b) Sagicor Real Estate X Fund Limited (Continued)

ii. Summarised statement of cash flows

	2022 $ '000
Cashflows from operating activities:	
Net cash generated by operating activities	1,710,736
Cashflows from investing activities:	
Net cash used in investing activities	(3,613,591)
Cashflows from financing activities:	
Net cash used in financing activities	(332,787)
Net decrease in cash and cash equivalents	(2,235,642)

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 23 include $171,092,000 transferred on sale of subsidiary.

iii. 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 discontinued operations	1,732,007

15. Intangible Assets

		The Group				
		Goodwill	Contractual Customer Relationship	Trade Names	Computer Software	Total
		$ '000	$ '000	$ '000	$ '000	$ '000
Cost -						
At 1 January 2022		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
Impairment charge	(iii)	(530,127)	-	-	-	(530,127)
Disposals		-	(329,000)	-	-	(329,000)
Translation adjustment		(14,519)	-	-	-	(14,519)
At 31 December 2022		5,138,946	5,801,499	940,433	5,024,228	16,905,106
Additions		-	-	-	218,545	218,545
Translation adjustment		16,261	-	-	242	16,503
At 31 December 2023		5,155,207	5,801,499	940,433	5,243,015	17,140,154
Amortisation -						
At 1 January 2022		-	3,942,106	507,552	3,500,460	7,950,118
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
Amortisation charge		-	287,105	843	418,989	706,937
At 31 December 2023		-	4,424,812	536,535	4,312,226	9,273,573
Net Book Value -						
31 December 2022		5,138,946	1,663,792	404,741	1,130,991	8,338,470
31 December 2023		5,155,207	1,376,687	403,898	930,789	7,866,581

On adoption of IFRS 17, the cash flow projections for each Cash Generating Unit were restated. Sagicor Life Jamaica Short Term Insurance Division revised projected net inflows reduced significantly which led to a full write off of the Cash Generating Unit's(CGU) goodwill.

	The Company
	Computer Software
	$ '000
Cost -	
At 1 January 2022	1,797,638
Additions	22,134
At 31 December 2022	1,819,772
Additions	48,082
At 31 December 2023	1,867,854
Amortisation -	
At 1 January 2022	1,654,255
Amortisation charge	71,522
At 31 December 2022	1,725,777
Amortisation charge	57,606
At 31 December 2023	1,783,383
Net Book Value -	
31 December 2022	93,995
31 December 2023	84,471

15. Intangible Assets (Continued)

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

	The Group	
	2023	2022
	$ '000	$ '000
Sagicor Life Jamaica Long Term Insurance Division	855,191	855,191
Sagicor Life of the Cayman Islands Long Term Insurance Division	769,639	753,376
Sagicor Investments Jamaica Limited	186,066	186,066
Travel Cash Jamaica Limited	119,994	119,994
Advantage General Insurance Company	558,705	558,707
Alliance Financial Services Limited	2,665,612	2,665,612
	5,155,207	5,138,946

(i) At December 31, 2023, 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 Long Term Insurance Division
- Sagicor Life Jamaica Short Term Insurance Division
- Sagicor Life of the Cayman Islands Long Term Insurance Division

Management has determined the recoverable amount of the life insurance CGUs of the Group by assessing the fair value less cost of sell (FVLCS) of the underlying assets. The recoverable amounts are considered to be level 3 in the fair value hierarchy due to the unobservable inputs used in the valuation. Goodwill impairment of $530,127,000 relating to the Sagicor Life Jamaica Short Term Insurance Division was identified in 2022.

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

	The Group							
	2023				2022			
	Earnings Multiple	Cost to sell	Post-tax discount rate	Long term Growth Rate	Earnings Multiple	Cost to sell	Post-tax discount rate	Long term Growth Rate
Sagicor Life Jamaica Long Term Insurance Division	9.60	5%	15.8%	4.5%	9.40	0.5%	14.68%	4.5%
Sagicor Life Jamaica Short Term Insurance Division	-	-	-	-	10.30	0.5%	14.26%	5%
Sagicor Life of the Cayman Islands Long Term Insurance Division	8.10	5%	15.1%	2%	7.80	0.5%	14.35%	2%

The inputs are determined as follows:
- Earnings multiple represents the inverse of the capitalisation rate that is, 1 divided by post-tax discount rate less long-term growth rate.
- Cost to sell is estimated cost, based on management's experience of the typical 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.

(expressed in Jamaican dollars unless otherwise indicated)

15. Intangible Assets (Continued)

(iii) Value in use calculations are used to determine the recoverable amount of the non-life CGUs:
- Sagicor Investments Jamaica Limited
- Travel Cash Jamaica Limited
- Advantage General Insurance Company
- Alliance Financial Services Limited

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

Key assumptions used for the impairment calculations are as follows:

	2023		2022	
	Earnings Growth Rate	Discount Rate	Earnings Growth Rate	Discount Rate
Sagicor Investments Jamaica Limited	5.00%	13.74%	5.00%	13.96%
Travel Cash	6.00%	15.64%	6.00%	15.52%
Advantage General Insurance Company Limited	4.50%	14.54%	4.50%	14.82%
Alliance Financial Services Limited	4.50%	12.30%	4.50%	11.73%

16. Property, Plant and Equipment

	The Group				
	Leasehold Buildings & Improvements	Freehold Land & Buildings	Furniture & Equipment	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Cost or Valuation -					
At January 1, 2022	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
Reclassifications	-	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 December 31, 2022	1,892,402	4,173,549	5,669,003	345,693	12,080,647
Additions	218,880	-	298,130	74,956	591,966
Revaluation adjustments	-	472,664	-	-	472,664
Disposals	-	(109,949)	(439)	(20,051)	(130,439)
Translation adjustment	3,264	19,006	2,904	-	25,174
At December 31, 2023	2,114,546	4,555,270	5,969,598	400,598	13,040,012
Accumulated Depreciation -					
At January 1, 2022	964,557	1,317,226	5,174,970	207,273	7,664,026
Charge 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 December 31, 2022	1,114,585	167,517	4,136,664	249,402	5,668,168
Charge for the year	147,017	46,683	485,918	46,994	726,612
Relieved on revalued assets	-	(28,441)	-	-	(28,441)
Relieved on disposals	-	(5,432)	(415)	(20,051)	(25,898)
Translation adjustment	1,494	379	2,345	-	4,218
At December 31, 2023	1,263,096	180,706	4,624,512	276,345	6,344,659
Net Book Value -					
At December 31, 2022	777,817	4,006,032	1,532,339	96,291	6,412,479
At December 31, 2023	851,450	4,374,564	1,345,086	124,253	6,695,353

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

16. Property, Plant and Equipment (Continued)

	The Company			
	Leasehold Improvements	Furniture & Equipment	Motor Vehicles	Total
	$'000	$'000	$'000	$'000
Cost or Valuation -				
At January 1, 2022	33,646	500,582	35,840	570,068
Additions	2,774	36,367	11,000	50,141
Disposals	-	(219)	-	(219)
At December 31, 2022	36,420	536,730	46,840	619,990
Additions	24,054	64,496	18,000	106,550
At December 31, 2023	60,474	601,226	64,840	726,540
Accumulated Depreciation -				
At January 1, 2022	13,833	447,472	13,459	474,764
Charge for the year	3,535	39,358	8,451	51,344
Disposals	-	(24)	-	(24)
At December 31, 2022	17,368	486,806	21,910	526,084
Charge for the year	5,126	29,739	11,168	46,033
At December 31, 2023	22,494	516,545	33,078	572,117
Net Book Value -				
At December 31, 2022	19,052	49,924	24,930	93,906
At December 31, 2023	37,980	84,681	31,762	154,423

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 2023 - $501,105,000 (2022 - $2,904,777,000), 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	
	2023	2022
	$ '000	$ '000
Cost	1,602,736	1,714,013
Accumulated Depreciation	(197,221)	(176,864)
Net Book Value	1,405,515	1,537,149
Carrying value of revalued assets	4,374,564	4,006,032

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

17. Retirement Benefits

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Retirement benefit assets -		
Pension scheme	635,539	706,137
Retirement benefit obligations -		
Other post-retirement benefits	3,920,646	3,000,585
	3,920,646	3,000,585

Pension schemes comprised the following –

	2023	**2022**
	$ '000	**$ '000**
Retirement benefit assets	635,539	706,137
	635,539	706,137

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 (2022) was 108%.

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

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

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

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

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

17. Retirement Benefits (Continued)

(a) Pension schemes

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

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Present value of funded obligations	28,055,210	24,570,993
Fair value of plan assets	(29,124,959)	(27,167,909)
	(1,069,749)	(2,596,916)
Impact of minimum funding requirement/asset ceiling	434,210	1,890,779
Surplus of funded plan	(635,539)	(706,137)
Asset in the balance sheet	(635,539)	(706,137)

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

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Liability at start of year	24,570,993	30,218,160
Current service cost	607,204	720,690
Interest cost	3,021,820	2,278,054
Net expense recognised in income	3,629,024	2,998,744
Re-measurement:		
Losses/(gains) from changes in financial assumptions	2,175,117	(6,284,435)
Gains from changes in experience	(1,735,310)	(1,853,988)
Net losses/(gains) recognised in other comprehensive income	439,807	(8,138,423)
Contributions by the members	934,489	880,444
Value of purchased annuities	443,573	466,159
Benefits paid	(1,962,676)	(1,854,091)
Net liability, end of year	28,055,210	24,570,993

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

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Balance at start of year	27,167,909	29,746,423
Contributions made by the Employer	670,877	622,472
Contributions by the members	934,489	880,444
Value of purchased annuities	443,573	466,159
Benefits paid	(1,962,676)	(1,854,091)
Interest income on plan assets	3,465,725	2,305,461
Re-measurement:		
Gains/(losses) from changes in financial assumptions	760,233	(1,863,773)
Losses from changes in experience	(2,355,171)	(3,135,186)
Net gains/(losses) recognised in other comprehensive income	1,957,050	(4,998,959)
Balance, end of year	29,124,959	27,167,909

17. Retirement Benefits (Continued)

(a) Pension schemes (Continued)

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

	The Group	
	2023	2022
	$ '000	$ '000
Balance at start of year	1,890,779	-
Interest income on assets	245,801	-
Funding requirement/asset ceiling	-	1,890,779
Re-measurement:Losses from changes in experience	(1,702,370)	-
Net (losses)/gains recognised in other comprehensive income	(1,456,569)	1,890,779
Balance, end of year	434,210	1,890,779

The amounts recognised in the income statements as follows:

	The Group	
	2023	2022
	$ '000	$ '000
Current service cost	607,204	720,690
Interest cost on plan obligations	3,267,621	2,278,054
Interest income on plan assets	(3,465,725)	(2,305,461)
Total, included in staff cost (Note 36(a))	409,100	693,283

The amounts recognised in other comprehensive income is as follows:

	The Group	
	2023	2022
	$ '000	$ '000
Change in financial assumptions	(287,486)	(4,420,662)
Experience adjustments:		
Funding requirement/asset ceiling	-	1,890,779
Pension assets and liabilities	619,861	1,281,198
	332,375	(1,248,685)
Deferred tax	(53,027)	282,401
	279,348	(966,284)

The principal actuarial assumptions used were as follows:

	The Group	
	2023	2022
	$ '000	$ '000
Discount rate J$ Benefits	11.00%	13.00%
Discount rate - US$ Indexed Benefits	7.50%	10.00%
Inflation	6.00%	5.50%
Expected return on plan assets	11.00%	13.00%
Future salary increases	9.50%	9.50%
Future pension increases	0.50%	0.50%
Minimum Funding Rate (MFR) as a % of payroll	0.25%	0.25%
Average expected remaining working lives (years)	12	12

The weighted average duration of the defined benefit obligation ranges from 31 years (2022 – 31 years) to 39 years (2022 – 39 years).

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

17. Retirement Benefits (Continued)

(a) Pension schemes (Continued)

Pension plan assets are comprised as follows:

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Equities	6,801,792	8,005,728
GOJ Bonds	350,221	352,719
Inflation-linked(CPI) Fund	3,096,881	2,439,428
Real Estate	212,752	182,548
Mortgages and real estate fund	4,609,262	4,318,926
Money market fund	794,094	441,764
Fixed income fund	2,877,589	2,170,003
Foreign currency fund	3,233,770	3,343,650
Global market fund	700,269	683,247
Diversified investment fund	104,669	31,278
Receivables	132,789	-
	22,914,088	21,969,291
Value of purchased annuities	6,210,871	5,198,618
	29,124,959	27,167,909

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
		2023	**2023**
		$ '000	**$ '000**
Discount rate	1.0%	(123,931)	160,832
Future salary increases	1.0%	3,803	(3,305)
Future pension increases	1.0%	220,975	206,885
Life expectancy	1 year	(2,722)	2,067
		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 above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

17. Retirement Benefits (Continued)

(b) Other retirement benefits

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

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

	The Group	
	2023	2022
	$ '000	$ '000
Present value of unfunded obligations	4,216,812	3,262,679
Fair value of plan assets	(296,166)	(262,094)
Liability in the statement of financial position	3,920,646	3,000,585

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

	The Group	
	2023	2022
	$ '000	$ '000
Liability at beginning of year	3,262,679	5,079,345
Current service cost	69,801	140,376
Interest cost	415,320	401,052
Net expense recognised in income	485,121	541,428
Re-measurement:		
Losses/(gains) from changes in financial assumptions	641,145	(2,531,795)
(Gains)/losses from changes in experience	(27,502)	313,101
Net Losses/(gains) recognised in other comprehensive income	613,643	(2,218,694)
Benefits paid	(144,631)	(139,400)
Net Liability, end of year	4,216,812	3,262,679

The principal actuarial assumption used was as follows:

	The Group	
	2023	2022
	$ '000	$ '000
Rate of medical inflation	9.0%	8.5%

The amounts recognised in the income statement are as follows:

	The Group	
	2023	2022
	$ '000	$ '000
Current service cost	69,801	140,376
Interest cost on plan obligation	415,320	401,052
Interest income on plan assets	(34,072)	(19,414)
Total, included in staff cost (Note 36(a))	451,049	522,014

The amounts recognised in other comprehensive income are as follows:

	The Group	
	2023	2022
	$ '000	$ '000
Change in financial assumptions	641,145	(2,531,795)
Experience adjustments	(27,502)	313,101
	613,643	(2,218,694)
Deferred tax	(175,907)	630,999
	437,736	(1,587,695)

17. Retirement Benefits (Continued)

(b) Other retirement benefits (Continued)

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

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Balance, as previously reported	262,094	242,680
Interest income on plan assets	34,072	19,414
Balance, end of year	296,166	262,094

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

	The Group		
	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		2023	**2023**
		$ '000	**$ '000**
Discount rate	1.0%	(195,163)	249,904
Future salary increases	1.0%	4,257	(3,806)
Medical cost inflation	1.0%	256,426	(206,947)
Life expectancy	1 year	35,672	(35,774)
		2022	**2022**
		$ '000	**$ '000**
Discount rate	1.0%	(343,733)	417,720
Future salary increases	1.0%	16,180	(14,156)
Medical cost inflation	1.0%	393,033	(327,298)
Life expectancy	1 year	79,548	(79,544)

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

17. Retirement Benefits (Continued)

(c) Plan risks

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

The most significant of these plan risks are detailed below:

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

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

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

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

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

18. Deferred Income Taxes

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

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

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Deferred income tax assets, net	(7,276,368)	(3,911,299)	(214,875)	(225,671)
Deferred income tax liability, net	475,426	421,305	-	-

18. Deferred Income Taxes (Continued)

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

	The Group			
	Deferred tax assets		Deferred tax liabilities	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Deferred tax assets/liabilities to be recovered after more than 12 months	551,641	229,965	-	355,473

	The Company			
	Deferred tax assets		Deferred tax liabilities	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Deferred tax assets/liabilities to be recovered after more than 12 months	214,875	225,671	-	-

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

	The Group			
	Net deferred tax assets		Net deferred tax liabilities	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Deferred income tax assets				
Property, plant and equipment	(380,447)	(464,272)	(167,176)	-
Investment securities - FVTOCI	(1,526,372)	(2,395,768)	(40,723)	-
Tax losses unused	(3,895,582)	(96)	-	-
Unrealised foreign exchange losses	(307,158)	(216,677)	-	-
Impairment losses on loans & investment securities (IFRS 9)	(154,042)	(16,985)	-	-
Pensions and other post-retirement benefits	(988,129)	(654,962)	-	-
Other	(24,638)	(162,539)	-	-
	(7,276,368)	(3,911,299)	(207,899)	-
Deferred income tax liabilities -				
Property, plant and equipment	-	-	-	4,692
Loan & investment securities	-	-	3,085	-
Unrealised foreign exchange losses	-	-	10,940	6,809
Customer Relationship and Brand	-	-	349,971	404,082
Pensions and other post-retirement benefits	-	-	87,029	-
Other	-	-	232,300	5,722
	-	-	683,325	421,305
Net deferred taxation (asset)/liability	(7,276,368)	(3,911,299)	475,426	421,305

	The Company	
	2023	2022
Deferred income tax assets	$ '000	$ '000
Property, plant and equipment	(214,875)	(225,671)
Net deferred tax asset	(214,875)	(225,671)

18. Deferred Income Taxes (Continued)

The movement in net deferred tax assets is as follows:

	Property, plant and equipment	Fair value gains/ (losses)	Unused tax losses and credits	Unrealised foreign exchange gains	Loan & investment securities loss provision	Post-employment benefits	Other	Total
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**
At January 1, 2022	(305,211)	341,582	(96)	(299,862)	150,546	(1,401,821)	(35,358)	(1,550,220)
(Credited)/Charged to income statement (Note 37(a))	(177,662)	(227,407)	-	83,185	(154,428)	(166,541)	(127,181)	(770,034)
(Credited)/Charged to other comprehensive income (Note	18,601	(2,509,943)	-	-	(13,103)	913,400	-	(1,591,045)
At December 31, 2022	(464,272)	(2,395,768)	(96)	(216,677)	(16,985)	(654,962)	(162,539)	(3,911,299)
Tax Impact of initial application of IFRS 17 (a)	-	-	(3,895,486)		-	-	-	(3,895,486)
As Restated	(464,272)	(2,395,768)	(3,895,582)	(216,677)	(16,985)	(654,962)	(162,539)	(7,806,785)
(Credited)/Charged to income statement (Note 37(a))	66,847	(226,351)	-	(90,481)	(99,416)	9,163	137,901	(202,337)
(Credited)/Charged to other comprehensive income (Note	16,978	1,095,747	-	-	(37,641)	(342,330)	-	732,754
At December 31, 2023	(380,447)	(1,526,372)	(3,895,582)	(307,158)	(154,042)	(988,129)	(24,638)	(7,276,368)

The movement in net deferred tax liabilities is as follows:

	Property, plant and equipment	Fair value gains/ (losses)	Unused tax losses and charges	Unrealised foreign exchange gains	Loan & investment securities loss provision	Post-employment benefits	Customer Relationship and Brand	Other	Total
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**
At January 1, 2022	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 37(a))	133,436	987	-	14,764	89,551	40,697	(49,208)	17,301	247,528
(Credited)/Charged to other comprehensive income (Note 37(c))	533,486	(967,187)	-	-	-	-	-	-	(433,701)
Foreign exchange	9,890		5,972	-	-	-	-	185	16,047
At December 31, 2022	4,692	-	-	6,809	-	-	404,082	5,722	421,305
Tax Impact of initial application of IFRS 17 (a)	-	-	-	-	-	-	-	150,648	150,648
As Restated	4,692	-	-	6,809	-	-	404,082	156,370	571,953
(Credited)/Charged to income statement (Note 37(a))	(181,396)	(63,336)	-	4,131	3,085	(26,367)	(54,111)	75,930	(242,064)
Charged to other comprehensive income (Note 37(c))	9,528	22,613	-	-	-	113,396	-	-	145,537
At December 31, 2023	(167,176)	(40,723)	-	10,940	3,085	87,029	349,971	232,300	475,426

(a) The measurement of revenue and the ultimate determination of profits under IFRS 17, will result in profits recorded in prior periods being subject to corporation tax twice. To address this, a “tax transitional amount” was determined as the difference between retained earnings under IFRS 4 and the restated amount. Deferred income tax was recorded on the amount.

