



# Sagicor Group Jamaica

AUDITED GROUP RESULTS  
Year Ended 31 December 2023

## PERFORMANCE REPORT

### DIRECTORS' STATEMENT

On behalf of the Board of Directors of Sagicor Group Jamaica Limited (SGJ or the Group), we present our performance report for the year ended December 2023.

### OVERVIEW –

The Group recorded net profit attributable to stockholders for the year of \$14.37 billion (2022 restated: \$9.59 billion). The prior year's results were restated following the adoption of IFRS 17, and include an election to record the impact of changes in interest rates on the fair value of security prices, in the income statement.

In 2023, Insurance Service results improved by 13% and investment income net of insurance finance charges improved by 40% when compared to prior year. The Group's insurance product sales continue to show growth along most of its product lines. The Commercial Banking segment's loan and card payment portfolios continue to contribute positively to the Group's improved year over year results. The Investment Banking segment had another difficult year affected by unfavourable capital market conditions and narrowed interest margins due to higher liability costs.

The Group ended the year with earnings per share of \$3.67 (2022: \$2.45) and an improved Return on Equity of 16% (2022: 11%).

### FINANCIAL PERFORMANCE

The Group recorded year over year growth in its core operating revenues, primarily in Net insurance service results, Net investment income and Fee income. Long-term and Short-term insurance segments both experienced strong new business

### HIGHLIGHTS

	December 2023 Audited	(Restated) December 2022 Audited	% Change
<b>OPERATING RESULTS (INCOME STATEMENT DATA):</b>			
Net Profit, Attributable to Stockholders - J\$ billions	14.37	9.59	50%
Insurance Service Results - J\$ billions	8.07	7.14	13%
Contractual Service Margin (CSM) - J\$ billions	5.43	4.26	27%
<b>FINANCIAL POSITION &amp; STRENGTH (BALANCE SHEET DATA):</b>			
Total Assets of Sagicor Group Jamaica - J\$ billions	560.65	515.78	9%
Total Assets Under Management - J\$ billions	1,030.73	972.67	6%
Stockholders' Equity - J\$ billions	99.78	83.61	19%
Adjusted Stockholders' Equity (+ CSM) - J\$ billions	144.04	119.39	21%
<b>PROFITABILITY:</b>			
Return on Average Stockholders' Equity (ROE)	16%	11%	5%
Earnings Per Share (EPS) - J\$	3.67	2.45	50%
<b>OTHER MARKET INFORMATION:</b>			
SGJ Share Price - J\$	48.50	59.42	-18.4%
Market Capitalization - J\$ billions	189.34	232.07	-18.4%

#### NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS

**\$14.37 B**  
▲ 50%

#### INSURANCE SERVICE RESULT

**\$8.07 B**  
▲ 13%

#### TOTAL ASSETS

**\$560.65 B**  
▲ 9%

#### ADJUSTED STOCKHOLDERS' EQUITY

**\$144.04 B**  
▲ 21%

#### CONTRACTUAL SERVICE MARGIN

**\$5.43 B**  
▲ 27%

#### EARNINGS PER SHARE

**\$3.67**  
▲ 50%

sales. Net investment income of \$26.45 billion improved significantly over the prior year due to the growth in interest earning assets. Higher transaction volumes within the Commercial Banking segment resulted in increases in Fee income (6% year over year).

Stockholders' Equity grew by 19% in the current period ending at \$99.78 billion (2022: \$83.61 billion). Total assets grew by 9% to end at \$560.65 billion (2022: \$515.78 billion) largely driven by a \$21.74 billion increase in financial investments and \$11.39 billion growth in the loan portfolio. The growth in assets was largely funded by increased deposit and security liabilities of \$11.65 billion and growth in Insurance liabilities of \$10.17 billion.

### Long-Term Insurance

This segment includes products whose contract boundaries exceed one year in duration and are measured using the General Measurement Model (GMM) and Variable Fee Approach (VFA) under IFRS 17. The segment continues to report strong core insurance results; through the release of CSM (Contractual Service Margin) of \$5.43 billion (2022: \$4.26 billion) and by generating new business CSM of \$5.53 billion (2022: \$5.40 billion). The segment also experienced a 13% improvement in investment income net of finance expenses. Net profit for the segment was negatively impacted by exchange rate fluctuations, recording unrealized foreign currency translation losses of \$0.20 billion compared to gains of \$0.23 billion in the prior year.