18. Deferred Income Taxes (Continued)

	The Company	
	2023	2022
	$ '000	$ '000
As at 1 January	(225,671)	(225,671)
Credited to the income statement	10,796	-
As at 31 December	(214,875)	(225,671)

19. Taxation Recoverable

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

20. Other Assets

	The Group		The Company	
	2023	2022 Restated	2023	2022
	$ '000	$ '000	$ '000	$ '000
Due from sales representatives	713,683	627,489	-	-
Real estate developed for resale – (i)	9,936,329	7,248,044	-	-
Due from related parties (Note 21)	545,399	290,594	725,866	339,833
Service contract assets				
Due from Government Employees & Other - Administrative Scheme Only Fund and Government Pensioners Administrative Scheme Only Fund	216,660	225,232	-	-
Prepayments and deferred commission	3,791,869	3,068,714	747,901	732,504
Customer settlements accounts/unsettled trades	529,747	629,559	-	-
Legal claim (Note 47)	53,686	53,686	-	-
Other receivables	2,891,450	3,057,855	162,095	131,311
	18,678,823	15,201,173	1,635,862	1,203,648
Provision against doubtful receivables and impairment charge	-	(7,737)	-	-
	18,678,823	15,193,436	1,635,862	1,203,648

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

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

21. Related Party Balances and Transactions

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

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

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

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Due from related parties -				
Ultimate parent company	126,344	72,886	-	-
Subsidiaries	-	-	686,788	339,833
Other related companies	66,653	5,967	39,078	-
Other managed funds	352,402	211,741	-	-
	545,399	290,594	725,866	339,833
Due to related companies -				
Ultimate parent company	673,872	225,850	574,241	70,655
Subsidiaries – other liabilities	-	-	4,837,450	3,872,586
Other related companies	1,150	-	-	-
Managed funds	246,241	136,313	-	-
	921,263	362,163	5,411,691	3,943,241
Financial investments -				
Short term deposits	-	-	276,048	136,903
Securities purchased under resale agreements with SIJL	-	-	1,038,078	309,668
Bonds issued by Ultimate parent company	-	1,933,068	-	-
Bonds issued by other related companies	5,082,259	-	-	-
Bonds issued by Pan Jamaica Group Limited	504,377	501,441	-	-
Sagicor Select Funds Units	1,850	1,950	-	-
Sigma Units	28,756,893	28,623,521	-	-
	34,345,379	31,059,980	1,314,126	446,571
Deposit and Security Liabilities -				
Promissory loans:				
Subsidiaries	-	-	10,937,404	11,098,704
BW Shareholders	20,218	23,500	-	-
Other managed funds	3,546,064	4,701,952	-	-
Loan Payable with managed funds	800,000	-	-	-
Repurchase agreements with managed funds	22,201,055	15,097,215	-	-
Customer Deposit with ultimate parent Company	120,862	115,888	-	-
Managed Funds -Real Estate Payables	2,261,657	-	-	-
	26,688,199	19,938,555	10,937,404	11,098,704

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Pan Jamaica Group Limited				
Securities sold under agreement to repurchase	563,830	-	-	-
Customer deposits	376,140	2,278,058	-	-
	939,970	2,278,058	-	-

21. Related Party Balances and Transactions (Continued)

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

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Directors, key management and other related parties-				
Securities sold under agreements to repurchase and other loans	(218,293)	(398,025)	-	-
Customer deposits	(11,004,823)	(6,823,289)	-	-
Investment Securities	1,435,263	1,126,297	-	-

(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 13.

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Ultimate parent company				
Interest income	392,100	122,256	-	-
Interest expense	3,641	1,267	-	-
Shared service fees	263,953	183,206		
Sagicor Pooled Investment Funds -				
Interest expense	334,345	167,168	-	-
Capital appreciation/(depreciation)	760,569	(1,036,272)	-	-
Lease rental expense	119,812	116,322	-	-
Management fee income	1,977,700	2,014,519	-	-
Pension Schemes -				
Management Fees – Self Directed Funds	298,053	278,592	-	-
Management Fees – DA	11,657	4,626	-	-
			-	-
Pan Jamaica Group Limited				
Interest expense	37,445	1,450	-	-
Interest Income	2,632	34,250	-	-
Directors and key management personnel -				
Interest expense	16,923	2,418	-	-
Interest Income	16,030	11,968	-	-

21. Related Party Balances and Transactions (Continued)

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Parent Company transactions with subsidiaries -				
Management fees Income	-	-	6,492,018	5,138,881
Interest expense	-	-	(218,699)	(234,729)
Dividend income	-	-	4,179,000	5,721,610
Interest Income	-	-	42,779	74,911
Transactions with Select and Sigma Fund				
Service fee income	2,905,123	2,875,914	-	-
Interest expense	(396,052)	(418,477)	-	-
Lease expense	(685,641)	(519,509)	-	-
Capital appreciation	(388,879)	(903,235)	-	-
Key management compensation -				
Salaries and other short-term benefits	851,780	876,115	-	-
Share based payments	243,325	243,435	-	-
Contributions to pensions and insurance schemes	42,238	38,043	-	-
	1,137,343	1,157,593	-	-
Directors' emoluments -				
Fees	157,002	136,433	40,985	38,701
Other expenses	4,077	3,780	4,059	-
Management remuneration (included in key management compensation)	568,233	515,477	-	-
	729,312	655,690	45,044	38,701

22. Share Capital

	The Group and The Company	
	2023	2022
	$ '000	$ '000
Authorised		
13,598,340,000 (2022 – 13,598,340,000)		
Ordinary shares		
Issued and fully paid:		
Ordinary stock – January 1	8,998,808	8,816,093
(Acquisition)/Issue of Treasury shares (Note 24)	(118,927)	182,715
	8,879,881	8,998,808

23. Equity Reserves

	The Group			
	Stock Options Reserve	Investment & Fair Value Reserves	Currency Translation Reserve	Equity Owners' Total
	$ '000	$ '000	$ '000	$ '000
Balance at December 31, 2022	77,479	(6,495,411)	6,316,491	(101,441)
Net gains recycled to revenue on disposal and maturity of FVTOCI securities	-	(478,646)	-	(478,646)
Net unrealised gains on FVTOCI securities	-	4,375,469	-	4,375,469
Net unrealised gains on revaluation of owner-occupied properties	-	466,974	-	466,974
Deferred tax on unrealised capital gains and impairment	-	(1,091,886)	-	(1,091,886)
Provision for expected credit losses - IFRS 9 on FVTOCI securities	-	(44,718)	-	(44,718)
Currency translation	-	-	438,716	438,716
Total comprehensive income for the year	-	3,227,193	438,716	3,665,909
Transactions with owners -				
Employee share option scheme - value of services provided	33,294	-	-	33,294
Total transactions with owners	33,294	-	-	33,294
Balance at December 31, 2023	110,773	(3,268,218)	6,755,207	3,597,762

	The Group			
	Stock Options Reserve	Investment & Fair Value Reserves	Currency Translation Reserve	Equity Owners' Total
	$ '000	$ '000	$ '000	$ '000
Balance as at December 31, 2021 as previously reported	58,353	679,475	7,934,170	8,671,998
Impact of initial application of IFRS 17	-	1,107,268	(1,342,322)	(235,054)
Impact of application of IFRS 9 policy choices as a	-	(343,782)	-	(343,782)
Restated balance as at January 1, 2022	58,353	1,442,961	6,591,848	8,093,162
Net gains recycled to revenue on disposal and maturity of FVTOCI securities	-	(5,550)	-	(5,550)
Net unrealised losses on FVTOCI securities	-	(11,967,885)	-	(11,967,885)
Net unrealised gains on revaluation of owner-occupied properties	-	870,756	-	870,756
Deferred tax on unrealised capital gains and impairment	-	3,360,690	-	3,360,690
Provision for expected credit losses -IFRS 9 on FVTOCI securities	-	(25,868)	-	(25,868)
Expected credit losses recycled	-	577	-	577
Currency translation	-	-	(275,357)	(275,357)
Total comprehensive income for the year	-	(7,767,280)	(275,357)	(8,042,637)
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 December 31, 2022	77,479	(6,495,411)	6,316,491	(101,441)

23. Equity Reserves (Continued)

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

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

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

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

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

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

24. Stock Options and Grants

Long-term incentive plan

The Group offers stock grants and stock options to senior executives as part of its long-term incentive plan. The Group has set aside 150,000,000 of its authorised but un-issued shares at no par value for the stock grants and stock options.

In January 2007, the Group introduced a new Long-Term Incentive (LTI) plan which replaced the previous Stock Option plan. Under the LTI plan, executives are entitled but not obliged to purchase the Group stock at a pre-specified price at some future date. The options are granted each year on the date of the Board of Directors Human Resources Committee meeting following the performance year at which the stock option awards are approved. Stock options vest in 4 equal installments beginning the first December 31 following the grant date and for the next three December 31st dates thereafter (25% per year). Options are not exercisable after the expiration of 7 years from the date of grant. The number of stock options in each stock option award is calculated based on the LTI opportunity via stock options (percentage of applicable salary) divided by the Black-Scholes value of a stock option of Sagicor Group Jamaica Limited stock on 31 March of the measurement year. The exercise price of the options is the closing bid price on 31 March of the measurement year.

24. Stock Options and Grants (Continued)

Long-term incentive plan (Continued)

Details of the combined share options outstanding are as follows:

	Sagicor Group Jamaica Limited			
	2023		2022	
	Options (thousands)	Weighted Average exercise price in $ per share	Options (thousands)	Weighted Average exercise price in $ per share
At beginning of year	10,526	40	10,252	33.73
Measurement year – 2022 awarded 2023	2,650	57	-	-
Measurement year – 2021 awarded 2022	-	-	2,660	51.88
Exercised	(859)	28	(2,386)	25.63
At end of year	12,317	44.60	10,526	40.15
Exercisable at the end of the period	7,992	39	6,815	38.08

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

	2023		2022	
	Exercise Price	No. of Outstanding Options 000's	Exercise Price	No. of Outstanding Options 000's
Expiry Date				
March 2023			10.49	416
March 2024	23.65	408	23.65	412
March 2025	34.10	887	34.10	893
March 2026	36.45	1,713	36.45	1,772
March 2027	39.99	2,202	39.99	2,308
March 2028	52.40	2,046	52.40	2,092
March 2029	51.88	2,503	51.88	2,633
March 2030	57.44	2,558		
	39.75	12,317	29.55	10,526

For options outstanding at the end of the year, exercise prices range from $23.65 to $57.44 (2022 - $10.49 to $51.88). The remaining contractual terms range from 3 months to 7 years (2022 – 3 months to 7 years).

The weighted average share price for options exercised during the year was $57.44 (2022 - $51.88) and the cost of these options was $ 7,085 (2022 - $ 3,579,730).

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 $46,136,500 (2022- $43,468,608). The significant inputs into the model were:

	2023	2022
Share Price	52.90	$57.44
Dividend Yield	2.38%	2.71%
Standard Deviation	28.00%	29.00%
Risk free ratio	6.30%	5.40%
Expected Volatility period	7 years	7 years

24. Stock Options and Grants (Continued)

Long-term incentive plan (Continued)

The Sagicor Group Jamaica Limited recognised cumulative expenses of $110,770 in the Stock Option Reserves (2022 – $77,475,104) and share options expense of $31,096,119 (2022 - $42,236,751) 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 2023, the Staff Share Purchase Plan Trust purchased 3,000,000 (2022: NIL) shares. The Group recognizes an expense in respect of Staff Share Purchase Plan shares at the point at which the shares are transferred to staff, when the Subsidiary Companies recognize their share of the cost of those shares in the income statement.

The Sagicor Group Jamaica Limited has not been issuing new shares to fulfill its obligations under these plans but instead the LTI and the Staff Share Purchase Plan Trust bought SGJ's shares on the open market. The total number of treasury shares held by the Group at year end was 5,670,838 (2022 - 3,039,597) at a cost of $281,183,508 (2022 - $162,256,228).

25. Dividends

	The Group and Company	
	2023	2022
	$ '000	$ '000
First interim dividend – $0.72 per share (2022 – $1.06 per share)	2,812,057	4,148,956
Second interim dividend – $0.51 per share (2022 – $0.54 per share)	1,972,346	2,109,043
	4,784,403	6,257,999

Dividends represented a dividend per stock unit of $1.23 (2022 - $1.60). There were no dividends declared subsequent to the year end.

26. Net Profit

	2023	2022
	$ '000	$ '000
(i) Net profit attributable to stockholders of Sagicor Group Jamaica Limited, dealt with in the financial statements of:		
The company	4,902,175	6,343,472
Less dividends from subsidiaries	(4,179,000)	(5,721,610)
The subsidiaries, associate and joint venture	13,850,102	9,221,560
	14,573,277	9,843,422

27. Deposit and Security Liabilities

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Securities sold under repurchase agreements	90,821,213	87,385,529	-	-
Shareholders loan – Bailey Williams Limited	20,218	23,500	-	-
Due to banks and other financial institutions (i)	11,602,121	12,917,290	-	-
Customer deposits and other accounts	156,499,930	145,950,107	-	-
Promissory notes (ii)	3,546,064	3,901,952	10,937,404	11,098,704
Derivative (Note 8)	-	2,378	-	-
Structured Product (iii)	-	656,305	-	-
	262,489,546	250,837,061	10,937,404	11,098,704

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

	Interest Rate (%)	Maturity Year	The Group 2023 $ '000	The Group 2022 $ '000	The Company 2023 $ '000	The Company 2022 $ '000
(i) Due to banks and other financial institutions:						
Development Bank of Jamaica Limited (a)	various	various	1,038,081	1,269,558	-	-
National Housing Trust (NHT) (b)	various	various	1,072,567	846,472	-	-
International Financial Corporation (IFC) (c)	3.4%	2023	-	6,106,050	-	-
Bank of Nova Scotia (BNS) (d)	8.5%	2024	1,000,698	1,000,465	-	-
Other Loans (e)	various	various	8,490,775	3,694,745	-	
			11,602,121	12,917,290	-	-

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

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

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

(c) International Financial Corporation (IFC)
This was a loan agreement between Sagicor Bank Jamaica and International Financial Corporation (IFC) which attracted interest at 3.4%. The loan was settled in May 2023.

(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 8.50%. The loan matures in January 2024.

(e) Other Loans
These are loans issued by individuals and companies to Sagicor Investment Cayman Limited and Alliance Finnacials Services Limited with various maturity dates in 2024.

27. Deposit and Security Liabilities (Continued)

(ii) Promissory notes

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Sagicor Life Jamaica Limited (i)	-	-	10,377,808	10,174,675
Sagicor Investment Jamaica Limited (ii)	-	-	559,596	924,029
Other managed funds (iii)	3,546,064	3,901,952	-	-
	3,546,064	3,901,952	10,937,404	11,098,704

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 January 2025.

(iii) This represents funding provided by managed funds to provide working capital support and to cover costs associated with development projects. The loans attract interest at 10% to 11.5% per annum and mature in June 2024. The balance includes loans issued by Sigma Global Funds to Alliance Financial Services Limited (AFSL). AFSL was compliant with the debt covenant ratio at year end.

(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 notes matured in June 2023.

28. Loans Payable

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
(a) Jamaica Central Securities Depository	2,198,545	2,198,545	-	-
Total loans payable	2,198,545	2,198,545	-	-

Current portion of Loans Payable disclosed under Note 42(c) (ii).

(a) 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.

29. Other liabilities

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Legal claim payable (Note 46/47)	53,686	54,086	-	-
Suspense and other amounts	3,485,947	3,793,366	-	-
Accounts payable and accruals	4,951,628	2,851,137	148,201	397,362
Staff related payable	956,296	678,719	-	-
Dividends payable	266,600	275,001	195,184	201,363
Due to related parties (Note 21)	921,263	362,163	5,411,691	3,943,241
Due to brokers and agents	1,397	4,479	-	-
Mortgage principal and real estate payables	3,072,614	1,338,626	-	-
Customer settlement accounts	1,737,518	1,570,806	-	-
Regulatory fees and Statutory payables	1,405,861	815,505	-	-
Items in course of payment	636,596	482,084	-	-
Cheques issued but uncashed	959,708	852,384	-	-
Miscellaneous	1,399,714	879,251	-	-
	19,848,828	13,957,607	5,755,076	4,541,966

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

30. Insurance and Reinsurance Contract Assets and Liabilities

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

	2023	2022 Restated
	$'000	$'000
Insurance contract assets (Note 30i.a)	174,931	-
Insurance contract liabilities (Note 30i.a)	144,988,028	134,815,292
Reinsurance contract assets (Note 30ii.a)	2,785,041	2,189,643
Reinsurance contract liabilities(Note 30ii.a)	595,741	551,715

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

	2023	2022
	$'000	$'000
Insurance contracts issued (includes direct participation contracts)		
Contracts measured under PAA - net (asset) / liability, end of period (Note 30i.a)	10,919,049	9,205,794
Contracts not measured under PAA (GMM/ VFA) - net (asset) / liability, end of period (Note 30i.a)	133,894,048	125,609,498
Total - Net (asset) / liability, end of period	144,813,097	134,815,292
Reinsurance contracts held		
Contracts measured under PAA - net asset / (liability), end of period(Note 30ii.a)	1,775,631	1,582,782
Contracts not measured under PAA (GMM) - net asset / (liability), end of period (Note 30ii.a)	413,669	55,146
Total - Net asset /(liability), end of period	2,189,300	1,637,928

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

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

Short Term Insurance

	2023				2022			
	LRC	LIC			LRC	LIC		
Insurance contracts issued **Contracts measured under PAA**	**Excluding loss component**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**	**Excluding loss component**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Insurance contract liabilities, beginning of period	1,766,226	7,134,985	304,583	9,205,794	1,625,079	7,481,448	329,132	9,435,659
Insurance contract assets, beginning of period	-	-	-	-	-	-	-	-
Net balance – (asset) / liability, beginning of period	**1,766,226**	**7,134,985**	**304,583**	**9,205,794**	**1,625,079**	**7,481,448**	**329,132**	**9,435,659**
Insurance revenue	**(29,274,162)**			**(29,274,162)**	**(24,769,183)**	**(632,780)**	**-**	**(25,401,963)**
Insurance service expenses								
Incurred claims and other directly attributable expenses	-	20,726,428	23,269	20,749,697	-	19,209,942	(24,514)	19,185,428
Insurance acquisition cash flows amortisation	3,622,719	-	-	3,622,719	3,180,175	-	-	3,180,175
Total insurance service expenses	**3,622,719**	**20,726,428**	**23,269**	**24,372,416**	**3,180,175**	**19,209,942**	**(24,514)**	**22,365,603**
Total amounts recognised in the insurance services result	**(25,651,443)**	**20,726,428**	**23,269**	**(4,901,746)**	**(21,589,008)**	**18,577,162**	**(24,514)**	**(3,036,360)**
Effect of exchange rate changes	802	3,277	41	4,120	150	(5,530)	(35)	(5,415)
Total amounts recognised in total comprehensive income	**(25,650,641)**	**20,729,705**	**23,310**	**(4,897,626)**	**(21,588,858)**	**18,571,632**	**(24,549)**	**(3,041,775)**
Cash flows								
Premiums received	30,093,906	-	-	30,093,906	24,994,511	-	-	24,994,511
Claims and other directly attributable expenses paid	-	(19,790,826)	-	(19,790,826)	-	(18,918,095)	-	(18,918,095)
Insurance acquisition cash flows	(3,692,199)	-	-	(3,692,199)	(3,264,506)	-	-	(3,264,506)
Total cash flows	**26,401,707**	**(19,790,826)**	**-**	**6,610,881**	**21,730,005**	**(18,918,095)**	**-**	**2,811,910**
Net balance – (asset) / liability, end of period	**2,517,292**	**8,073,864**	**327,893**	**10,919,049**	**1,766,226**	**7,134,985**	**304,583**	**9,205,794**
Insurance contract liabilities, end of period	2,728,818	7,867,507	330,505	10,926,830	1,766,226	7,134,985	304,583	9,205,794
Insurance contract assets, end of period	(211,526)	206,357	(2,612)	(7,781)	-	-	-	-
Net balance – (asset) / liability, end of period	**2,517,292**	**8,073,864**	**327,893**	**10,919,049**	**1,766,226**	**7,134,985**	**304,583**	**9,205,794**

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(expressed in Jamaican dollars unless otherwise indicated)

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

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

Long Term Insurance

	2023				2022			
	LRC				LRC			
Insurance contracts issued **Contracts not measured under PAA**	**Excluding loss component**	**Loss component**	**LIC**	**Total**	**Excluding loss component**	**Loss component**	**LIC**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Insurance contract liabilities, beginning of period	108,932,582	13,783,801	2,893,115	125,609,498	123,294,661	12,834,829	4,226,580	140,356,070
Insurance contract assets, beginning of period	-	-	-	-	-	-	-	-
Net balance – (asset) / liability, beginning of period	**108,932,582**	**13,783,801**	**2,893,115**	**125,609,498**	**123,294,661**	**12,834,829**	**4,226,580**	**140,356,070**
Insurance revenue	**(17,544,174)**			**(17,544,174)**	**(15,269,538)**	**-**	**-**	**(15,269,538)**
Insurance service expenses								
Incurred claims and other directly attributable expenses	-	(450,137)	10,376,863	9,926,726	-	(442,313)	7,397,793	6,955,480
Losses on onerous contracts and reversal of those losses	-	167,333	-	167,333	-	1,037,009	-	1,037,009
Insurance acquisition cash flows amortisation	667,234	-	-	667,234	188,406	-	-	188,406
Total insurance service expenses	667,234	(282,804)	10,376,863	10,761,293	**188,406**	**594,696**	**7,397,793**	**8,180,895**
Total amounts recognised in the insurance services result	(16,876,940)	(282,804)	10,376,863	(6,782,881)	(15,081,132)	594,696	7,397,793	(7,088,643)
Finance income / (expenses) from insurance contracts issued	5,089,844	496,958	-	5,586,802	(15,119,631)	516,753	-	(14,602,878)
Effect of exchange rate changes	987,813	181,933	9,968	1,179,714	(910,691)	(162,477)	(10,336)	(1,083,504)
Total amounts recognised in total comprehensive income	**(10,799,283)**	**396,087**	**10,386,831**	**(16,365)**	**(31,111,454)**	**948,972**	**7,387,457**	**(22,775,025)**
Investment components	**(11,901,796)**	**-**	**11,901,796**	**-**	**(12,615,755)**	**-**	**12,615,755**	**-**
Cash flows								
Premiums received	34,617,747	-	-	34,617,747	31,888,935	-	-	31,888,935
Claims and other directly attributable expenses paid	-	-	(22,008,073)	(22,008,073)	-	-	(21,336,677)	(21,336,677)
Insurance acquisition cash flows	(4,308,759)	-	-	(4,308,759)	(2,523,805)	-	-	(2,523,805)
Total cash flows	**30,308,988**	**-**	**(22,008,073)**	**8,300,915**	**29,365,130**	**-**	**(21,336,677)**	**8,028,453**
Net balance – (asset) / liability, end of period	**116,540,491**	**14,179,888**	**3,173,669**	**133,894,048**	**108,932,582**	**13,783,801**	**2,893,115**	**125,609,498**
Insurance contract liabilities, end of period	116,470,741	14,179,888	3,410,569	134,061,198	108,932,582	13,783,801	2,893,115	125,609,498
Insurance contract assets, end of period	69,750	-	(236,900)	(167,150)	-	-	-	-
Net balance – (asset) / liability, end of period	**116,540,491**	**14,179,888**	**3,173,669**	**133,894,048**	**108,932,582**	**13,783,801**	**2,893,115**	**125,609,498**

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

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

Long Term Insurance

Insurance contracts issued	**2023**				**2022**			
Contracts not measured under PAA	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Insurance contract liabilities, beginning of period	81,025,377	8,803,937	35,780,184	125,609,498	99,059,730	10,781,378	30,514,962	140,356,070
Insurance contract assets, beginning of period	-	-	-	-	-	-	-	-
Net balance – (asset) / liability, beginning of period	81,025,377	8,803,937	35,780,184	125,609,498	99,059,730	10,781,378	30,514,962	140,356,070
Changes that relate to current service								
CSM recognised in net income / (loss) for the services provided	-	-	(5,426,885)	(5,426,885)	-	-	(4,262,610)	(4,262,610)
Change in the risk adjustment for non-financial risk for risk expired	-	(1,121,265)	-	(1,121,265)	-	(987,957)	-	(987,957)
Experience adjustments	(402,064)	-	-	(402,064)	(2,875,086)	-	-	(2,875,086)
	(402,064)	(1,121,265)	(5,426,885)	(6,950,214)	(2,875,086)	(987,957)	(4,262,610)	(8,125,653)
Changes that relate to future service								
Changes in estimate that adjust the CSM	(8,749,284)	2,237,606	6,511,678	-	(2,624,375)	(423,025)	3,047,400	-
Changes in estimates that result in onerous contract losses or reversal of	(269,014)	124,358	-	(144,656)	655,560	(41,182)	-	614,378
Contracts initially recognised in the period	(6,325,555)	1,109,482	5,528,062	311,989	(6,031,925)	1,053,233	5,401,324	422,632
	(15,343,853)	3,471,446	12,039,740	167,333	(8,000,740)	589,026	8,448,724	1,037,010
Total amounts recognised in the insurance service result	**(15,745,917)**	**2,350,181**	**6,612,855**	**(6,782,881)**	**(10,875,826)**	**(398,931)**	**4,186,114**	**(7,088,643)**
Finance income / (expenses) from insurance contracts issued	3,388,059	497,590	1,701,153	5,586,802	(14,249,287)	(1,549,097)	1,195,506	(14,602,878)
Effect of exchange rate changes	959,961	53,522	166,231	1,179,714	(937,693)	(29,413)	(116,398)	(1,083,504)
Total amounts recognised in total comprehensive income	(11,397,897)	2,901,293	8,480,239	(16,365)	(26,062,806)	(1,977,441)	5,265,222	(22,775,025)
Cash flows								
Premiums received	34,617,747	-	-	34,617,747	31,888,935	-	-	31,888,935
Claims and other directly attributable expenses paid	(22,008,073)	-	-	(22,008,073)	(21,336,677)	-	-	(21,336,677)
Insurance acquisition cash flows	(4,308,759)	-	-	(4,308,759)	(2,523,805)	-	-	(2,523,805)
Total cash flows	**8,300,915**	**-**	**-**	**8,300,915**	**8,028,453**	**-**	**-**	**8,028,453**
Net balance – (asset) / liability, end of period	**77,928,395**	**11,705,230**	**44,260,423**	**133,894,048**	**81,025,377**	**8,803,937**	**35,780,184**	**125,609,498**
Insurance contract liabilities, end of period	78,101,760	11,706,439	44,252,999	134,061,198	81,025,377	8,803,937	35,780,184	125,609,498
Insurance contract assets, end of period	(173,365)	(1,209)	7,424	(167,150)	-	-	-	-
Net balance – (asset) / liability, end of period	**77,928,395**	**11,705,230**	**44,260,423**	**133,894,048**	**81,025,377**	**8,803,937**	**35,780,184**	**125,609,498**

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

i. c) Impact of contracts recognised in the period

Long Term Insurance

	2023			2022		
	Contract issued		Total	Contract issued		Total
Insurance contracts issued	Non-onerous	Onerous		Non-onerous	Onerous	
	$'000	$'000	$'000	$'000	$'000	$'000
Estimates of present value of future cash outflows						
Insurance acquisition cash flows	(4,012,032)	(344,143)	(4,356,175)	(3,227,880)	(589,987)	(3,817,867)
Claims and other directly attributable expenses	(15,273,093)	(1,731,862)	(17,004,955)	(14,851,886)	(3,932,265)	(18,784,151)
Estimates of present value of future cash outflows	(19,285,125)	(2,076,005)	(21,361,130)	(18,079,766)	(4,522,252)	(22,602,018)
Estimates of present value of future cash inflows	25,813,755	1,872,930	27,686,685	24,360,852	4,273,091	28,633,943
Risk adjustment for non-financial risk	(1,000,568)	(108,914)	(1,109,482)	(879,762)	(173,471)	(1,053,233)
CSM	(5,528,062)	-	(5,528,062)	(5,401,324)	-	(5,401,324)
Increase / (decrease) in insurance contract liabilities from contracts	**-**	**(311,989)**	**(311,989)**	**-**	**(422,632)**	**(422,632)**

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

Long Term Insurance

	2023			2022		
Insurance contracts issued (Note 30i.b)	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
	$'000	$'000	$'000	$'000	$'000	$'000
CSM, beginning of period	**27,532,698**	**8,247,486**	**35,780,184**	**24,485,742**	**6,029,220**	**30,514,962**
Changes that relate to current service						
CSM recognised in net income / (loss) for the services provided	(4,366,728)	(1,060,157)	(5,426,885)	(3,489,320)	(773,290)	(4,262,610)
Changes that relate to future service						
Changes in estimates that adjust the CSM	2,233,638	4,278,040	6,511,678	97,322	2,950,078	3,047,400
Contracts initially recognised in the period	5,528,062	-	5,528,062	5,401,324	-	5,401,324
	3,394,972	3,217,883	6,612,855	2,009,326	2,176,788	4,186,114
Finance income / (expenses) from insurance contracts issued	1,488,414	212,739	1,701,153	1,054,658	140,848	1,195,506
Effect of exchange rate changes	95,434	70,797	166,231	(17,028)	(99,370)	(116,398)
Total amounts recognised in total comprehensive income	4,978,820	3,501,419	8,480,239	3,046,956	2,218,266	5,265,222
CSM, end of period	**32,511,518**	**11,748,905**	**44,260,423**	**27,532,698**	**8,247,486**	**35,780,184**

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

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

Short Term Insurance

Reinsurance contracts held **Contracts measured under PAA**	**2023** **Remaining coverage** **Excluding loss recovery component**	**Incurred claims** **Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**	**2022** **Remaining coverage** **Excluding loss recovery component**	**Incurred claims** **Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Reinsurance contract liabilities, beginning of period	(34,790)	12,544	627	(21,619)	(14,688)	12,105	605	(1,978)
Reinsurance contract assets, beginning of period	673,524	892,514	38,363	1,604,401	296,722	806,896	33,638	1,137,256
Net balance – (asset) / liability, beginning of period	638,734	905,058	38,990	1,582,782	282,034	819,001	34,243	1,135,278
Net income / (expenses) from reinsurance contracts held								
Reinsurance expenses	(5,927,847)	-	-	(5,927,847)	(4,303,614)	-	-	(4,303,614)
Other incurred directly attributable expenses	(754,598)	-	-	(754,598)	(558,494)	-	-	(558,494)
Claims recovered	-	2,991,603	27,048	3,018,651	-	2,143,112	4,759	2,147,871
Net income / (expenses) from reinsurance contracts held	**(6,682,445)**	**2,991,603**	**27,048**	**(3,663,794)**	**(4,862,108)**	**2,143,112**	**4,759**	**(2,714,237)**
Effect of exchange rate changes	415	3,875	14	4,304	587	(4,332)	(12)	(3,757)
Total amounts recognised in total comprehensive income	**(6,682,030)**	**2,995,478**	**27,062**	**(3,659,490)**	**(4,861,521)**	**2,138,780**	**4,747**	**(2,717,994)**
Cash flows								
Premiums paid net of ceding commissions and other directly attributable	6,982,323	(213,653)	-	6,768,670	5,218,221	555,386	-	5,773,607
Recoveries from reinsurance	-	(2,916,331)	-	(2,916,331)	-	(2,608,109)	-	(2,608,109)
Total cash flows	**6,982,323**	**(3,129,984)**	**-**	**3,852,339**	**5,218,221**	**(2,052,723)**	**-**	**3,165,498**
Net balance – asset / (liability), end of period	**939,027**	**770,552**	**66,052**	**1,775,631**	**638,734**	**905,058**	**38,990**	**1,582,782**
Reinsurance contract liabilities, end of period	(90,925)	19,856	(100)	(71,169)	(34,790)	12,544	627	(21,619)
Reinsurance contract assets, end of period	1,029,952	750,696	66,152	1,846,800	673,524	892,514	38,363	1,604,401
Net balance – asset / (liability), end of period	**939,027**	**770,552**	**66,052**	**1,775,631**	**638,734**	**905,058**	**38,990**	**1,582,782**

30 Insurance and Reinsurance Contract Assets and Liabilities (Continued)

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

	2023				2022			
	Remaining coverage		Incurred claims		Remaining coverage		Incurred claims	
Reinsurance contracts held Contracts not measured under PAA	**Excluding loss recovery component**	**Loss recovery component**		**Total**	**Excluding loss recovery component**	**Loss recovery component**		**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Reinsurance contract liabilities, beginning of period	(471,116)	7,453	(66,433)	(530,096)	(679,706)	8,742	(340,962)	(1,011,926)
Reinsurance contract assets, beginning of period	164,552	36,617	384,073	585,242	(34,650)	87,649	860,808	913,807
Net balance – asset / (liability), beginning of period	(306,564)	44,070	317,640	55,146	(714,356)	96,391	519,846	(98,119)
Net income / (expenses) from reinsurance contracts held								
Reinsurance expenses	(275,733)	(4,903)	-	(280,636)	(221,449)	-	-	(221,449)
Claims recovered	-	(6,522)	338,239	331,717	-	(20,272)	1,279	(18,993)
Changes that relate to future service – changes in the FCF do not adjust the CSM for the group of underlying insurance contracts	-	(3,912)	-	(3,912)	-	(32,649)	-	(32,649)
Net income / (expenses) from reinsurance contracts held	**(275,733)**	**(15,337)**	**338,239**	**47,169**	**(221,449)**	**(52,921)**	**1,279**	**(273,091)**
Finance income / (expenses) from reinsurance contracts held	125,265	386	-	125,651	223,755	1,511	-	225,266
Effect of exchange rate changes	227	749	4,821	5,797	215	(911)	(4,845)	(5,541)
Total amounts recognised in total comprehensive income	**(150,241)**	**(14,202)**	**343,060**	**178,617**	**2,521**	**(52,321)**	**(3,566)**	**(53,366)**
Cash flows								
Premiums paid net of ceding commissions and other directly attributable expenses paid	271,072	-	-	271,072	405,271	-	(57)	405,214
Recoveries from reinsurance	-	-	(91,166)	(91,166)	-	-	(198,583)	(198,583)
Total cash flows	271,072	-	(91,166)	179,906	405,271	-	(198,640)	206,631
Net balance – asset / (liability), end of period	(185,733)	29,868	569,534	413,669	(306,564)	44,070	317,640	55,146
Reinsurance contract liabilities, end of period	(323,024)	29,868	(231,416)	(524,572)	(471,116)	7,453	(66,433)	(530,096)
Reinsurance contract assets, end of period	137,291		800,950	938,241	164,552	36,617	384,073	585,242
Net balance – asset / (liability), end of period	**(185,733)**	**29,868**	**569,534**	**413,669**	**(306,564)**	**44,070**	**317,640**	**55,146**

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

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

Long Term Insurance (Continued)

Reinsurance contracts held Contracts not measured under PAA	**2023**				**2022**			
	Present value of future cash flows	**Risk adjustment for non-financial risk**	**CSM**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Reinsurance contract liabilities, beginning of period	(754,576)	72,779	151,701	(530,096)	(1,063,068)	71,929	(20,787)	(1,011,926)
Reinsurance contract assets, beginning of period	68,034	203,948	313,260	585,242	579,458	174,570	159,779	913,807
Net balance – asset / (liability), beginning of period	(686,542)	276,727	464,961	55,146	(483,610)	246,499	138,992	(98,119)
Changes that relate to current service								
CSM recognised in net income / (loss) for the services received	-	-	(47,801)	(47,801)	-	-	(27,024)	(27,024)
Change in the risk adjustment for non-financial risk for risk expired	-	(31,735)	-	(31,735)	-	(27,789)	-	(27,789)
Experience adjustments	130,617	-	-	130,617	(185,629)	-	-	(185,629)
	130,617	(31,735)	(47,801)	51,081	(185,629)	(27,789)	(27,024)	(240,442)
Changes that relate to future service								
Changes in estimate that adjust the CSM	(494,633)	136,184	358,449	-	(471,478)	118,836	352,642	-
Changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	(27,476)	70,514	(46,950)	(3,912)	(50,991)	40,589	(22,247)	(32,649)
Contracts initially recognised in the period	(26,435)	5,861	20,574	-	(33,149)	5,205	27,944	-
	(548,544)	212,559	332,073	(3,912)	(555,618)	164,630	358,339	(32,649)
Net income / (expenses) from reinsurance contracts held	(417,927)	180,824	284,272	47,169	(741,247)	136,841	331,315	(273,091)
Finance income / (expenses) from reinsurance contracts held	217,741	(108,084)	15,994	125,651	324,617	(102,093)	2,742	225,266
Effect of exchange rate changes	(9,717)	5,323	10,191	5,797	7,067	(4,520)	(8,088)	(5,541)
Total amounts recognised in total comprehensive income	(209,903)	78,063	310,457	178,617	(409,563)	30,228	325,969	(53,366)
Cash flows								
Premiums paid net of ceding commissions and other directly attributable expenses paid	271,072	-	-	271,072	405,214	-	-	405,214
Recoveries from reinsurance	(91,166)	-	-	(91,166)	(198,583)	-	-	(198,583)
Total cash flows	179,906	-	-	179,906	206,631	-	-	206,631
Net balance – asset / (liability), end of period	(716,539)	354,790	775,418	413,669	(686,542)	276,727	464,961	55,146
Reinsurance contract liabilities, end of period	(970,449)	113,947	331,930	(524,572)	(754,576)	72,779	151,701	(530,096)
Reinsurance contract assets, end of period	253,910	240,843	443,488	938,241	68,034	203,948	313,260	585,242
Net balance – asset / (liability), end of period	(716,539)	354,790	775,418	413,669	(686,542)	276,727	464,961	55,146

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

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

Long Term Insurance (Continued)

Reinsurance contracts held (Note 30ii.b)	2023 New contracts and contracts measured under the full retrospective approach at transition	2023 Contracts measured under the fair value approach at transition	2023 Total	2022 New contracts and contracts measured under the full retrospective approach at transition	2022 Contracts measured under the fair value approach at transition	2022 Total
	$'000	$'000	$'000	$'000	$'000	$'000
CSM, beginning of period	**44,549**	**420,412**	**464,961**	**-**	**138,992**	**138,992**
Changes that relate to current service						
CSM recognised in net income / (loss) for the services provided	(10,519)	(37,282)	(47,801)	(2,676)	(24,348)	(27,024)
Changes that relate to future service						
Changes in estimates that adjust the CSM	53,281	305,168	358,449	24,627	328,015	352,642
Contracts initially recognised in the period	20,574	-	20,574	27,944	-	27,944
Reversal of loss-recovery component from onerous underlying contracts	-	(46,950)	(46,950)	-	(22,247)	(22,247)
	63,336	220,936	284,272	49,895	281,420	331,315
Finance income / (expenses) from insurance contracts issued	15,994	-	15,994	2,742	-	2,742
Effect of exchange rate changes	389	9,802	10,191	(8,088)	-	(8,088)
Total amounts recognised in total comprehensive income	79,719	230,738	310,457	44,549	281,420	325,969
CSM, end of period	**124,268**	**651,150**	**775,418**	**44,549**	**420,412**	**464,961**

iii. Liability for Incurred Claims

Summary of LIC by segment

	Long term insurance	Short term insurance	Total
	$'000	$'000	$'000
31-Dec-2023			
Gross LIC:			
Insurance contracts issued	3,173,669	8,401,757	11,575,426
Direct participation contracts issued	-	-	-
Total (Note 30i.a)	3,173,669	8,401,757	11,575,426
Reinsurers' share of LIC:			
Reinsurance contracts held (Note 30ii.a)	569,534	836,604	1,406,138
31-Dec-2022			
Gross LIC:			
Insurance contracts issued	2,864,306	7,439,568	10,303,874
Direct participation contracts issued	28,809	-	28,809
Total (Note 30i.a)	2,893,115	7,439,568	10,332,683
Reinsurers' share of LIC:			
Reinsurance contracts held (Note 30ii.a)	317,640	944,048	1,261,688

The liability for incurred claims represented by insurance lines of business is as follows:

	Gross LIC		Reinsurers' share	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Life insurance and annuity benefits	8,662,829	2,891,775	1,039,285	330,810
Property and casualty	2,708,852	2,858,354	347,099	474,675
Health	203,745	4,582,554	19,754	456,203
	11,575,426	10,332,683	1,406,138	1,261,688

31. Investment Contract Liabilities

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Amortised cost -		
Amounts on deposit	18,965,347	18,083,616
Deposit administration fund	1,529,625	1,469,504
Other investment contracts	397,302	611,100
	20,892,274	20,164,220

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

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

32. Collateralised Reversed Repurchase Agreements

At December 31, 2023, the Group held $1,975,628,000 (2022 – $5,036,501,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. None of the collateral for reverse repurchase agreements for the Group was repledged.