### Short-Term Insurance

This segment includes products whose contract boundaries are less than one year and are measured using the Premium Allocation Approach (PAA) under IFRS 17. The segment reported a profit of \$1.55 billion, an improvement over prior period's profit of \$0.13 billion. The increase over prior year is due primarily to improved loss ratios within the health insurance portfolios despite the steady rise in drug prices and other medical costs. The segment continues to show growth with new business sales of \$1.93 billion for Group health and life products, primarily within its corporate client portfolios.

### Commercial Banking

The Commercial Banking segment produced net profit of \$3.58 billion (2022: \$3.29 billion). The segment recorded a 16% increase in revenues, due to greater volumes on its card payments portfolios and growth in net interest income. Loan portfolios continue to exhibit growth with new loans written of \$36.16 billion (2022: \$40.02 billion), contributing to a \$2.77 billion increase in interest income. Loan quality improved year over year with the provision coverage ratio ending at 1.25% (2022: 1.38%). Deposit and other funding liabilities grew by \$11.77 billion (2022: \$12.50 billion) during the twelve-month period; this growth along with increases in the cost of funds resulted in a 51% increase in interest expense over last year.

### Investment Banking

The Investment Banking segment recorded net profit of \$0.76 billion (2022: \$1.12 billion). The high interest rate environment has fuelled a significant increase in funding costs, leading to a decline in net interest income for the Jamaican operations. The segment was also impacted by the decline in market value on a part of its portfolio of securities during the year. The Cayman

operation continued its growth trajectory, recording year over year increases in revenue and net profit.

## LIQUIDITY AND SOLVENCY

Cash and Cash Equivalents at the end of the period were \$45.35 billion (2022: \$42.94 billion). The Group's net cash used in operating activities of \$2.43 billion included interest received of \$33.26 billion. The Group raised funding for loan and securities growth through an increase of \$10.46 billion in deposits and securities liabilities.

Regulatory capital requirements continue to be exceeded across all operating entities.

CAPITAL RATIOS				
Regulated Entities	Key Regulatory Ratios	Minimum Statutory Requirements	December 31, 2023	December 31, 2022
Sagicor Life Jamaica Limited	Life insurance capital adequacy test (LICAT) <sup>1</sup>	100.0%	155.2%	-
Sagicor Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	13.4%	13.0%
Sagicor Investments Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	16.5	14.9%
Sagicor Life of the Cayman Islands Limited	Minimum capital requirement (MCR)	125.0%	456.6%	303.5%
Advantage General Insurance Company Limited	Minimum capital test ratio (MCT)	150.0%	304.5%	344.7%

<sup>1</sup>SLJ's capital ratio is now calculated using the Life Insurance Capital Adequacy Test (LICAT)

## OUTLOOK

As we emerge from another challenging year of sluggish global economic growth, it is expected that the burden of inflation, tight monetary policies and heightened geopolitical tensions will carry forward into 2024. The World Bank projects that global growth will decline to 2.4% in 2024 (2023: 2.6%), the third consecutive year of global decline. Global trade is also projected to slow behind a decade of pre pandemic trade averages due to industrial production slowdown. Notwithstanding the threat of a global recession, the resilience of the US economy, our main trading partner, was a bright spot albeit tempered by lower economic output in China.

In Jamaica, inflation continues to be a concern with December 2023's result being 90 basis points above the Bank of Jamaica's target ceiling, suggesting that higher interest rates may persist for longer than projected. Both the World Bank and the IMF forecasts that Jamaica will grow by approximately 1.8% in 2024. The IMF in its latest release lauded the Jamaican authorities for their sound macroeconomic policies and framework that supports growth and safeguards the economy against global risks. Strong inflows from tourism are expected to support the country's growth and result in a current account surplus and stronger international reserves. The IMF expressed confidence in Jamaica's financial system as being well capitalized and liquid, as well as the country's ability to reduce public debt.



1. Christopher Zacca (centre) President and CEO of Sagicor Group and Chairman of Sagicor Foundation warmly embraces excited students from Freetown Basic School in St. Andrew during a special Christmas Treat on Thursday, December 14, 2023.

2. Gal pals Paula Cross (left) and Monique French shared a laugh at the Sigma Pop-Up Cafe held in January 2024.



While we note these improvements in Jamaica’s economy, we remain alert to the impact of a tight monetary climate and how it dilutes the demand for capital and an overall slowdown in economic activity, both of which will impact Sagicor Group’s results in the medium term. As such, we continue to be conservative in our capital and liquidity management going forward.

## CORPORATE SOCIAL RESPONSIBILITY

In the final quarter of 2023, Sagicor Group Jamaica made significant contributions to nation-building through various initiatives, particularly through its charitable arm, the Sagicor Foundation.