33. Insurance revenue and service expenses

(a) Insurance service result

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

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Insurance revenue		
Contracts not measured under the PAA		
Amounts relating to the changes in the LRC:		
Expected incurred claims and other directly attributable expenses after loss component allocation	10,328,790	9,830,565
Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	1,121,265	987,957
CSM recognised in net income / (loss) for the services provided	5,426,885	4,262,610
Insurance acquisition cash flows recovery	667,234	188,406
Insurance revenue for contracts not measured under the PAA (Note 30i.a)	17,544,174	15,269,538
Insurance revenue from contracts measured under the PAA (Note 30i.a)	29,274,162	25,401,963
Total insurance revenue	46,818,336	40,671,501

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

	The Group	
	2023	**2022**
	$ '000	**$ '000**
New contracts and contracts measured under the full retrospective approach	8,760,825	7,106,325
Contracts measured under the fair value approach	8,783,349	8,163,213
	17,544,174	15,269,538

33. Insurance revenue and service expenses (Continued)

(a) Insurance service result (Continued)

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Insurance service expenses		
Contracts not measured under the PAA		
Incurred claims and other directly attributable expenses(Note 30i.a)	(9,926,726)	(6,955,480)
Losses on onerous contracts and reversal of those losses(Note 30i.a)	(167,333)	(1,037,009)
Insurance acquisition cash flows amortisation(Note 30i.a)	(667,234)	(188,406)
	(10,761,293)	(8,180,895)
Contracts measured under the PAA		
Incurred claims and other directly attributable expenses(Note 30i.a)	(20,749,697)	(19,185,428)
Insurance acquisition cash flows amortisation(Note 30i.a)	(3,622,719)	(3,180,175)
	(24,372,416)	(22,365,603)
Total insurance service expenses	(35,133,709)	(30,546,498)
Net income / (expenses) from reinsurance contracts held– contracts not measured under the PAA		
Amounts relating to the changes in the remaining coverage:		
Expected claims and other directly attributable expenses recovery	(331,717)	18,993
Change in the risk adjustment recognised for the risk expired	(31,735)	(27,789)
Experience adjustments	130,617	(185,629)
CSM recognised in net income / (loss) for the services received	(47,801)	(27,024)
Reinsurance expenses	(280,636)	(221,449)
Other incurred directly attributable expenses	331,717	(18,993)
Changes that relate to past service – adjustments to incurred claims	(3,912)	(32,649)
Total -contracts not measured under PAA (Note 30ii.a)	47,169	(273,091)
Net income / (expenses) from reinsurance contracts held– contracts measured under the PAA		
Reinsurance expenses	(6,682,445)	(4,862,108)
Claims recovered	3,018,651	2,147,871
Total -contracts measured under PAA (Note 30ii.a)	(3,663,794)	(2,714,237)
Total net income / (expenses) from reinsurance contracts held	(3,616,625)	(2,987,328)
Total insurance service result	8,068,002	7,137,675

(b) Amounts determined on transition to IFRS 17

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

	The Group	
	2023	**2022**
	$ '000	**$ '000**
CSM, end of period (Note 30i.d)		
New contracts and contracts measured under the full retrospective approach at transition	32,511,518	27,532,698
Contracts measured under the fair value approach at transition	11,748,905	8,247,486
	44,260,423	35,780,184
REINSURANCE CONTRACTS HELD		
CSM, end of period (Note 30ii.d)		
New contracts and contracts measured under the full retrospective approach at transition	124,268	44,549
Contracts measured under the fair value approach at transition	651,150	420,412
	775,418	464,961

33. Insurance revenue and service expenses (Continued)

(c) Expected recognition of the contractual service margin

The following tables summarise the expected recognition of the contractual service margin based on the estimate of the CSM using discounted coverage units to allocate the CSM to each year.

	The Group	
	2023	**2022**
	$ '000	**$ '000**
INSURANCE CONTRACTS ISSUED		
Contracts not measured under the PAA		
Number of years until expected to be recognised		
1	3,562,860	2,893,850
2	3,082,096	2,676,240
3	2,655,771	2,494,038
4	2,339,610	2,345,785
5	2,104,615	2,214,133
6-10	8,317,458	9,426,202
>10	22,198,013	13,729,936
Total	44,260,423	35,780,184

	The Group	
	2023	**2022**
	$ '000	**$ '000**
REINSURANCE CONTRACTS HELD		
Contracts not measured under the PAA		
Number of years until expected to be recognised		
1	46,522	35,960
2	45,188	34,334
3	40,699	31,388
4	36,992	29,025
5	34,389	26,935
6-10	139,710	97,083
>10	431,918	210,236
Total	775,418	464,961

34. Total Investment Income and Net Insurance Finance Result

	The Group		
	2023		
	Amortised cost assets	FVTOCI assets	Total
	$ '000	$ '000	$ '000
Interest income -			
Debt securities	4,819,079	5,018,057	9,837,136
Mortgage loans	1,636,638	-	1,636,638
Loans and finance leases	10,950,346	-	10,950,346
Securities purchased for re-sale	111,740	-	111,740
Deposit	797,128	-	797,128
Total Interest Income	18,314,931	5,018,057	23,332,988
Net gain on de-recognition of financial assets measured at FVTOCI			530,810
Net loss on de-recognition of financial assets measured at amortised cost			(1,305)
			23,862,493
FVTPL investments			
Interest income			8,870,946
Dividend income			230,848
Unrealised gain on financial assets			1,597,304
Net gain on de-recognition of financial assets			759,479
			11,458,577
Investment properties:			
Unrealised gain			185,000
Rental Income			69,419
			254,419
Other investment income and expense:			
Other investment expense			(59,437)
			(59,437)
Income earned and capital gain from assets measured at FVTPL and other investment income			11,653,559
Total Investment Income			35,516,052
Interest expense -			
Investment contracts			(820,993)
Customer deposits			(2,563,215)
Repurchase liabilities			(4,456,219)
Due to banks and other financial institutions			(466,591)
Lease liabilities			(163,151)
Loans payable			(147,150)
			(8,617,319)
Credit impairment losses			(451,322)
Net investment income			26,447,411

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

	The Company		
	2023		
	Amortised cost assets	FVTOCI assets	Total
	$ '000	$ '000	$ '000
Interest income -			
Debt securities	65,693	-	65,693
Total interest income	65,693	-	65,693
Dividend income			4,179,000
			4,244,693
Interest expense -			
Promissory notes			(218,699)
Net investment income			4,025,994

	The Group		
	2022 Restated		
	Amortised cost assets	FVTOCI assets	Total
	$ '000	$ '000	$ '000
Interest income -			
Debt securities	678,074	7,647,050	8,325,124
Mortgage loans	1,319,430	-	1,319,430
Loans and finance leases	8,677,745	-	8,677,745
Securities purchased for re-sale	317,962	-	317,962
Deposit	164,704	-	164,704
Total Interest Income	11,157,915	7,647,050	18,804,965
Net gain on de-recognition of financial assets measured at FVTOCI			49,581
Net gain on de-recognition of financial assets measured at amortised cost			579,060
			19,433,606
FVTPL investments			
Interest income			8,382,711
Dividend income			273,705
Unrealised losses on financial assets			(21,245,698)
Net losses on de-recognition of financial assets			(112,011)
			(12,701,293)
Investment properties:			
Unrealised gain			234,572
Rental Income			57,043
			291,615
Other investment income and expense:			
Other investment income			25,375
Other direct investment expense			(34,483)
			(9,108)
Income earned and capital losses from assets measured at FVTPL and other investment income			(12,418,786)
Total Investment Income			7,014,820

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

	Total
	$ '000
Interest expense -	
Investment contracts	(792,034)
Customer deposits	(1,412,202)
Repurchase liabilities	(2,954,409)
Due to banks and other financial institutions	(572,088)
Lease liabilities	(160,027)
Loans payable	(411,783)
	(6,302,543)
Credit impairment losses	(574,879)
Net investment income	137,398

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

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

	The Group	
	2023	2022
	$ '000	$ '000
Net investment income / (expenses) – Underlying assets		
Interest income earned from financial assets measured at amortised cost and FVTOCI	1,203,830	1,064,961
Net (loss) / gain on de-recognition of financial assets measured at amortised cost	(1,305)	579,058
Net gain on de-recognition of financial assets measured at FVTOCI	95,067	67,162
Interest income earned and capital net gain / (loss) from assets measured at FVTPL and other investment income	11,002,347	(10,843,139)
Net credit impairment gain	125	210
Net investment income / (expenses) – Underlying assets	12,300,064	(9,131,748)
Net investment income – Other investments		
Gain on derecognition of amortised cost investments	-	2
Gain / (Loss) on derecognition of assets carried at FVTOCI	435,743	(17,581)
Interest income earned from financial assets measured at amortised cost and FVTOCI	22,129,157	17,740,004
Net gain / (loss) on FVTPL investments	456,231	(1,858,154)
Net credit impairment loss	(451,447)	(575,089)
Net investment income – Other investments	22,569,684	15,289,182

Underlying assets are those directly related to the insurance portfolio.

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

	The Group	
	2023	2022
	$ '000	$ '000
Net investment income – Other		
Investment property – rental income	69,419	57,043
Investment property – unrealised gains	185,000	234,572
Other investment income	(59,437)	(9,108)
Net investment income – Other	194,982	282,507
Total net investment income	35,064,730	6,439,941
Finance (expenses) / income from insurance contracts issued		
Changes in fair value of underlying assets of contracts measured under the VFA	(1,321,299)	3,451,828
Interest accreted	(3,509,302)	(2,807,220)
Effect of changes in interest rates and other financial assumptions	(756,200)	13,958,270
Finance (expenses) / income from insurance contracts issued	(5,586,801)	14,602,878
Finance income from reinsurance contracts held		
Interest accreted	6,663	(1,397)
Effect of changes in interest rates and other financial assumptions	135,184	226,663
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	(16,196)	-
Finance income from reinsurance contracts held	125,651	225,266
Net insurance finance (expenses) / income	(5,461,150)	14,828,144
Summary of the amounts recognised in the statement of income		
Net investment income / (expenses) – Underlying assets	12,300,064	(9,131,748)
Net investment income – Other investments	22,569,684	15,289,182
Net investment income – Other	194,982	282,507
Net insurance finance (expenses) / income	(5,461,150)	14,828,144
	29,603,580	21,268,085

35. Fees, Hotel and Other Income

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Fees and other income				
Service contract revenue	13,128,046	12,001,884	-	-
Foreign exchange gains / (losses)	140,613	256,297	15,722	(21,282)
Other fees and commission income	4,220,239	4,350,581	-	-
Management fees	-	-	6,492,018	5,138,881
Gain on disposal of subsidiary	-	258,208	-	615,195
Conditional Payment - AFSL	-	116,723	-	116,723
Impairment on Real Estate Developed for Resale	-	(310,664)	-	-
Miscellaneous fees & other income	139,415	44,006	778	1,852
	17,628,313	16,717,035	6,508,518	5,851,369
Hotel Income				
Rooms	-	3,208,817	-	-
Food and beverage	-	1,066,879	-	-
Other departments	-	304,902	-	-
Other income	-	78,839	-	-
	-	4,659,437	-	-

36. Administration Expenses

	The Group			
	2023			
	Attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Advertising and branding	293,912	32,895	1,090,019	1,416,826
Auditors' remuneration	5,689	4,489	345,417	355,595
Automated banking machines cost	-	-	278,056	278,056
Commission and fees	3,363	13,747	490,754	507,864
Commission and Sales Expense	5,267,854	2,179,918	181,673	7,629,445
Communication and technology	332,435	400,112	3,022,907	3,755,454
Depreciation and amortisation(Notes 15/16/38)	294,842	228,983	1,562,215	2,086,040
Electronic channels charges	-	-	2,783,958	2,783,958
Fraud and operational losses	-	-	309,958	309,958
Insurance expense	4,798	524	303,770	309,092
Legal and professional fees	102,496	94,024	1,353,008	1,549,528
Office accommodation	230,778	106,595	1,015,183	1,352,556
Policy stamp duties and reimbursements	86,638	-	13,008	99,646
Postage, printing and office supplies	37,821	36,680	179,195	253,696
Sales convention and incentives	374,488	-	82,653	457,141
Services outsourced	48,600	118,559	1,149,540	1,316,699
Other expenses	350,955	265,603	1,614,522	2,231,080
Staff costs (a)	2,202,498	1,773,576	11,174,750	15,150,824
	9,637,167	5,255,705	26,950,586	41,843,458

(a) Staff costs

	The Group			
	2023			
	Attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Salaries	1,690,765	1,388,671	8,012,078	11,091,514
Payroll taxes	200,969	162,807	917,249	1,281,025
Pension costs (Note 17)	77,006	57,164	274,930	409,100
Other post-retirement benefits (Note 17)	39,639	13,572	397,838	451,049
Share based compensation	32,291	24,133	215,496	271,920
Restructuring costs	244	193	89,094	89,531
Other	161,584	127,036	1,268,065	1,556,685
	2,202,498	1,773,576	11,174,750	15,150,824

36. Administration Expenses (Continued)

	The Group 2022			
	Attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Advertising and branding	182,053	31,212	1,107,327	1,320,592
Auditors' remuneration	6,150	4,463	274,904	285,517
Automated banking machines cost	-		219,970	219,970
Commission and fees	4,953	20,100	334,089	359,142
Commission and Sales Expense (c)	5,075,652	2,308,785	173,751	7,558,188
Communication and technology	270,384	340,853	2,333,656	2,944,893
Depreciation, amortisation and impairment (Notes 15/16/38)	279,975	210,758	2,644,240	3,134,973
Electronic channels charges	-	-	2,244,401	2,244,401
Fraud and operational losses	-	-	91,053	91,053
Insurance	5,404	596	268,706	274,706
Legal and professional fees	149,991	113,446	721,651	985,088
Office accommodation	236,545	95,015	880,548	1,212,108
Policy stamp duties and reimbursements	86,551	654	20,879	108,084
Postage, printing and office supplies	55,352	37,709	216,226	309,287
Sales convention and incentives	306,306	-	42,479	348,785
Services outsourced	29,761	79,315	1,122,903	1,231,979
Other expenses	279,544	156,329	1,551,118	1,986,991
Staff costs (a)	2,072,079	1,569,880	10,657,687	14,299,646
Hotel expenses (b)	-	-	3,379,914	3,379,914
	9,040,700	4,969,115	28,285,502	42,295,317

(a) Staff costs

	The Group 2022			
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	Total
	$ '000	**$ '000**	**$ '000**	**$ '000**
Salaries	1,571,395	1,161,366	7,716,238	10,448,999
Payroll taxes	196,449	165,468	829,980	1,191,897
Pension costs (Note 17)	60,794	48,115	584,374	693,283
Other post-retirement benefits (Note 17)	57,462	42,734	421,818	522,014
Share based compensation	5,083	2,251	157,891	165,225
Restructuring costs	16,083	11,671	90,244	117,998
Other	164,813	138,275	857,142	1,160,230
	2,072,079	1,569,880	10,657,687	14,299,646

Other staff costs incurred by the Group associated with its hotel operations are disclosed in Note 36(b).

36. Administration Expenses (Continued)

	The Company	
	2023	2022
	$ '000	$ '000
Advertising and branding	234,930	366,420
Auditors' remuneration	43,471	34,498
Communication and technology	322,162	294,771
Depreciation, amortisation and impairment (Notes 15/16/38)	103,639	122,866
Insurance	-	1,082
Legal and professional fees	197,174	253,558
Office accommodation	29,150	44,303
Postage, printing and office supplies	3,581	8,733
Sales convention and incentives	13,918	14,340
Other expenses	246,642	179,947
Staff costs (a)	4,130,790	3,448,277
Hotel expenses (b)	5,325,457	4,768,795

(a) Staff costs

	The Company	
	2023	2022
	$ '000	$ '000
Salaries	3,101,061	3,018,645
Payroll taxes	354,550	335,153
Share based compensation	-	44,375
Other	675,179	50,104
	4,130,790	3,448,277

(b) Hotel expenses

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Rooms	-	397,669	-	-
Food and beverage	-	421,553	-	-
Property operations	-	100,614	-	-
Franchise expense	-	171,161	-	-
Sales and marketing	-	267,636	-	-
Other operated departments	-	772,806	-	-
Staff costs:				
Salaries and benefits	-	1,217,733	-	-
Payroll taxes	-	30,742	-	-
	-	3,379,914	-	-

(c) Commission and Sales Expense

Amount represents commission and bonuses paid to sales representatives.

37. Taxation

(a) Tax is computed as follows:

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Current year taxation -				
Dividend income tax @ 15%	6,308	3,059	-	-
Income tax at 33 ⅓%	2,474,831	2,582,294	-	-
Income tax at 25%	2,451,715	2,834,632	296,084	324,277
	4,932,854	5,419,985	296,084	324,277
Deferred income tax (Note 18) -				
Deferred tax (credit)/charge relating to the origination and reversal of temporary differences	(444,401)	(522,506)	10,796	-
Taxation	4,488,453	4,897,479	306,880	324,277
Other taxes:				
Asset tax @ 0.25%	910,504	892,860	-	-
Withholding tax	1,420	420	-	-
Other taxes	911,924	893,280	-	-

37. Taxation (Continued)

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

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Investment income tax -				
Dividend income	42,052	20,391	-	-
Tax at 15%	6,308	3,059	-	-
Income tax -				
Profit before taxation	19,061,730	14,740,901	5,209,055	6,667,749
Tax at 1%, 21%, 25% & 33⅓%	5,362,830	4,444,446	1,302,264	1,666,937
Adjusted for:				
Income not subject to income tax (i)	(3,117,146)	(2,162,900)	(1,044,750)	(1,261,958)
Asset tax not deductible for tax purposes	318,780	328,643	64,573	-
Expenses not deductible for tax purposes (ii)	2,391,091	1,845,429	-	74,883
Subsidiaries taxed at zero rate	(281,577)	(420,786)	-	-
Net effect from IFRS 17 Restatement	-	1,097,926	-	-
Prior year under provision	27,808	19,753	-	-
Net effect of other charges and allowances	(219,641)	(258,091)	(15,207)	(155,585)
	4,482,145	4,894,420	306,880	324,277
Taxation expense	4,488,453	4,897,479	306,880	324,277

(i) This includes income from Annuities and earnings from joint venture.

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

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

	The Group					
	2023			2022		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Fair value gains/(losses) on OCI, net amounts recycled to income on disposal and maturity of FVTOCI securities	3,979,620	(1,118,360)	2,861,260	(12,043,483)	3,477,130	(8,566,353)
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	(119,487)	37,641	(81,846)	(19,638)	13,103	(6,535)
Re-measurement of post-employment benefits	(946,018)	228,934	(717,084)	3,467,379	(913,400)	2,553,979
Unrealised gains on owner-occupied properties:	501,105	(26,506)	474,599	2,904,777	(552,087)	2,352,690
Retranslation of foreign operations recycled on dilution of subsidiary	-	-	-	(152,490)	-	(152,490)
Retranslation of foreign operations	438,716	-	438,716	(265,361)	-	(265,361)
Other comprehensive income Deferred income taxes (Note 18)	3,853,936	(878,291)	2,975,645	(6,108,816)	2,024,746	(4,084,070)

38. Leases

(a) Amounts recognised in the statement of financial position

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

	2023	2022
	$ '000	$ '000
Right-of-use assets		
Buildings	1,819,487	1,767,944
Land	53,764	55,260
	1,873,251	1,823,204
Lease liabilities		
Current	737,304	605,806
Non-current	1,406,298	1,537,995
	2,143,602	2,143,801

Additions to the right-of-use assets during the 2023 financial year were $708,252,000 (2022- $361,653,000).

(b) Amounts recognised in the profit or loss statement

The income statement shows the following amounts relating to leases:

	2023	2022
	$ '000	$ '000
Amortisation charge of right-of-use assets	652,491	621,075
Interest expense (included in Interest and other interest expense – note 34)	163,151	160,027
Expense relating to short-term leases (included in administration expenses)	-	64,517

(c) The total cash outflow for leases in 2023 was $883,051,000 (2022 - $773,219,099).

(d) As at December 31, 2023, potential future cash outflows of $37,639,000 (2022- $42,174,000) (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 $310,210,000 (2022- $209,118,332).

39. Earnings per Stock Unit

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

	The Group	
	2023	**2022**
	$ '000	**$ '000**
Net profit attributable to stockholders ($'000)	14,368,019	9,585,965
Weighted average number of ordinary stock units in issue ('000)	3,903,960	3,906,010
Basic earnings per stock unit ($)	3.68	2.45

(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	
	2023	**2022**
	$ '000	**$ '000**
Net profit attributable to stockholders ($'000)	14,368,019	9,585,965
Weighted average number of ordinary stock units in issue ('000)	3,914,770	3,913,579
Fully diluted earnings per stock unit ($)	3.67	2.45

(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	
	2023	**2022**
	$ '000	**$ '000**
Weighted average number of ordinary stock units for the purposes of the computation of basic earnings per stock unit	3,903,960	3,906,010
Effect of dilutive potential ordinary stock units – stock options	10,810	7,569
Weighted average number of ordinary stock units for the purposes of the computation of diluted earnings per stock unit	3,914,770	3,913,579

40. Cash Flows

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

	Note	The Group 2023 $ '000	The Group 2022 $ '000	The Company 2023 $ '000	The Company 2022 $ '000
Adjustments for non-cash items, interest and dividends:					
Depreciation and amortisation	15/16/38	2,086,040	2,604,846	103,639	122,866
Interest and dividend income	34	(32,434,782)	(27,461,381)	(4,244,693)	(5,819,358)
Interest expense and finance costs	34	8,617,319	6,302,543	218,699	234,729
Income tax	37	4,488,453	4,897,479	306,880	324,277
Other tax expense	37	911,924	893,280	-	-
Gains on disposal of investment securities	34	(1,288,984)	(516,630)	-	(546)
Fair value (gains)/losses on trading securities	34	(1,597,304)	21,245,698	-	-
Credit impairment losses	34	451,322	574,879	-	-
Gain on disposal on Investment property	34	(5,133)	-	-	-
Impairment charge on land developed for resale		-	310,664	-	-
Interest and gains on disposal of Real Estate Developed for Resale		-	(608,697)	-	-
Gains on revaluation of investment properties	11	(185,000)	(234,572)	-	-
Conditional Payment - AFSL	35	-	(116,723)	-	(116,723)
Losses on disposal of property, plant and equipment		15,781	-	-	195
Movement in Insurance contract liabilities		8,818,761	(13,887,543)	-	-
Movement in Reinsurance contract assets		(539,699)	(610,100)	-	-
Movement in Investment contract liabilities		579,303	941,546	-	-
Retirement benefit obligations		44,637	453,425	-	-
Effect of exchange gains on foreign currency balances		(140,613)	(256,297)	(3,454)	1,325
Gain on disposal of subsidiary	14	-	(258,208)	-	(615,195)
Impairment charge on goodwill	15	-	530,127	-	-
Share of profits from joint venture	12	(241,664)	(439,994)	-	-
		(10,419,639)	(5,635,658)	(3,618,929)	(5,868,430)

	The Group 2023 $ '000	The Group 2022 $ '000	The Company 2023 $ '000	The Company 2022 $ '000
Changes in other operating assets and liabilities:				
Statutory reserves at Bank of Jamaica and restricted cash	(2,375,264)	(1,213,130)	-	-
Structured products	(671,959)	485	-	-
Stock options and grants	33,294	19,126	33,294	19,126
Due from related parties	335,872	51,617	1,082,418	-
Other assets	(4,062,638)	(244,428)	(56,656)	(297,170)
Other liabilities	5,519,326	(2,520,986)	(255,339)	123,860
	(1,221,369)	(3,907,316)	803,717	(154,184)

40. Cash Flows (Continued)

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

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Net investment purchases:				
Proceeds on sale of investment securities	154,030,759	102,073,524	(2)	590,510
Purchase of investment securities	(154,490,533)	(131,238,498)	-	(3,007)
Repurchase agreements and deposits	(10,886,124)	1,838,963	-	-
Loans and leases	(11,908,601)	(16,795,124)	-	-
	(23,254,499)	(44,121,135)	(2)	587,503
	(34,895,507)	(53,664,109)	(2,815,214)	(5,435,111)

(b) Net acquisition of property, plant and equipment

	The Group		The Company	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
Purchases	(591,966)	(928,072)	(106,550)	(50,141)
Proceeds from disposal	88,761	-	-	-
	(503,205)	(928,072)	(106,550)	(50,141)

(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	
		2023	2022
	Note	$ '000	$ '000
Deposit and security liabilities	27	262,489,546	250,837,061
Loans payable	28	2,198,545	2,198,545
Lease liabilities	38	2,143,602	2,143,801
		266,831,693	255,179,407

40. Cash Flows (Continued)

(c) Net debt reconciliation (Continued)

	The Group	
	2023	2022
	$ '000	$ '000
At January 1	255,179,407	233,657,949
Interest Payable	(1,161,195)	(703,955)
	254,018,212	232,953,994
Drawdown, net of repayments:		
Deposits and securities liabilities excluding structured products (i)	10,462,688	27,383,942
Loan payable	-	(153,573)
Lease repayments	(704,579)	(667,729)
Structured products	(671,959)	-
Non-Cash Movements:		
Assumed on acquisition (AFSL) (note 50)	-	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	708,252	285,387
Foreign Exchange Impact	1,711,065	(2,786,425)
Amortisation of loan cost	-	22,074
Interest payable	1,308,014	1,161,195
At December 31	266,831,693	255,179,407

	The Company	
	2023	2022
	$ '000	$ '000
At January 1	11,098,704	12,003,246
Interest Payable	(43,989)	(61,405)
	11,054,715	11,941,841
Loan repayments	(380,000)	(887,126)
Interest payable	262,689	43,989
At December 31	10,937,404	11,098,704

41. Fair Values of Financial Instruments

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

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

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

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

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

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

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

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

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.

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

	The Group			
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
	2023	**2023**	**2022**	**2022**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Financial Assets				
Investments at amortised cost (loans and receivables)	42,239,127	42,019,748	24,529,558	25,312,248
Loans & leases, after allowance for credit losses	124,125,496	121,950,383	112,736,829	111,464,342
	166,364,623	163,970,131	137,266,387	136,776,590
Financial Liabilities (Note 27)				
Securities sold under agreements to repurchase	90,821,213	90,821,213	87,385,529	87,385,529
Customer deposits and other accounts	156,499,930	156,847,334	145,950,107	145,955,724
Due to banks and other financial institutions	11,622,339	11,585,432	12,940,790	12,928,260
Loans Payable	2,198,545	2,205,923	2,198,545	2,176,559

41. Fair Values of Financial Instruments (Continued)

	The Company			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2023	2023	2022	2022
	$ '000	$ '000	$ '000	$ '000
Financial Assets				
Financial investments – loans and receivables	1,314,202	1,314,202	736,529	736,529

(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.

41. Fair Values of Financial Instruments (Continued)

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

A financial instrument is classified as Level 3 if:

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

Level 3 FVTOCI securities include corporate and government agency debt instruments. The fair values of these instruments have been derived from December 31 market yields of government instruments of similar durations in the country of issue of the instruments.

Level 3 assets designated as FVTPL are mainly debt securities.

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

The following table provides an analysis of financial instruments that are measured in the statement of financial position at fair value at December 31, 2023, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

	The Group 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Financial Assets				
Financial investments	66,458,837	232,762,635	608,460	299,829,932
Non-Financial Assets				
Property, plant & equipment	-	-	4,374,564	4,374,564
Investment properties	-	-	1,618,306	1,618,306
	66,458,837	232,762,635	6,601,330	305,822,802

	The Group 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Financial Assets				
Financial investments	63,324,418	231,705,685	773,602	295,803,705
Non-Financial Assets				
Property, plant & equipment	-	-	4,006,032	4,006,032
Investment properties	-	-	1,680,525	1,680,525
	63,324,418	231,705,685	6,460,159	301,490,262

41. Fair Values of Financial Instruments (Continued)

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

	The Group					
Description	**Fair Value at**		**Unobservable inputs**	**Range of unobservable inputs**		**Relationship of unobservable inputs to fair value**
	2023 $ '000	**2022 $ '000**		**2023 $ '000**	**2022 $ '000**	
Investment properties (Note 11)	1,618,306	1,680,525	Comparable sale	5%	5%	Increases in comparable sale prices will have direct correlation to the fair value.
Property, plant & equipment (Note 16)	4,374,564	4,006,032	Comparable sale	5%	5%	Increases in comparable sale prices will have a direct correlation to fair value.
Unquoted ordinary equity	608,460	773,602	Adjustments to net assets	10%	10%	Increases in adjusted net assets of the underlying entities will have a direct correlation to fair value.
	6,601,330	6,460,159				

Reconciliation of level 3 unquoted ordinary equity –

	The Group	
	2023 $ '000	**2022 $ '000**
Balance at beginning of year	773,602	736,547
Total gains/(losses) – income statement	(165,142)	83,061
Purchases	-	63,927
Settlements	-	(109,933)
Balance at end of year	608,460	773,602

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

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

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

42. Insurance and Financial Risk Management

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

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

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

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

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

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

(ii) Board Capital Allocation and Investment Committee
The Board Capital Allocation and Investment Committee comprises mainly of independent directors. As part of its Terms of Reference, the Committee:

- Oversees the solvency position of regulated entities in the Group;
- Oversees the return on capital employed;
- Decides on the allocation of capital within the Group;
- Considers new capital funding options;
- Oversees the Group's financial risk management framework;
- Approves the investment policies within which the Group's investment portfolios are managed;
- Reviews the performance of the Group's investment portfolios;
- Ensures adherence to prudent standards in making investment and lending decisions and in managing investments and loans; and
- Approves new investment projects over certain thresholds, ensuring the required rates of returns are considered.

42. Insurance and Financial Risk Management (Continued)

(iii) Asset/Liability Management (ALM) Committee
The Group has in place an Asset/Liability Management (ALM) Committee. This Committee:

- Monitors the profile of the Group's assets and liabilities;
- Plans, directs and monitors various financial risks including, interest rate risk, equity risk, liquidity risk, currency risk and country risk;
- Provides guidance to the Investment Managers with regards to the appropriateness of investments assigned or purchased to support the liabilities of the various lines of business; and
- Monitors market interest rates and establishes the credited rate for various investment contracts.

(iv) Anti-Money Laundering (AML)
The Group has assigned responsibility for AML and anti-fraud to a designated department. The responsibilities of this department include:

- Maintaining and communicating the AML and Anti-fraud policies and procedures;
- Interrogating financial transactions to identify suspicious and threshold reportable items;
- Coordinating information received from operating departments on reportable items;
- Ensuring that adequate anti-fraud controls are in place; and
- Filing required reports with Management, Board of Directors and Regulatory bodies.

(v) Regulatory Compliance
The Board has assigned responsibility for monitoring regulatory compliance to a designated department. This department maintains a catalogue of all required regulatory filings and follows-up the respective departments to ensure timely submissions. The Department files the required performance reports with management and the Board of Directors.

(vi) Enterprise Risk Management
The Group utilises an Enterprise Risk Management (ERM) framework, including policies and procedures designed to identify, measure and control risk in all business activities. The policies and procedures are reviewed periodically by senior managers and the Board of Directors.

The framework provides for quarterly evaluation of risks by senior management, with reporting to the Board Audit Committee. The risk exposures are prioritised each year and the top twenty (20) risks reported on.

Boards of subsidiary companies and management teams carry similar operating structures where applicable.

The most important types of risk facing the Group are insurance risk, reinsurance risk, credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

42. Insurance and Financial Risk Management (Continued)

(a) Insurance risk

The Group issues both short term and long-term contracts that transfer insurance risk or financial risk or both.

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

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

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

Long term insurance contracts

The main risks that the Group is exposed to are, as follows:

- Mortality risk – risk of loss arising due to the incidence of policyholder death being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

Long-term contracts are typically for a minimum period of 5 years and a maximum period which is determined by the remaining life of the insured. In addition to the estimated benefits which may be payable under the contract, the insurer has to assess the cash flows which may be attributable to the contract. The process of underwriting may also be undertaken and may include specific medical tests and other enquiries which affect the insurer's assessment of the risk. The insurer assesses the likely benefits and cash flows both in establishing the amount of premium payable under the contract and in estimating the statement of financial position liability arising from the contract.

For long-term contracts in-force, the Group has adopted a policy of investing in assets with cash flow characteristics that closely match the cash flow characteristics of its policy liabilities. The primary purpose of this matching is to ensure that cash flows from these assets are synchronised with the timing and the amounts of payments that must be paid to policyholders.

42. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Long term insurance contracts (Continued)

(i) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factors that could increase longevity are improvements in medical science and social conditions. At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. For contracts with fixed and guaranteed benefits and fixed return premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

The table below presents the Insurance companies' concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described below in Note 42(b). (These tables do not include annuity contracts, for which a separate analysis is reported in following pages).

	The Group - 2023			
Individual Life Benefits Assured per Life ($'000)	Total Benefits Insured			
	Before Reinsurance $ '000	%	After Reinsurance $ '000	%
0 – 200	157,670,437	7	134,401,669	6
200 - 400	152,865,000	6	130,985,018	6
400 - 800	184,673,674	8	166,909,404	7
800 - 1000	144,265,207	6	139,885,445	6
More than 1,000	1,746,697,129	73	1,706,379,108	75
Total	2,386,171,447	100	2,278,560,644	100

	The Group - 2022			
Individual Life Benefits Assured per Life ($'000)	Total Benefits Insured			
	Before Reinsurance $ '000	%	After Reinsurance $ '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

42. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Long term insurance contracts (Continued)

The table below represents the Insurance company's concentration of insured benefits across five bands of insured benefits per group individual life assured. The benefit insured figured are shown gross and net of reinsurance.

Group Life Benefits Assured per Life ($'000)	The Group - 2023			
	Total Benefits Insured			
	Before Reinsurance $ '000	%	After Reinsurance $ '000	%
0 – 200	36,563,586	3	24,737,424	2
200 - 400	5,357,876	0	3,767,061	0
400 - 800	1,305,297	0	522,651	0
800 - 1000	8,490	0	8,490	0
More than 1,000	1,396,870,052	97	1,375,082,351	98
Total	1,440,105,301	100	1,404,117,977	100

Group Life Benefits Assured per Life ($'000)	The Group - 2022			
	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 - 1000	13,690	-	13,690	-
More than 1,000	1,197,000,319	97	1,179,875,787	98
Total	1,237,272,864	100	1,206,399,941	100

The following tables for the Insurance companies' annuity contracts illustrate the concentration of risk based on five bands that group these contracts in relation to the amount payable per annum as if the annuity was in payment at the year end. The greatest risk concentration remains at the highest band, which is consistent with the prior year. The Group does not hold any reinsurance contracts against the liabilities carried for these contracts.

42. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Long term insurance contracts (Continued)

Annuity Payable per annum per annuitant ($'000)	The Group Total Benefits Insured			
	2023 $ '000	**%**	**2022 $ '000**	**%**
0 – 20	124,712	2	116,682	2
20 - 40	137,050	2	125,969	2
40 - 80	98,234	2	105,766	2
80 - 100	47,037	1	48,719	1
More than 100	5,777,591	93	5,472,561	93
Total	6,184,624	100	5,869,697	100

For interest-sensitive and unit-linked contracts the Group charges for mortality risks on a monthly basis for all insurance contracts and has the right to alter these charges based on mortality experience and hence to minimise its exposure to mortality risk. Delays in implementing increases in charges, and market or regulatory restraints over the extent of any increases may reduce this mitigating effect.

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

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. The Group reinsures the excess of the insured benefit for new business for standard risks under an excess of loss reinsurance arrangement. Medically impaired lives are reinsured at a higher cost than standard risks. The Group does not place any reinsurance for contracts that insure survival risk. Insurance risk for contracts is also affected by the policyholders' rights to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to the policyholders' behaviour. On the assumption that the policyholders will make decisions rationally, overall risk can be assumed to be heightened by such behaviour.

The Group has factored the impact of policyholders' behaviour into the assumptions used to measure these liabilities.

(ii) Sources of uncertainty in the estimation of future benefit payments and premium payments
Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in the policyholder behaviour.

The Group uses appropriate base tables of standard mortality according to the type of contract being written. An investigation as to the actual experience of the Group is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. The best estimate of future mortality is based on standard industry tables adjusted for the group's overall experience. For 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.

42. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Long term insurance contracts (Continued)

(iii) Process used in deriving assumptions
The assumptions for short term life contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

For long-term insurance contracts, at the reporting date, the Group determines current best estimate assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. The best estimate assumptions are determined based on experience studies and the current circumstances of the business. The risk adjustment is also included (Note 3(b)(i)) which reflects an amount that Group would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

Short term insurance contracts

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

Policy benefits payable under short-term contracts are generally triggered by an insurable event, i.e. a medical expense or a death claim. Settlement of these benefits is expected generally within one year. However, some benefits are settled over a longer duration.

The principal risks arising from short-term insurance contracts are premium risk, claims risk and reinsurance risk (See Note 42(b)).

Premium risk is the risk that the premium rate has been set too low for the risk being assumed.

Claims risk is the risk that:

- the number of claims may exceed expectations
- the severity of claims incurred may exceed expectations
- the claim amount may develop during the interval between occurrence and settlement.

For the Group life and health insurance contracts, significant risk exposures arise from mortality and morbidity experience.

(i) Frequency and severity of claims
These contracts are mainly issued to employers to insure their commitments to their employees in terms of their employee benefit plans. This risk is affected by the nature of the industry in which the employer operates. The risk of death and disability will vary by industry. Undue concentration of risk by industry will therefore increase the risk of a change in the underlying average mortality or morbidity of employees in a given industry, with significant effects on the overall insurance risk.

Insurance risk under disability contracts is also dependent on economic conditions in the industry. The Group attempts to manage this risk through its underwriting, claims handling and reinsurance policy. Excess of loss reinsurance contracts have been purchased by the Group to limit the maximum loss on any one life and health claims, see Note 42(b) for retention limits.

42. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Short term insurance contracts (Continued)

(ii) Sources of uncertainty in the estimation of future claim payments
There is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration.

(iii) Process used in deriving assumptions
The assumptions for short-duration life contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

The process to derive the assumptions for short-duration life contracts is similar to long-term insurance contracts. However, the short-term nature of the mortality risk underwritten makes the Group's estimate of the liability covering death benefit payments less uncertain than in the case of long-term contracts.

Property and casualty insurance risk

Advantage General Insurance Company Limited (AGI)
The primary insurance activity carried out by the subsidiary is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such the Group is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The principal types of policy written by AGI are:
- Motor insurance
- Property insurance
- Liability insurance

The management team is responsible for the execution of the Insurance Risk Management policies established and monitored directly by the Board of Directors. AGI manages its insurance risk through its underwriting and claims policies that include inter alia, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance. AGI actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modeling and scenario analyses.

Underwriting strategy
Insurance companies assume risk through the insurance contracts they underwrite and the exposures are associated with both the perils covered by the specific line of insurance and the specific processes associated with the conduct of the insurance business. AGI manages the individual risk through its Underwriting Risk Management Policy to determine the insurability of risks and exposure to large claims. AGI follows detailed, uniform underwriting practices and procedures designed to properly assess and quantify risks before issuing coverage. AGI's underwriting guidelines also outline acceptance limits and the appropriate levels of authority for acceptance of risks.

Reinsurance strategy
A comprehensive reinsurance programme is critical to the financial stability of the organisation and a detailed analysis of AGI's exposures, reinsurance needs and quality of reinsurance securities is conducted by the Board and Senior Management.

AGI's exposures are continually evaluated by Management to ensure that its reinsurances remain adequate and mechanisms are in place to continually monitor the reinsurance counterparties to ensure that they maintain A ratings, in keeping with AGI's Board approved Reinsurance Risk Management Policy. Credit risk on reinsurance is discussed in more detail later in Note 42(b).

42. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Short term insurance contracts (Continued)

Property and casualty insurance risk (Continued)

Advantage General Insurance Company Limited (AGI) (Continued)

Terms and conditions of general insurance contracts and factors affecting cash flows:
The table below provides an overview of the terms and conditions of general insurance contracts written by AGI and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend:

Type of insurance contract	Terms and conditions	Key factors affecting future cash flows
Motor	Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle, bodily injuries sustained and a policy limit in respect of third-party damage.	In general, claims reporting lags are minor and claims complexity is relatively low except with respect to bodily injury claims. Bodily injury claims tend to be more difficult to estimate due to uncertainties with respect to the value at which they will be ultimately settled, and the timeframe within which they will be settled.
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage.	The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. 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.

42. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Short term insurance contracts (Continued)

Property and casualty insurance risk (Continued)

Advantage General Insurance Company Limited (AGI) (Continued)

Management of risks relating to Insurance contracts

Motor contracts:
The risks relating to motor contracts are managed primarily through the pricing and selection process. Management monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims appeals.

Property contracts:
The risks relating to property contracts are managed primarily through the pricing and selection processes. AGI uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, AGI accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Liability contracts:
Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, adopting an appropriate investment strategy, rating and reinsurance. Management monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, AGI makes assumptions that costs will increase in line with the latest available research.

Risk exposure and concentrations of risk:
Total insurance coverage on insurance policies provides a quantitative measure of absolute risk. However, claims arising in any one year are a very small proportion in relation to the total insurance coverage provided. The table below shows the concentration of gross and net insurance contract liabilities by type of contract at December 31. Management has its largest risk concentration in the property line.

	The Group							
	2023				2022			
Total insurance coverage	Motor insurance	Property insurance	Liability insurance	Total	Motor insurance	Property insurance	Liability insurance	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Contracts issued	98,867,176	468,589,912	88,172,046	655,629,134	85,242,978	724,361,401	79,914,204	889,518,583
Reinsurance held	49,564,512	394,190,385	71,558,896	515,313,793	42,627,573	668,798,678	62,662,473	774,088,724
Total net insurance contracts	49,302,664	74,399,527	16,613,150	140,315,341	42,615,405	55,562,723	17,251,731	115,429,859

42. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Short term insurance contracts (Continued)

Property and casualty insurance risk (Continued)

Liability for incurred claims - Claims development

In addition to sensitivity analysis, the development of of claims provides a measure of Sagicor Re and AGI's ability to estimate the ultimate value of claims. The table below illustrates how management's estimate of the ultimate claims liability for accident years 2018 - 2023 has changed at successive year ends, up to 2023. Updated unpaid claims and other directly attributable expenses related to claims management in each successive year, as well as amounts paid to date are used to derive the revised amounts for the ultimate claims liability for each accident year, used in the development calculations.

As required by IFRS 17, in setting claims provisions, the Group gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The development of an insurer's claims in the course of settlement provides a measure of its ability to estimate the ultimate value of claims incurred. In the table below, the estimate of total claims incurred for each year is provided at successive year ends. The most recent estimate is then reconciled to the liability recognised as in the roll forward.

Gross undiscounted liabilities for incurred claims	**The Group**						
	2023						
Accident year	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**
At the end of accident year	2,366,194	2,381,008	1,700,600	1,672,251	1,907,781	2,026,848	
One year later	2,603,621	2,423,211	1,786,758	1,811,728	2,008,642		
Two years later	2,713,092	2,530,613	1,840,956	1,860,515			
Three years later	2,884,722	2,596,148	1,866,374				
Four years later	2,910,780	2,676,145					
Five years later	2,934,225						
Gross estimates of the undiscounted amount of the claims	2,934,225	2,676,145	1,866,374	1,860,515	2,008,642	2,026,848	13,372,749
Cumulative payments to date	(2,742,086)	(2,407,599)	(1,690,719)	(1,663,593)	(1,642,725)	(803,606)	(10,950,328)
Liability recognised in the statement of financial position	192,139	268,546	175,655	196,922	365,917	1,223,242	2,422,421
Liability in respect of prior years and ULAE							516,678
Effect of discounting							(404,748)
Effect of the risk adjustment margin for non-financial risk							174,502
Total liability							2,708,853
At the end of accident year	12,505	144,540	750,832	852,000	975,414	1,018,295	
One year later	15,199	256,792	801,057	906,487	1,006,133		
Two years later	15,573	265,100	814,494	931,893			
Three years later	15,018	267,872	827,417				
Four years later	15,821	270,441					
Five years later	18,165						
Current estimate of cumulative claims	18,165	270,441	827,417	931,893	1,006,133	1,018,295	4,072,344
Cumulative payments to date	(18,432)	(255,444)	(753,565)	(832,756)	(822,949)	(399,823)	(3,082,969)
Recoverable recognised in the statement offinancial position	(267)	14,997	73,852	99,137	183,184	618,472	989,375
Recoverable in respect of prior years							3,958
Effect of discounting							(96,294)
Effect of the risk adjustment margin for non-financial risk							31,965
Other							(581,905)
Total recoverable from reinsurers							347,099

42. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Short term insurance contracts (Continued)

Property and casualty insurance risk (Continued)

Liability for incurred claims - Claims development (Continued)

Gross undiscounted liabilities for incurred claims

	The Group						
	2022						
Accident year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**
At the end of accident year	2,147,757	2,366,194	2,381,008	1,700,600	1,677,655	2,147,326	
One year later	5,412,465	2,603,621	2,423,211	1,786,758	1,828,004		
Two years later	2,736,195	2,713,092	2,530,613	1,853,479			
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						
Gross estimates of the undiscounted amount of the claims	2,975,312	2,924,408	2,612,056	1,853,479	1,828,004	2,147,326	14,340,585
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	262,984	341,793	1,317,013	2,726,216
Liability in respect of prior years and ULAE							510,805
Effect of discounting							(284,560)
Effect of the risk adjustment margin for non-financial risk							(94,926)
Total liability							2,857,535
At the end of accident year	14,076	12,505	144,540	750,832	861,136	1,197,332	
One year later	12,720	15,199	256,792	801,057	910,492		
Two years later	28,673	15,573	265,100	817,130			
Three years later	29,968	15,018	268,425				
Four years later	30,569	15,871					
Five years later	32,581						
Current estimate of cumulative claims	32,581	15,871	268,425	817,130	910,492	1,197,332	3,241,831
Cumulative payments to date	(3,434)	(13,849)	(245,745)	(709,060)	(746,279)	(417,018)	(2,135,385)
Recoverable recognised in the statement offinancial position	29,147	2,022	22,680	108,070	164,213	780,314	1,106,446
Recoverable in respect of prior years							23,641
Effect of discounting							(61,792)
Effect of the risk adjustment margin for non-financial risk							(32,780)
Other							(560,843)
Total recoverable from reinsurers							474,672

	The Group					
	2023			**2022**		
	Present value of future cash flows	**Risk adjustment for non-financial risk**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Total gross LIC	2,617,239	91,614	2,708,853	2,762,609	94,926	2,857,535
Amount recoverable from reinsurers	287,450	59,649	347,099	441,892	32,780	474,672
Total net LIC	2,329,789	31,965	2,361,754	2,320,717	62,146	2,382,863

42. Insurance and Financial Risk Management (Continued)

Sagicor Re Insurance Company Limited
Certain casualty risks for the Group and its affiliates are covered through the subsidiary, Sagicor Re Insurance Company Limited.

The frequency and severity of casualty claims can be affected by several factors. The most significant casualty risks under the professional indemnity, directors and officers liability, medical malpractice, contractors all risk, employer's liability and public liability policies are slip and fall accidents at the insured premises, and damage to areas occupied or contents at the insured premises due to blocked drains or burst pipes. In addition, increasing level of awards, the increasing number of cases coming to court and inflation all impact on ultimate claims costs. The Group manages these risks through its underwriting strategy and proactive claims handling. The underwriting strategy concentrates on fully reinsuring the exposures to casualty risks.

Property insurance risks (Sagicor Re)
For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, river flooding, hurricanes, etc.) and their consequences (for example, subsidence claims). For certain contracts, there is a maximum amount payable for claims in any policy year.

Sagicor Re has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claims payment limits are always included to cap the amount payable on occurrence of the insured event. The cost of rebuilding properties, of replacement or indemnity for contents are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm or flood damage.

All of the property and casualty risks insured by Sagicor Re are reinsured, while only some of risks insured by AGI are reinsured. However, in the event that these reinsurers are unable to meet their obligations under the reinsurance agreements, the Group would be liable to pay the claims subject to deductibles and a "catch all clause". The Group mitigates the risks associated with failure of its reinsurers by transacting only with well-established and rated insurance/reinsurance companies. These are primarily international reinsurers, however, a portion of reinsurance is placed with local and regional insurers.

(b) Reinsurance risk

To limit its exposure of potential loss on an insurance policy, the insurer may cede certain levels of risk to a reinsurer. The Group selects reinsurers which have established capability to meet their contractual obligations and which generally have high credit ratings. The credit ratings of reinsurers are monitored.

For its property risks, the Group uses Treaty reinsurance - Quota Share, Excess of Loss - and Facultative reinsurance arrangements to cover single events and multiple claims arising from catastrophes. The insurer may be required to pay an additional premium to reinstate the reinsurance coverage where a claim exhausts the reinsurance limit.

For other insurance risks, insurers limit their exposure by event or per person by excess of loss or quota share treaties.

(expressed in Jamaican dollars unless otherwise indicated)

42. Insurance and Financial Risk Management (Continued)

(b) Reinsurance risk (Continued)

Retention limits represent the level of risk retained by the insurer. The Board of Directors approved policy retention limits. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. The retention programs used by the Group are summarised below

Type of insurance contract - 2023	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 - 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.

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk

(i) Credit risk

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation. The following policies and procedures are in place to mitigate the Company's exposure to credit risk.

The Group's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported accordingly. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Credit risk relating to financial instruments is monitored by the Group's investment team. It is their responsibility to review and manage credit risk, including environmental risk for all counterparties. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits. It is the Group's policy to invest in high quality financial instruments with a low risk of default. If there is a significant increase in credit risk, the policy dictates that the instrument should be sold and amounts recovered reinvested in high quality instruments.

The nature of the Group's exposure to credit risk and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period. For financial assets measured at either FVTOCI or amortised cost, credit risk exposure is the gross carrying amount, while financial assets measured at FVTPL, the Group's credit risk exposure is the carrying amount. Refer to Notes 3(b)(iv), 8,and 9.

Credit exposure

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit ratings of counterparties as defined in Note 3(b)(iv)).The amounts represent the maximum amount exposure to credit risk. The credit risk analysis below is presented in line with how the Group manages the risk. The Group manages its credit exposure based on the carrying value of the financial instruments (detailed in Note 8) and insurance and reinsurance assets.

	The Group					
	2023					
	Investment grade	Non-investment grade	Watch	Default	Unrated	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cash resources	9,407,939	13,430,379	-	-	-	22,838,318
Cash reserve at Bank of Jamaica	-	14,467,076	-	-	-	14,467,076
Financial investments & pledged assets excluding equities	60,359,082	242,809,968	39,305	-	-	303,208,355
Unit trusts	-	29,073,648	-	-	-	29,073,648
Loans and leases, after allowance for credit losses	-	123,036,858	1,088,638		-	124,125,496
Reinsurance contract assets	2,785,041	-	-	-	-	2,785,041
Other assets	-	4,781,054	-	-	-	4,781,054
Total credit risk exposure	72,552,062	427,598,983	1,127,943	-	-	501,278,988

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(i) Credit risk (Continued)

	The Group					
	2022					
	Investment grade	Non-investment grade	Watch	Default	Unrated	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cash resources	10,198,500	12,054,170	-	-	-	22,252,670
Cash reserve at Bank of Jamaica	-	12,091,812	-	-	-	12,091,812
Financial investments & pledged assets excluding equities	62,523,436	217,572,459	37,974	-		280,133,869
Unit trusts	-	29,100,535	-	-	-	29,100,535
Loans and leases, after allowance for credit losses	-	111,534,711	1,202,118	-	-	112,736,829
Reinsurance contract assets	2,189,643	-	-	-	-	2,189,643
Other assets	-	5,103,743	-	-	-	5,103,743
Total credit risk exposure	74,911,579	387,457,430	1,240,092	-	-	463,609,101

The Group's maximum exposure to credit risk from insurance contract assets is as per balance on the Statement of Financial Position.

The Group actively manages its product mix to ensure that there is no significant concentration of credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The Group is exposed to daily calls on their available cash resources from, insurance benefits payments, working capital requirements, overnight placement of funds, maturing placement of funds, loan draw-downs and guarantees. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of investment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Treasury Department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit and optimising cash returns on investments;

(iv) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and

(v) Managing the concentration and profile of debt maturities.

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(ii) Liquidity risk (Continued)

Liquidity risk management process (Continued)

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Certain investment portfolios within the Group contain securities which can only be disposed of over a period of time. In such instances, the Group generally maintains higher levels of short term instruments to compensate for the relative illiquidity of the aforementioned securities.

The disclosures provided in this note are based on the Group's and the company's investment portfolio as at December 31, 2023 and 2022.

The tables below present the undiscounted cash flows payable (both interest and principal cash flows) of the Group's financial based on contractual repayment obligations. The Group expects that many policyholders/customers will not request repayment on the earliest date the Group could be required to pay. The expected maturity dates of liabilities are based on estimates made by management as determined by retention history. Liquidity risk tables are shown for financial liabilities.

	The Group			
	Within 1 year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Undiscounted Financial Liabilities - December 31, 2023				
Deposit and security liabilities	265,869,442	2,102,107	1,692,251	269,663,800
Loans Payable	2,291,270	-	-	2,291,270
Other liabilities	18,368,931	53,686	720,439	19,143,056
Lease liabilities	861,473	1,486,951	162,262	2,510,686
Investment contracts liabilities	15,691,624	5,822,821	-	21,514,445
Total undiscounted liabilities	303,082,740	9,465,565	2,574,952	315,123,257

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(ii) Liquidity risk (Continued)

	The Group			
	Within 1 year	**1-5 years**	**Over 5 years**	**Total**
	$000	**$000**	**$000**	**$000**
Undiscounted Financial Liabilities - December 31, 2022				
Deposit and security liabilities	251,865,681	2,358,394	1,531,067	255,755,142
Loans Payable	147,956	2,290,866	-	2,438,822
Other liabilities	13,919,657	53,686	-	13,973,343
Lease liabilities	751,678	1,248,556	746,466	2,746,700
Investment contracts liabilities	16,624,192	4,062,071		20,686,263
Total undiscounted liabilities	283,309,164	10,013,573	2,277,533	295,600,270

	The Company 2023			
	Within 1 year	**1-5 years**	**Over 5 years**	**Total**
	$000	**$000**	**$000**	**$000**
Undiscounted Financial Liabilities				
Promissory notes	-	10,965,309	-	10,965,309
Other Liabilities	5,755,076	-	-	5,755,076
Total undiscounted liabilities	5,755,076	10,965,309	-	16,720,385

	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

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(ii) Liquidity risk (Continued)

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

	The Group			
	No later than 1 year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
At December 31, 2023				
Credit commitments	11,192,560	1,945,367	905,664	14,043,591
Guarantees, acceptances and other financial facilities	4,751,966	4,550	1,508,653	6,265,169
Operating lease commitments	33,246	-	-	33,246
	15,977,772	1,949,917	2,414,317	20,342,006
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

The amounts of insurance contract liabilities that are payable on demand are set out below:

	The Group			
	2023		2022	
	Amounts payable on demand	Carrying amount	Amounts payable on demand	Carrying amount
	$000	$000	$000	$000
Long term contracts	63,603,844	133,894,048	57,220,698	125,609,498

The tables below reflect the financial assets and liabilities portion of the insurance contracts assets and liabilities at the year- end date

Insurance and Reinsurance Contracts Assets	2023			2022		
	Long-term	Short-term	Total	Long-term	Short-term	Total
	$000	$000	$000	$000	$000	$000
Reinsurance contract assets	253,910	750,696	1,004,606	68,034	892,514	960,548
Insurance contract assets	(173,365)	206,357	32,992	-	-	-
	80,545	957,053	1,037,598	68,034	892,514	960,548
Reinsurance contract liabilities	970,449	(19,856)	950,593	754,576	(12,544)	742,032
Insurance contract liabilities	78,101,760	7,867,507	85,969,267	81,025,377	7,134,985	88,160,362
	79,072,209	7,847,651	86,919,860	81,779,953	7,122,441	88,902,394

42. Insurance and Financial Risk Management (Continued)

(ii) Liquidity risk (Continued)

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

	The Group 2023						
	Within 1 Year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	$000	$000	$000	$000	$000	$000	$000
Insurance and Reinsurance Contracts Assets							
Reinsurance contract assets	436,667	13,925	126,150	10,181	(3,019)	420,702	1,004,606
Insurance contract assets	219,258	2,565	(55)	(857)	(228)	(187,691)	32,992
	655,925	16,490	126,095	9,324	(3,247)	233,011	1,037,598
Insurance and Reinsurance Contracts Liabilities							
Reinsurance contract liabilities	(430,479)	42,671	42,578	28,505	(5,498)	1,272,816	950,593
Insurance contract liabilities	(502,851)	(4,790,580)	(2,181,494)	(2,201,183)	1,259,957	94,385,418	85,969,267
	(933,330)	(4,747,909)	(2,138,916)	(2,172,678)	1,254,459	95,658,234	86,919,860
On statement of financial position liquidity gap	1,589,255	4,764,399	2,265,011	2,182,002	(1,257,706)	(95,425,223)	(85,882,262)
Cumulative liquidity gap	1,589,255	6,353,654	8,618,665	10,800,667	9,542,961	(85,882,262)	

	The Group 2022						
	Within 1 Year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	$000	$000	$000	$000	$000	$000	$000
Insurance and Reinsurance Contract Assets	839,908	-	98,612	-	-	22,028	960,548
Insurance and Reinsurance Contract Liabilities	7,845,212	(4,405,080)	(2,408,334)	(2,495,286)	(1,438,867)	91,804,749	88,902,394
	(7,005,304)	4,405,080	2,506,946	2,495,286	1,438,867	(91,782,721)	(87,941,846)
On statement of financial position liquidity gap	(7,005,304)	4,405,080	2,506,946	2,495,286	1,438,867	(91,782,721)	(87,941,846)
Cumulative liquidity gap	(7,005,304)	(2,600,224)	(93,278)	2,402,008	3,840,875	(87,941,846)	

	The Group 2023			
	Within 1 Year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Assets				
Financial assets excluding Insurance and Reinsurance Contracts Assets				
Cash resources	22,838,318	-	-	22,838,318
Cash reserve at Bank of Jamaica	14,467,076	-	-	14,467,076
Financial investments and pledged assets excluding equities	65,011,631	49,790,892	188,405,832	303,208,355
Unit trusts	29,073,648	-	-	29,073,648
Loans & leases, after allowance for credit losses	35,636,090	45,342,558	43,146,848	124,125,496
Other assets	4,727,368	53,686	-	4,781,054
Total financial assets excluding Insurance and Reinsurance Contracts Assets	**171,754,131**	**95,187,136**	**231,552,680**	**498,493,947**

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(ii) Liquidity risk (Continued)

	The Group			
	2023			
	Within 1 Year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Liabilities				
Financial liabilities excluding Insurance and Reinsurance Contracts Liabilities				
Deposit and security liabilities	260,197,885	1,109,781	1,181,880	262,489,546
Loan Payable	2,198,545	-	-	2,198,545
Other liabilities	19,089,370	53,686	-	19,143,056
Lease liabilities	737,495	1,271,531	134,576	2,143,602
Investment contract liabilities	15,566,346	5,215,506	110,422	20,892,274
Total liabilities	297,789,641	7,650,504	1,426,878	306,867,023
On statement of financial position liquidity gap	(126,035,510)	87,536,632	230,125,802	191,626,924
Cumulative liquidity gap	(126,035,510)	(38,498,878)	191,626,924	

	The Group			
	2022			
	Within 1 Year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Total financial assets excluding Insurance and Reinsurance Contracts Assets	158,876,041	78,427,041	224,118,754	461,421,836
Total financial liabilities excluding Insurance and Reinsurance Contracts Liabilities	273,644,198	14,074,029	1,463,229	289,181,456
On statement of financial position liquidity gap	(114,768,157)	64,353,012	222,655,525	172,240,380
Cumulative liquidity gap	(114,768,157)	(50,415,145)	172,240,380	

	The Company			
	2023			
	Within 1 Year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Assets				
Financial assets				
Cash resources	402,592	-	-	402,592
Financial investments and pledged assets	1,314,202	-	-	1,314,202
Other assets	162,095	-	-	162,095
Total assets	1,878,889	-	-	1,878,889
Liabilities				
Financial liabilities				
Promissory notes	-	10,937,404	-	10,937,404
Other liabilities	5,755,076	-	-	5,755,076
Total liabilities	5,755,076	10,937,404	-	16,692,480
On statement of financial position liquidity gap	(3,876,187)	(10,937,404)	-	(14,813,591)
Cumulative liquidity gap	(3,876,187)	(14,813,591)	(14,813,591)	
	2022			
Financial assets	1,523,698	-	-	1,523,698
Financial liabilities	5,395,340	10,174,675	-	15,570,015
On statement of financial position liquidity gap	(3,871,642)	(10,174,675)	-	(14,046,317)
Cumulative liquidity gap	(3,871,642)	(14,046,317)	(14,046,317)	

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(ii) Liquidity risk (Continued)

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection, investment securities and other eligible bills, loans and advances to banks, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financing institutions.

(iii) Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Investment department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

The Group's investment portfolios were impacted by the widening of credit spreads and resulted in significant fall-off in asset prices. The Group has continually monitored its portfolios to determine if any further action would have been needed to protect the Group's statement of financial position and have re-balanced portfolios where necessary. The investment portfolios across the group, particularly in the main asset classes (fixed income, equities and real estate) were positively impacted in the recovery both locally and internationally for the current year.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price, other than those arising from currency or interest rate risk, whether those changes are caused by factors specific to the instrument or affecting all similar instruments in the market.

The Group is exposed to equity securities price risk because of investments held by the Group and classified as FVTOCI or at FVTPL. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.

The Group's investments in equity securities are publicly traded on the Jamaica Stock Exchange (JSE), the National Association of Securities Dealers Automated Quotation System (NASDAQ) and the New York Stock Exchange (NYSE). The Group's sensitivity to equity securities price risk is disclosed in Note 43.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Group takes an open position in a currency. To control this exchange risk the Asset and Liability Committee (ALCO) has approved limits for net open position in each currency for both intra-day and overnight position. This limit may vary from time to time as determined by ALCO.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

The Group's operations in the Cayman Islands, Costa Rica and 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.

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(iii) Market risk (Continued)

Currency risk (Continued)

Concentrations of currency risk
The Group and the company are most sensitive to currency risk in its operating currencies which float against the United States dollar.

The following tables summarise the exposure of the Group and the company to foreign currency exchange rate risk. Included in the tables are the Group's financial and insurance assets and liabilities at carrying amounts categorised by currency.

	The Group			
	2023			
	Jamaican $	US$	Other	Total
	$000	$000	$000	$000
Financial Assets				
Cash resources	11,695,760	8,699,774	2,442,784	22,838,318
Cash reserve at Bank of Jamaica	5,771,926	8,392,645	302,505	14,467,076
Financial investments and pledged assets	181,208,570	160,087,251	773,238	342,069,059
Loans & leases, after allowance for credit losses	103,579,709	20,545,787	-	124,125,496
Insurance contract assets	7,781	(6,888)	174,038	174,931
Reinsurance contracts assets	1,421,055	772,842	591,144	2,785,041
Other assets	3,387,659	1,392,455	940	4,781,054
Total financial and insurance assets	307,072,460	199,883,866	4,284,649	511,240,975
Financial Liabilities				
Deposit and security liabilities	144,078,627	115,704,392	2,706,527	262,489,546
Loan payable	2,198,545	-	-	2,198,545
Other liabilities	16,221,103	2,876,221	45,732	19,143,056
Insurance contract liabilities	86,351,667	49,681,301	8,955,060	144,988,028
Lease liabilities	2,143,602	-	-	2,143,602
Investment contracts liabilities	13,713,138	7,035,626	143,510	20,892,274
Reinsurance contract liabilities	293,881	262,041	39,819	595,741
Total financial and insurance liabilities	265,000,563	175,559,581	11,890,648	452,450,792
Net on statement of financial position foreign currency exposure	42,071,897	24,324,285	(7,605,999)	58,790,183

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(iii) Market risk (Continued)

Currency risk (Continued)

	The Group			
	2022			
	Jamaican $	US$	Other	Total
	$000	$000	$000	$000
Total assets	276,363,131	194,625,088	3,719,734	474,707,953
Total liabilities	237,123,489	176,685,401	10,739,563	424,548,453
Net on statement of financial position foreign currency exposure	39,239,642	17,939,687	(7,019,829)	50,159,500

As of December 31, 2023, the Company's maximum exposure to foreign currency exchange rate risk pertains to financial investments, pledged assets and cash resources amounting to J$143,160,000 (2022: J$423,097,000), denominated in US dollars.

Cash flow and fair value interest rate risk

Cash flow risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Interest rate changes may also result in losses if asset and liability cash flows are not closely matched with respect to timing and amount. The Asset and Liability Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored at least quarterly.

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

The Group monitors interest rate risk by calculating the mean duration of the investment portfolio and the liabilities issued. The mean duration is an indicator of the sensitivity of the assets and liabilities to change in current interest rates. The mean duration of the liabilities is determined by means of projecting expected cash flows from the contracts using best estimate assumptions.

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

(i) Long term traditional insurance contracts and some investment contracts
Insurance and investment contracts with guaranteed and fixed terms have benefit payments that are fixed and guaranteed at the inception of the contract. The financial components of these benefits may include a guaranteed fixed interest rate and hence the Group's primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities 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.

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(iii) Market risk (Continued)

Cash flow and fair value interest rate risk (Continued)

(ii) Long term insurance contracts and investment contracts without fixed terms (Continued)
The Group's primary exposure to financial risk for these contracts is the risk of volatility in asset management fees due to the impact of interest rate and market price movements on the fair value of the assets held in the linked funds, on which investment management fees are based.

A decrease of 10% in the value of the assets would reduce the asset management fees to $123,899,000 (2022 - $44,993,000) per annum.

Unit-linked and interest-sensitive universal life type contracts have embedded surrender options. These embedded derivatives vary in response to the change in a financial variable (such as equity prices and interest rates). At year end, all embedded derivatives within insurance liabilities were closely related to the host contract and did not require separation.

For short term insurance contracts, the Group has matched the insurance liabilities with a portfolio of debt securities. The financial assets in this portfolio are characterised by interest rate risk.

Short term liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest bearing.

The following tables summarise carrying amounts of statement of financial position assets, financial liabilities and insurance liabilities in order to arrive at the Group and company's interest rate gap based on earlier of contractual repricing or maturity dates.

The disclosures provided in this note are based on the Group and company's financial assets portfolio as at December 31, 2023 and 2022.

	The Group				
	2023				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Financial Assets					
Cash resources	9,266,085	-	-	13,572,233	22,838,318
Cash reserve at Bank of Jamaica	-	-	-	14,467,076	14,467,076
Financial investments and pledged assets	65,773,904	44,783,049	188,428,295	43,083,811	342,069,059
Loans & leases, after allowance for credit losses	122,477,667	888,545	207,693	551,591	124,125,496
Reinsurance contract assets	(176,903)	301,256	(291,233)	2,951,921	2,785,041
Insurance contract assets	(4,302)	5,476	169,921	3,836	174,931
Other assets	-	53,685	-	4,727,369	4,781,054
Total financial assets	197,336,451	46,032,011	188,514,676	79,357,837	511,240,975

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(iii) Market risk (Continued)

Cash flow and fair value interest rate risk (Continued)

	The Group 2023				
	Within 1 year	**1-5 years**	**Over 5 years**	**Non-Interest bearing**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Financial Liabilities					
Deposit and security liabilities	237,972,553	22,907,597	936,713	672,683	262,489,546
Loan Payable	-	2,180,000	-	18,545	2,198,545
Other liabilities	-	53,686	-	19,089,370	19,143,056
Lease liabilities	731,137	1,225,888	167,576	19,001	2,143,602
Insurance contract liabilities	(13,482,851)	(14,007,986)	166,065,921	6,412,944	144,988,028
Reinsurance contract liabilities	(447,991)	(44,412)	(346,659)	1,434,803	595,741
Investment contracts liabilities	15,566,346	5,215,506	110,422	-	20,892,274
Total financial liabilities	240,339,194	17,530,279	166,933,973	27,647,346	452,450,792
On statement of financial position interest sensitivity gap	(43,002,743)	28,501,732	21,580,703	51,710,491	58,790,183
Cumulative interest sensitivity gap	(43,002,743)	(14,501,011)	7,079,692	58,790,183	

	The Group 2022				
	Within 1 year	**1-5 years**	**Over 5 years**	**Non-Interest bearing**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Total financial assets	174,326,802	37,127,231	184,531,451	78,722,469	474,707,953
Total financial liabilities	250,132,203	(4,205,157)	157,207,237	21,414,170	424,548,453
On statement of financial position interest sensitivity gap	(75,805,401)	41,332,388	27,324,214	57,308,299	50,159,500
Cumulative interest sensitivity gap	(75,805,401)	(34,473,013)	(7,148,799)	50,159,500	

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(iii) Market risk (Continued)

Cash flow and fair value interest rate risk (Continued)

	The Company 2023				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Financial Assets					
Cash resources	402,592	-	-	-	402,592
Financial investments and pledged assets	1,314,202	-	-	-	1,314,202
Other assets	-	-	-	162,095	162,095
Total financial assets	1,716,794	-	-	162,095	1,878,889
Financial Liabilities					
Deposit and security liabilities	-	10,937,404	-	-	10,937,404
Other liabilities	-	-	-	5,755,076	5,755,076
Total financial liabilities	-	10,937,404	-	5,755,076	16,692,480
On statement of financial position interest sensitivity gap	1,716,794	(10,937,404)	-	(5,592,981)	
Cumulative interest sensitivity gap	1,716,794	(9,220,610)	(9,220,610)	(14,813,591)	

	The Company 2022				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Total financial assets	1,392,381	`		471,144	1,863,525
Total financial 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)	

(expressed in Jamaican dollars unless otherwise indicated)

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(iii) Market risk (Continued)

Cash flow and fair value interest rate risk (Continued)

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

	The Group					
	2023					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	5.64	5.46	6.58	6.36	5.72	6.77
Loans	10.4	8.6	7.2	8.0	2.8	9.8
Mortgages (2)	-	9.5	6.0	6.5	6.0	6.0
Bank overdraft	0.48	-	-	-	-	-
Deposits	2.3	5.5	5.0	5.8	8.0	2.9

	The Group					
	2022					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	8.70	5.10	8.20	4.90	3.30	7.60
Loans	9.70	8.10	6.80	6.80	2.80	8.70
Mortgages (2)	-	9.90	8.60	9.50	7.10	8.80
Bank overdraft	48.00	-	-	-	-	-
Deposits	1.20	3.80	4.30	4.20	-	1.73

	The Company					
	2023					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	-	7.0	-	-	-	7.0
Deposits	-	-	4.5	7.0	-	5.8

42. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(iii) Market risk (Continued)

Cash flow and fair value interest rate risk (Continued)

	The Company					
	2022					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	-	4.0	-	-	-	-
Deposits	-	4.5	5.5	-	-	-

(1) Yields are based on book values and contractual interest adjusted for amortisation of premiums and discounts.

(2) Yields are based on book values, net of allowances for impairment and contractual interest rates.

Sensitivity

The Group's sensitivity to interest rate risk is disclosed in Note 43.

(iv) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

43. Sensitivity Analysis

The sensitivity analysis for assets and liabilities including those relating to insurance and reinsurance contracts are detailed below.

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

In summary, the valuation of liabilities of life insurance and annuity contracts is sensitive to:

- the economic scenario,
- the investments allocated to back the liabilities,
- the underlying assumptions used, and
- risk adjustment for non-financial risks

The Appointed Actuary tests the 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 contract liabilities. The other assumptions to which the liabilities of the Group are most sensitive, are in descending order of impact:

- Mortality and morbidity
- Longevity
- Operating expenses
- Lapse and surrender rates

The following sensitivity analysis shows the impact (gross and net of reinsurance held) on contractual service margin, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options. When options exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

	The Group		
Insurance contracts issued	2023		
	Change in assumptions	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance
		$'000	$'000
Mortality/morbidity rate	+10%	(526,688)	(526,688)
Longevity	+10%	16,547	16,547
Expenses	+10%	(193,674)	(193,674)
Lapse and surrenders rate	+10%	(103,864)	(103,864)

43. Sensitivity Analysis (Continued)

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

Insurance contracts issued

	2023		
	Change in assumptions	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance
		$'000	$'000
Mortality/morbidity rate	-10%	514,789	514,789
Longevity	-10%	(18,205)	(18,205)
Expenses	-10%	193,457	193,457
Lapse and surrenders rate	-10%	173,059	173,059

	The Group		
	2022		
	Change in assumptions	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance
		$'000	$'000
Mortality/morbidity rate	+10%	(448,036)	(448,036)
Longevity	+10%	12,867	12,867
Expenses	+10%	(191,505)	(191,505)
Lapse and surrenders rate	+10%	(106,354)	(106,354)
Mortality/morbidity rate	-10%	436,400	436,400
Longevity	-10%	(12,867)	(12,867)
Expenses	-10%	191,356	191,356
Lapse and surrenders rate	-10%	134,305	134,305

43. Sensitivity Analysis (Continued)

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

	The Group				
		2023		2022	
	Change in assumptions	Impact on CSM before tax gross of reinsurance	Impact on CSM before tax net of reinsurance	Impact of CSM before tax gross of reinsurance	Impact of CSM before tax net of reinsurance
		$'000	$'000	$'000	$'000
Mortality/morbidity rate	+10%	(4,132,240)	(3,860,904)	(3,841,675)	(3,602,696)
Longevity	+10%	43,157	43,157	36,740	36,740
Expenses	+10%	(1,155,867)	(1,155,836)	(1,043,211)	(1,043,155)
Lapse and surrenders rate	+10%	(2,586,331)	(2,541,480)	(2,120,659)	(2,079,041)
Mortality/morbidity rate	-10%	4,073,393	3,796,730	3,790,351	3,546,555
Longevity	-10%	(47,723)	(47,723)	(36,740)	(36,740)
Expenses	-10%	1,155,330	1,155,301	1,030,562	1,030,497
Lapse and surrenders rate	-10%	2,931,420	2,880,293	2,552,894	2,508,916

The determination of contract liabilities is sensitive to a number of assumptions, and changes in those assumptions could have a significant effect on the valuation results. In applying the noted methodologies, the following assumptions were made:

(i) The claims inflation rate implicitly used in the valuation is equivalent to that rate which is part of the historical data. To the extent that this has raised the average factors on which future development expectations are based, the valuation contains implicit provision for future inflationary shocks, which we believe is appropriate;

(ii) With respect to the analysis of the incurred claims development history, the level of case reserve adequacy is relatively consistent (in inflation adjusted terms) over the experience period;

(iii) With respect to the Bornhuetter-Ferguson method, the average on-level ultimate net loss ratios are representative of recent historical loss ratios. There is no evident trend in the historical net loss ratios adjusted for rate changes and cost changes;

(iv) With respect to the analysis of the gross and net paid claims development history, the rate of payment of ultimate incurred losses for the more recent years is indicative of future settlement patterns. This assumption is based on management's view of the change in claims settlement practices in recent years; and

(v) Claims are expressed at their estimated ultimate undiscounted value, in accordance with the requirement of the Insurance Act, 2001. Refer to the gross undiscounted liabilities for incurred claims table in Note (42(a)).

A 10% increase in the future development assumptions increases the liabilities for incurred claims by $51,719,000 (2022 - $61,719,000) while a 10% decrease, decreases the liabilities for incurred claims by $53,553,000 (2022 - $64,796,000).

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

43. Sensitivity Analysis (Continued)

(ii) Sensitivity arising from the valuation of property and casualty contracts (Continued)

The following sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

	The Group				
	2023				
	Change in assumptions	Impact of profit before tax gross of reinsurance	Impact of profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
		$'000	$'000	$'000	$'000
Weighted average term to settlement	+10%	(31,527)	(22,094)	(21,018)	(14,729)
Expected loss	+10%	(91,537)	(53,553)	(61,025)	(35,702)
Inflation rate	+1%	43,579	30,737	29,053	20,491
Weighted average term to settlement	-10%	31,902	22,372	21,268	14,915
Expected loss	-10%	88,527	51,758	59,018	34,505
Inflation rate	-1%	(42,375)	(29,877)	(28,250)	(19,918)
	2022 Restated				
Weighted average term to settlement	+10%	(28,086)	(20,218)	(18,724)	(13,479)
Expected loss	+10%	83,264	54,147	55,509	36,098
Inflation rate	+1%	42,520	31,987	28,347	21,325
Weighted average term to settlement	-10%	28,389	20,446	18,926	13,631
Expected loss	-10%	(87,502)	(56,805)	(58,335)	(37,870)
Inflation rate	-1%	(41,488)	(31,211)	(27,659)	(20,807)

43. Sensitivity Analysis (Continued)

(iii) Sensitivity arising from a decline in equity prices

The Group is sensitive to fair value risk on its financial assets at FVTPL and FVTOCI equity securities. The effects of an increase by 10% and a decrease by 5% in equity prices at the year-end date are set out below.

	The Group		
	Carrying Value	Effect of 10% decrease at December 31, 2023	Effect of 5% increase at December 31, 2023
	$000	$000	$000
Financial assets at fair value through profit or loss and other comprehensive income equity securities:			
Listed on Jamaica Stock Exchange	5,672,593	(567,259)	283,630
Listed on US Stock Exchange	3,933,230	(393,323)	196,662
Other	29,254,881	(2,925,488)	1,462,744
	38,860,704	(3,886,070)	1,943,036

(iv) Sensitivity arising from currency risk

The Group and the Company is most sensitive to currency risk in its operating currencies which float against the United States dollar.

The effect of further depreciation and appreciation in the Jamaican dollar (JMD) relative to the United States dollar (USD) at the year-end date is considered in the following tables. The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The method used for deriving sensitivity information and significant variables did not change from the previous period.

	The Group					
	2023			2022 Restated		
	Balances Denominated in other than JMD	Effect of 10% depreciation at December 31, 2023	Effect of 10% appreciation at December 31, 2023	Balances Denominated in other than JMD	Effect of 4% depreciation at December 31, 2022	Effect of 1% appreciation at December 31, 2022
	$000	$000	$000	$000	$000	$000
Statement of financial position:						
Assets	199,883,866	179,895,479	219,872,253	194,625,088	186,840,084	196,571,340
Liabilities	175,559,581	158,003,623	193,115,539	176,685,401	169,617,985	178,452,255
Net position	24,324,285	21,891,857	26,756,714	17,939,687	17,222,100	18,119,085
Impact on Net Profit						
Other comprehensive Income		(2,432,429)	2,432,429		(717,587)	179,398

43. Sensitivity Analysis (Continued)

(iv) Sensitivity arising from currency risk (Continued)

	The Company					
	2023			2022 Restated		
	Balances Denominated in other than JMD	Effect of 10% depreciation at December 31, 2023	Effect of 10% appreciation at December 31, 2023	Balances Denominated in other than JMD	Effect of 10% depreciation at December 31, 2022	Effect of 10% appreciation at December 31, 2022
	$000	$000	$000	$000	$000	$000
Statement of financial position:						
Assets	140,218	126,196	154,240	423,097	406,173	427,328
Liabilities	-	-	-	-	-	-
Net position	140,218	126,196	154,240	423,097	406,173	427,328
Impact on Net Profit -Other comprehensive Income		(14,022)	14,022		(16,924)	4,231

The following analysis is performed for reasonably possible movements in key variables, with all other variables held constant, showing the impact on contractual service margin, profit before tax, and equity due to changes in the fair value of insurance and reinsurance contract assets and liabilities.

	The Group							
	2023				2022			
	Change in exchange rate	CSM denominated in US$	Impact on profit before tax	Impact on equity	Change in exchange rate	CSM denominated in US$	Impact on profit before tax	Impact on equity
		$000	$000	$000	%	$000	$000	$000
JMD/USD exchange rate								
Insurance and reinsurance contracts	+10%	3,218,741	(136,026)	(156,587)	+10%	4,699,153	(324,668)	(102,527)
Insurance and reinsurance contracts	-10%	2,926,128	156,587	156,587	-10%	3,844,761	324,668	102,527

	The Group					
	2023			2022		
	Change in exchange rate	Impact on profit before tax	Impact on equity	Change in exchange rate	Impact on profit before tax	Impact on equity
JMD/USD exchange rate						
Insurance and reinsurance contracts, net	+10%	(4,586,096)	(594,931)	+10%	(4,055,430)	(480,052)
Underlying assets	+10%	8,541,143	3,259	+10%	7,304,492	2,248
Insurance and reinsurance contracts, net	-10%	4,586,096	594,931	-10%	4,055,430	480,052
Underlying assets	-10%	(8,541,143)	(3,259)	-10%	(7,304,492)	(2,248)

43. Sensitivity Analysis (Continued)

(v) Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on profit or loss and other components of equity.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables have been changed on an individual basis. It should be noted that movements in these variables are non–linear. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

	The Group					
	2023			2022 Restated		
	Change in interest rate	Impact on profit before tax	Impact on equity	Change in interest rate	Impact on profit before tax	Impact on equity
		$000	$000		$000	$000
Insurance and reinsurance contracts	+100 bps	88,485	-	+50 bps	80,492	-
Insurance and reinsurance contracts	-100 bps	(89,661)	-	-50 bps	(81,577)	-
Debt instruments						
Long Term Insurance	+100 bps	(9,882,428)	(345,172)	+50 bps	(4,770,429)	(178,364)
Short Term Insurance	+100 bps	(309,932)	(85,422)	+50 bps	(164,769)	(44,264)
Other investment securities	+100 bps	(7,195)	(6,500,586)	+50 bps	(3,667)	(3,008,342)
Debt instruments						
Long Term Insurance	-100 bps	11,050,715	392,162	-50 bps	5,346,022	189,722
Short Term Insurance	-100 bps	338,274	91,123	-50 bps	172,831	45,816
Other investment securities	-100 bps	8,263	6,988,188	-50 bps	3,929	3,196,145

The Company is not exposed to changes in interest rates.

44. Capital Management

The capital adequacy of the principal operating entities within the Group is set out below.

(i) To comply with capital requirements established by insurance, banking and other financial intermediary regulatory authorities;

(ii) To comply with internationally recognised capital requirements for insurance, where local regulations do not require these international standards;

(iii) To safeguard its ability to meet future obligations to policyholders, depositors, note-holders and stockholders;

(iv) To provide adequate returns to stockholders by pricing insurance, investment and other contracts commensurately with the level of risk; and

(v) To maintain a strong capital base which is sufficient for the future development of the Group's operations.

The Group deploys its capital resources to activities carried out through various lines of business in operating companies which are either insurance entities or provide other financial services. The capital is deployed in such a manner as to ensure that each line of business generates the desired return on capital employed, that the operating companies have adequate and sufficient capital resources to carry out their activities and to meet regulatory requirements.

Required capital adequacy information is computed for regulated entities of the Group on a 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 calculated monthly by the Appointed Actuary and reviewed by Executive Management and the Board of Directors. Sagicor Life Jamaica Limited seeks to maintain internal capital adequacy at levels higher than the regulatory requirements.To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is one of the core measures of financial performance. The risk-based assessment measure is the Jamaican Life Insurance Capital Adequacy Test (JA-LICAT) which became effective January 1, 2023 as per the Insurance Regulations, 2001 amended 2023. Minimum Continuing Surplus and Capital Requirement (MCCSR) was in effect prior to 2023. The minimum standard requirement for LICATand MCCSR ratio is 100% and 150% respectively. Sagicor Life Jamaica Limited exceeded the standard requirement at year-end.

(b) Sagicor Life of the Cayman Islands Ltd.

During 2014, the Cayman Islands Insurance (Capital and Solvency) (Class A Insurers) Regulations became effective. The minimum capital requirement (MCR) for a local Class A insurer was established as the greater of US$300,000, or the square root of the sum of the square of five risk components – assets, policy liabilities, subsidiaries, catastrophe exposure and foreign exchange. Additionally, the prescribed capital for a local Class A insurer must be at least 125% of the minimum capital requirement. The MCR for the Sagicor Life of the Cayman Islands Ltd as at December 31, 2023 satisfied the regulatory capital requirements.

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

Capital adequacy, capital management ratios and the financial statements of the Bank and Investment Company are monitored monthly by management. These are reviewed quarterly by the Boards of Directors. Capital is managed based on prudent best practices and employing techniques and guidelines developed by the Financial Services Commission (FSC), the Bank of Jamaica (BOJ), Basel II and the Board of Directors Risk Management Committees. The required information is filed with the respective Regulatory Authorities at stipulated intervals.

44. Capital Management (Continued)

The BOJ and the FSC require each regulated entity to:

(i) Hold the minimum level of the regulatory capital; and
(ii) Maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

The regulatory capital is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
(ii) Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and revaluation on property, plant and equipment.

Any investment in subsidiaries is deducted from Tier 1 and Tier 2 capital to arrive at the regulated capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited at the year-end were compliant with the regulatory capital requirements.

The subsidiary AGI manages capital to:

(i) Comply with the capital requirements set by the FSC; and
(ii) Safeguard the company's ability to continue as a going concern.

For Jamaican property and casualty companies, the Minimum Capital Test (MCT) is used as a measure of capital with a minimum ratio of 150% effective January 1, 2023, reducing from 175%. AGI was compliant with the regulatory capital requirements as at December 31, 2023.

45. Fiduciary Risk

Certain subsidiaries in the Group provide custody, trustee, corporate administration, investment management or advisory services to third parties which may involve these subsidiaries making allocation and purchase and sale decisions in relation to a wide range of financial instruments. These assets are not included in these financial statements.

46. 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) 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) A former employee, along with seven (7) former employees of America Life Insurance Company (“ALICO”) had been contributing to ALICO’s pension scheme in excess of ten (10) years prior to their termination. Upon termination, their contributions were refunded. The Group's position is that the refund of their contribution disqualified them from being eligible for a deferred annuity at retirement on the basis of the language of the pension trust deed. The Claimants hold the view that membership in the scheme for ten (10 years) or more creates a vested entitlement to the deferred annuity.

47. 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. The Privy Council ordered on March 2, 2023 that an interim payment of £100,000.00 be made to Mr. Seaton which was duly paid by the Government of Jamaica. We await the Privy Counsel’s decision regarding the computation of the substantive award to Mr. Seaton.

47. 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 December 31, 2023.

48. 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 2023						
				Related amounts not set off in the statement of financial position			
	Gross amounts of financial assets $'000	Gross amounts net off on the balance sheet $'000	Net amounts of financial assets presented on the balance sheet $'000	Impact of master netting agreements $'000	Cash collateral $'000	Financial instruments collateral $'000	Net amounts $'000
Assets							
Cash resources	37,305,394	-	37,305,394	-	-	-	37,305,394
Financial investments	466,194,555	-	466,194,555	(98,140,886)	-	(140,710)	367,912,959
	503,499,949	-	503,499,949	(98,140,886)	-	(140,710)	405,218,353
Liabilities							
Due to banks and other financial institutions	262,489,546	-	262,489,546	(91,821,911)	-	-	170,667,635
	262,489,546	-	262,489,546	(91,821,911)	-	-	170,667,635

	The Group 2022						
				Related amounts not set off in the statement of financial position			
	Gross amounts of financial assets $'000	Gross amounts net off on the balance sheet $'000	Net amounts of financial assets presented on the balance sheet $'000	Impact of master netting agreements $'000	Cash collateral $'000	Financial instruments collateral $'000	Net amounts $'000
Assets							
Cash resources	34,344,482	-	34,344,482	-	-	-	34,344,482
Financial investments	433,070,092	-	433,070,092	(94,056,495)	-	(155,426)	338,858,171
	467,414,574	-	467,414,574	(94,056,495)	-	(155,426)	373,202,653
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

48. Offsetting Financial Assets and Financial Liabilities (Continued)

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

	The Company						
	2023						
	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	402,592	-	402,592	-	-	-	402,592
Financial investments	1,314,202	-	1,314,202	-	-	(276,048)	1,038,154
	1,716,794	-	1,716,794	-	-	(276,048)	1,440,746
Liabilities							
Due to banks and other financial institutions	10,937,404	-	10,937,404	-	-	-	10,937,404
	10,937,404	-	10,937,404	-	-	-	10,937,404

	The Company						
	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	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 to banks and other financial institutions	11,098,704	-	11,098,704	-	-	-	11,098,704
	11,098,704	-	11,098,704	-	-	-	11,098,704

49. Non-Controlling Interests

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

	2023			
	Travel Cash $000	AGI $000	Bailey Williams $000	Total $000
Total assets	1,102,831	11,477,161	5,800,604	
Total liabilities	272,900	6,919,583	5,727,356	
Net Assets	829,931	4,557,578	73,248	
Non-controlling interest	479,675	1,934,303	21,975	2,435,953
Revenue	216,871	1,088,932	15,035	
Net profit for the period	104,029	415,339	13,611	
Other comprehensive income	-	293,835	-	
Total comprehensive income	104,029	709,174	13,611	
Non-controlling interest	50,973	150,202	4,083	205,258
Cashflows from operating activities	(5,189)	(1,079,085)	(3,172,289)	
Cashflows from investing activities	(30,043)	198,382	-	
Cashflows from financing activities	-	-	3,005,639	
Net increase/ (decrease) in cash and cash equivalents	(35,232)	(880,703)	(166,650)	

	2022				
	SREX $000	Travel Cash $000	AGI $000	Bailey Williams $000	Total $000
Total assets	-	1,132,248	10,070,864	3,628,162	
Total liabilities	-	306,347	5,874,513	3,568,522	
Net Assets	-	825,901	4,196,351	59,640	
Non-controlling interest	-	477,701	1,805,746	17,892	2,301,339
Revenue (b)	4,352,126	246,103	960,239	288	
Net profit/(loss) for the period	224,213	141,539	403,619	(1,183)	
Other comprehensive income	59,769	-	102,076	-	
Total comprehensive income	283,982	141,539	505,695	(1,183)	
Non-controlling interest	159,241	69,354	122,416	(93,554)	257,457
Cashflows from operating activities	1,710,735	111,972	(2,463,933)	(547,625)	
Cashflows from investing activities	(3,613,590)	(1,480)	(295,653)	-	
Cashflows from financing activities	(332,786)	-	-	733,970	
Net increase/ (decrease) in cash and cash equivalents	(2,235,641)	110,492	(2,759,586)	186,345	

(a) The information above represents amounts before intercompany eliminations.
(b) Revenue includes Net Insurance Results, Net Investment Income and Fees and Other Revenues.
(c) Non-controlling interest reduced in the prior year on deconsolidation of SREX and windup of Jamziv

	2022
Jamziv (i)	5,767,620
SREX (ii)	15,221,297
	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 14 for additional details.

50. 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 $$697,358,000 and $68,743,000 for the year ended December 31, 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 December 31, 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 16)	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 15)	2,665,612
Cash paid (i)	3,155,150
Cash and cash equivalents included in net assets acquired	(530,716)
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.

(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.

51. Subsequent Events

The Group has evaluated subsequent events through to February 29, 2024, the date the financial statements were available for issuance, and determined that there have not been any events that have occurred subsequent to December 31, 2023 that would require disclosure in the financial statements.

52. Restatements

Effective 1 January 2023, IFRS 17 replaced IFRS 4 Insurance Contracts, materially changing the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Group's financial statements.

(1) Change in Accounting Policies
Refer to Note 2 (q) for the accounting policies under IFRS 17.

(2) Transition Approach
In accordance with the transition requirements of IFRS 17, the Group has restated its financial statements, and is therefore presenting:

i) An opening Consolidated Statement of Finnacial Position as at 31 December 2021, the date of transition to IFRS 17. Differences between the carrying value of assets, liabilities and equity previously recorded and those under IFRS 17 were recorded in Retained Earnings.

ii) Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Cash Flows as previously reported under IFRS 4 and the restated position under IFRS 17.

(3) Redesignation of Financial Assets
The Group has elected to designate the financial assets, previously held at amortised cost and fair value through OCI (FVTOCI), as 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 has restated prior periods to reflect changes in designation of its financial assets held in respect of activities connected with contracts within the scope of IFRS 17 effective January 1, 2022. The Group was not required to restate prior periods and the re-statement of assets presents certain challenges. The Group decided to restate prior periods using a simplified method, ignoring the effect of assets derecognised during the year ended 31 December 2022. The Group recognised the difference between the previous carrying amount and the carrying amounts of those financial assets at 1 January 2022 as an adjustment to Retained Earnings.

(4) Presentation
Several assets and liabilities experienced no change to their measurement but have been moved to other areas of the financial statements, including:

i) Premiums Receivable, Policy Loans, Property and Casualty Insurance Contracts and Other Policy Liabilities and amounts in Other Assets and Other Liabilities directly related to the insurance portfolios were reclassified to insurance contract liabilities under IFRS 17 with no remeasurement and no impact to equity.

ii) Due to/from Reinsurers – Due to/from Reinsurers have now been reclassified to reinsurance contract assets/liabilities as they are related to reinsurance contracts.

(5) Deferred Income Tax
Deferred tax adjustments were recorded on the FVTPL gains/losses on securities reclassified from OCI and AC to FVTPL.

(6) Segment
The Group's reporting segments have been revised to align with the grouping and measurement of insurance products under IFRS 17. The new segments; Long-Term Insurance segment includes Annuities, Traditional Life and Universal Life products and Short-Term Insurance segment contains Group Life, Group Health and Property & Casualty earnings. These segments replace the Individual Life and Employee Benefits Division segments, which will no longer be used.

52 Restatements (continued)

The details of restatements as a result of the adoption of IFRS 17 and related changes to IFRS 9 on the Statement of Financial Postion at 31 December 2021 are detailed in the sections below.

(a) STATEMENT OF FINANCIAL POSITION

	The Group		
	31 December 2021	**Adjustments**	**31 December 2021**
	As previously stated	**IFRS 9 & 17 adjustments**	**Restated**
	$'000	**$'000**	**$'000**
ASSETS			
Financial investments (b)	332,381,435	15,096,776	347,478,211
Loans and leases, after allowance for credit losses	96,889,917	-	96,889,917
Reinsurance contract assets	3,689,080	(1,638,017)	2,051,063
Insurance contract assets	-	-	-
Premium due and unpaid	4,419,045	(4,419,045)	-
Deferred income taxes	1,980,237	(430,017)	1,550,220
Other assets impacted by IFRS 17			
Due from sales representatives	2,263,676	(1,315,137)	948,539
Other assets neither impacted by IFRS 17 nor IFRS 9	86,367,314	-	86,367,314
TOTAL ASSETS	527,990,704	7,294,560	535,285,264
EQUITY AND LIABILITIES:			
Total equity	134,779,713	(29,124,277)	105,655,436
Liabilities			
Policyholders' Funds:			
Life and health insurance	97,996,749	(97,996,749)	-
Investment contract liabilities	19,356,485	-	19,356,485
Property and casualty insurance contracts and other policy	13,151,747	(13,151,747)	-
Insurance contract liabilities	-	149,791,729	149,791,729
Reinsurance contract liabilities	1,653,153	(639,249)	1,013,904
Other liabilities impacted by IFRS			
Suspense and other amounts due	4,579,669	(112,550)	4,467,119
Regulatory fees and Statutory payables	925,946	(44,235)	881,711
Miscellaneous	841,224	387,364	1,228,588
Due to brokers and agents	1,594,398	(1,051,878)	542,520
Unearned reinsurance commissions	763,848	(763,848)	-
Other liabilities neither impacted by	252,347,772	-	252,347,772
Total Liabilities	393,210,991	36,418,837	429,629,828
TOTAL EQUITY AND LIABILITIES	527,990,704	7,294,560	535,285,264

52. Restatements (continued)

(b) FINANCIAL INVESTMENTS

As at 31 December 2021, certain assets under IFRS 9 were redesignated as FVTPL on implementation of IFRS 17 to effectively reduce the possibility of an accounting mismatch.

	The Group				
	December 31, 2021 As previously stated				**December 31, 2021 Restated**
	Carrying value	**Amount reclassified to Insurance Contracts Liabilities**	**Amount reclassified as FVTPL**	**Amount remeasured as FVTPL**	**Carrying value**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial investments FVTPL -					
Debt Securities	9,236,098		96,730,685	16,104,062	122,070,845
Equities	38,377,296	-	-	-	38,377,296
Derivatives	16,733	-	-	-	16,733
Total FVTPL	**47,630,127**	**-**	**96,730,685**	**16,104,062**	**160,464,874**
Financial investments at FVTOCI -					
Debt Securities	165,755,851	-	(24,864,591)	-	140,891,260
Equities	79,950	-	-	-	79,950
Total FVTOCI	165,835,801	-	(24,864,591)	-	140,971,210
Financial investments at amortised cost, net of ECL -					
Debt Securities	88,368,134	-	(71,866,094)	-	16,502,040
Securities purchased under resale agreement	10,467,668	-	-	-	10,467,668
Short term deposits	19,072,419	-	-	-	19,072,419
Total investments at amortised cost, net of ECL	**117,908,221**	**-**	**(71,866,094)**	**-**	**46,042,127**
Total financial investments excluding policy loans	331,374,149	-	-	16,104,062	347,478,211
Policy loans previously reported[3]	1,007,286	(1,007,286)	-	-	-
Less Pledged asset (Note 10)[4]	(93,636,126)	-	-	-	(93,636,126)
Total financial investments	**238,745,309**	**(1,007,286)**	**-**	**16,104,062**	**253,842,085**

52. Restatements (Continued)

The details of restatements as a result of the adoption of IFRS 17 and related changes to IFRS 9 on the results at 31 December 2022 are detailed in the sections below.

(c) STATEMENT OF FINANCIAL POSITION

	The Group		
	December 31, 2022	**Adjustments**	**December 31, 2022**
	As previously stated	**IFRS 9 & 17 adjustments**	**As restated**
	$'000	**$'000**	**$'000**
ASSETS			
Financial investments (g)	315,256,933	5,076,330	320,333,263
Loans and leases, after allowance for credit losses	112,736,829	-	112,736,829
Reinsurance contract assets	4,072,339	(1,882,696)	2,189,643
Insurance contract assets	-	-	-
Premium due and unpaid	4,887,437	(4,887,437)	-
Deferred income taxes	4,021,850	(110,551)	3,911,299
Intangible assets	8,868,597	(530,127)	8,338,470
Other others neither impacted by IFRS 17 nor IFRS 9			
Due from sales representatives	1,707,088	(1,079,599)	627,489
Other receivables	3,041,566	16,289	3,057,855
Other assets neither impacted by IFRS 17 nor IFRS 9	64,586,243	-	64,586,243
TOTAL ASSETS	519,178,882	(3,397,791)	515,781,091
EQUITY AND LIABILITIES:			
Total equity	115,923,369	(30,007,551)	85,915,818
Liabilities			
Policyholders' Funds:			
Life and health insurance contracts liabilities	92,248,682	(92,248,682)	-
Investment contract liabilities[2]	20,164,220	-	20,164,220
Property and casualty insurance contracts and other policy liabilities	13,379,310	(13,379,310)	-
Insurance contract liabilities	-	134,815,292	134,815,292
Reinsurance contract liabilities	1,654,674	(1,102,959)	551,715
Other liabilities impacted by IFRS 17 and/or IFRS 9:			
Suspense and other amounts due	3,922,172	(128,806)	3,793,366
Accounts payable and accruals	2,866,976	(15,839)	2,851,137
Miscellaneous	361,126	518,125	879,251
Due to brokers and agents	998,260	(993,781)	4,479
Unearned reinsurance commissions	854,280	(854,280)	-
Other liabilities neither impacted by IFRS 17 nor IFRS 9	266,805,813	-	266,805,813
Total Liabilities	403,255,513	26,609,760	429,865,273
TOTAL EQUITY AND LIABILITIES	519,178,882	(3,397,791)	515,781,091

(d) CONSOLIDATED INCOME STATEMENT

	The Group		
	December 31, 2022	**Adjustments**	**December 31, 2022**
	As previously stated	**IFRS 9 & 17 adjustments**	**As restated**
	$'000	**$'000**	**$'000**
Insurance revenues	62,814,376	(22,142,875)	40,671,501
Insurance service expenses	(34,664,539)	4,118,041	(30,546,498)
Net expenses from reinsurance contracts held	(4,887,693)	1,900,365	(2,987,328)
INSURANCE SERVICE RESULT	**23,262,144**	**(16,124,469)**	**7,137,675**
NET INVESTMENT INCOME	17,378,861	(17,241,463)	137,398
NET INSURANCE FINANCE INCOME	-	14,828,144	14,828,144
NET INSURANCE AND INVESTMENT RESULT	**40,641,005**	**(18,537,788)**	**22,103,217**
Fees, hotel and other income	23,172,998	(2,054,734)	21,118,264
Administration and Commission expenses	(39,083,442)	13,442,180	(25,641,262)
Depreciation and amortisation	(2,604,846)	490,733	(2,114,113)
Other taxes and levies	(893,280)	-	(893,280)
	(19,408,570)	**11,878,179**	**(7,530,391)**
Share of profit from joint venture	439,994	-	439,994
Gain on disposal of subsidiary	258,208	-	258,208
Impairment Charge on Goodwill	-	(530,127)	(530,127)
Profit before Taxation	21,930,637	(7,189,736)	14,740,901
Taxation	(5,334,757)	437,278	(4,897,479)
NET PROFIT	**16,595,880**	**(6,752,458)**	**9,843,422**
Attributable to:			
Stockholders of the parent company	16,378,634	(6,792,669)	9,585,965
Non-controlling interests	217,246	40,211	257,457
	16,595,880	**(6,752,458)**	**9,843,422**
Basic and fully diluted	**4.19**		**2.45**

52. Restatements (Continued)

(e) CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group		
	December 31, 2022	**Adjustments**	**December 31, 2022**
	As previously stated	**IFRS 9 & 17 adjustments**	**As restated**
	$'000	**$'000**	**$'000**
Cash Flows from Operating Activities			
Net profit	16,595,880	(6,752,458)	**9,843,422**
Adjustments for:			
Items not affecting cash			
Adjustments to reconcile net profit to net cash provided by operating activities	(60,526,359)	6,862,250	(53,664,109)
Interest and dividends received	27,703,287	(109,792)	27,593,495
Interest paid	(5,750,488)	-	(5,750,488)
Income and asset taxes paid	(6,009,905)	-	(6,009,905)
Net cash generated from operating activities	**(27,987,585)**	**-**	**(27,987,585)**
Cash Flows from Investing Activities			
Net cash used in investing activities	(2,413,079)	-	**(2,413,079)**
Cash Flows from Financing Activities			
Net cash generated from financing activities	22,033,461	-	**22,033,461**
Effect of exchange rate on cash and cash equivalents	(574,787)	-	(574,787)
Decrease in cash and cash equivalents	**(8,941,990)**	-	**(8,941,990)**
Cash and cash equivalents at beginning of year	51,884,096	-	51,884,096
CASH AND CASH EQUIVALENTS AT END OF YEAR	**42,942,106**	**-**	**42,942,106**

(f) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group		
	December 31, 2022	**Adjustments**	**December 31, 2022**
	As previously stated	**IFRS 9 & 17 adjustments**	**As restated**
	$'000	**$'000**	**$'000**
Items that may be subsequently reclassified to profit or loss			
Fair value reserve	(15,495,153)	6,934,350	(8,560,803)
(Losses)/gains recycled to the income statement on sale and maturity of FVTOCI securities	(17,270)	11,720	(5,550)
Provision for expected credit losses on securities designated as FVTOCI	29,105	(35,640)	(6,535)
Currency translation	(1,913,533)	1,495,682	(417,851)
Change in actuarial liabilities	2,536,928	(2,536,928)	-
	(14,859,923)	5,869,184	(8,990,739)
Items that will not be subsequently reclassified to profit or loss			
Owner Occupied Property (OOP)	2,352,690	-	2,352,690
Re-measurements of retirement benefits obligations	2,553,979	-	2,553,979
	4,906,669	-	4,906,669
Total other comprehensive income recognised directly in stockholders'equity, net of taxes	**(9,953,254)**	**5,869,184**	**(4,084,070)**
Total Comprehensive Income	**6,642,626**	**(883,274)**	**5,759,352**

52. Restatements (continued)

(g) FINANCIAL INVESTMENTS

As at January 1, 2023, certain assets under IFRS 9 were redesignated as FVTPL on implementation of IFRS 17 to effectively reduce the possibility of an accounting mismatch.

	The Group				
	January 1, 2023 As previously stated				January 1, 2023 Restated
	Carrying value	Amount reclassified to Insurance Contracts Liabilities	Amount reclassified as FVTPL	Amount remeasured as FVTPL	Carrying value
	$'000	$'000	$'000	$'000	$'000
Financial investments FVTPL -					
Debt Securities	8,717,052		99,875,068	6,061,608	114,653,728
Equities	40,141,007	-	-	-	40,141,007
Derivatives	2,378	-	-	-	2,378
Total FVTPL	**48,860,437**	**-**	**99,875,068**	**6,061,608**	**154,797,113**
Financial investments at FVTOCI -					
Debt Securities	168,189,380	-	(27,238,797)	-	140,950,583
Equities	56,009	-	-	-	56,009
Total FVTOCI	168,245,389	-	(27,238,797)	-	141,006,592
Financial investments at amortised cost, net of ECL -					
Debt Securities	87,170,730	-	(72,636,271)	-	14,534,459
Securities purchased under resale agreement	4,882,866	-	-	-	4,882,866
Short term deposits	5,112,233	-	-	-	5,112,233
Total investments at amortised cost, net of ECL	**97,165,829**	**-**	**(72,636,271)**	**-**	**24,529,558**
Total financial investments excluding policy loans	314,271,655	-	-	6,061,608	320,333,263
Policy loans previously reported	985,278	(985,278)	-	-	-
Less Pledged asset (Note 10)	(94,209,543)	-	-	-	(94,209,543)
Total financial investments	**221,047,390**	**(985,278)**	**-**	**6,061,608**	**226,123,720**

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