A major highlight was the launch of the 2024 Sagicor Sigma ‘Honour’ Run, aiming to raise \$100 million for beneficiaries: the Danny Williams School for the Deaf, Savanna-la-Mar Public General Hospital, and the National Chest Hospital. The Sagicor Sigma ‘Honour’ Run took place on February 18, 2024, and garnered support from race patrons Andre Blake, the Reggae Boyz Captain and Rushell Clayton, an Olympic Bronze Medalist. The Sagicor Foundation organized fundraising events such as the Sigma Café and the Sigma Food Village to help achieve its ambitious fundraising goal. The Foundation exceeded its goal and raised \$109.05 million.

The Foundation extended its philanthropic efforts, making donations to notable charities like the Prime Minister Youth Awards and supporting a goalkeeper clinic hosted by Andre Blake. The Sagicor Foundation also donated to the Jamaica College Foundation in honour of our late Chairman of the Foundation, Dr. the Honourable R. Danny Williams. Additionally, a Christmas treat was organized for the children of Freetown Basic School in their newly renovated school under the Adopt-a-School Programme.

Sagicor Bank launched its Mortgage Boutique client experience, focusing on eco-friendly residential mortgages to facilitate widespread home ownership in Jamaica. This initiative aligned with the Group’s Environmental, Social, and Governance (ESG) strategy, promoting personalized sustainability efforts.

Sagicor Group Jamaica, through its subsidiaries Sagicor Life and Sagicor Bank, received recognition from the United Way of Jamaica’s

2022 Workplace Philanthropy Programme in the Bronze category for outstanding contributions to nation-building.

During the quarter, Christopher Zacca, the President and CEO of Sagicor Group Jamaica, assumed the role of Chairman of the Sagicor Foundation.

## ACKNOWLEDGEMENTS

Our Team Members, Financial Advisors and Brokers are the heart and soul of Sagicor Group and we salute them for their tremendous contribution to our customers’ experience of our company. To our customers, thank you for the trust and confidence you repose in us; we are Sagicor Strong in our commitment to help you navigate these challenging times. Thanks to our supportive business partners and to our stockholders for the continued support and not least, our Directors for their diligence, wise counsel and continued guidance.

**On behalf of The Board of Directors:**

PETER MELHADO  
Chairman

CHRISTOPHER ZACCA, C.D., J.P.  
President & CEO

27 February 2024





**Explanatory Notes**
**1. Identification and Principal Activities**

Sagicor Group Jamaica Limited (SGJ, the company) is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. It is 32.45% (2021 – 32.45%) owned by LOJ Holdings Limited (LOJH) which is also incorporated and domiciled in Jamaica and 16.66% owned by Sagicor Life Inc. (SLI) which is domiciled in Barbados. Both LOJH and SLI are wholly owned by Sagicor Financial Company Limited (Sagicor), the ultimate parent company, which is incorporated and domiciled in Bermuda. Sagicor has an overall interest of 49.11% (2021 – 49.11%) in the company. The other significant stockholder in SGJ is PanJamaica Group Limited with a 30.21% (2021 – 30.21%) holding.

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

Sagicor Group Jamaica comprises many companies offering a wide range of financial products and services. These include life and health insurance; property and casualty insurance; annuities; pensions administration; investment services; commercial banking; investments banking; captives management; property management; real estate sales and rentals; and remittance and cambio.

**2. Basis of Preparation**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", unless otherwise noted. The condensed consolidated interim financial statements should be read in conjunction with the accounting policies as set out in Note 2 of the audited financial statements for the year ended 31 December 2023.

**3. Accounting estimates and judgements**

Certain amounts recorded in these audited consolidated financial statements reflect estimates and assumptions made by management about insurance liability reserves, investment valuations, interest rates and other factors. Actual results may differ from the estimates and assumptions made.

**4. Changes in significant accounting policies**

The Group has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Group has restated certain comparative amounts and presented a statement of financial position as at 1 January 2022.

**IFRS 17 - Insurance Contracts.**

IFRS 17 became effective on January 1, 2023 and brings significant changes to the accounting for insurance and reinsurance contracts. The Group has restated the comparative periods in accordance with IFRS 17.

The standard introduces three measurement approaches that will be used to measure insurance contracts: the General Measurement Model (GMM), Variable Fee approach (VFA) and Premium Allocation approach (PAA). These are summarised as follows:

- GMM measures groups of insurance contracts based on estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts. An explicit risk adjustment is applied that reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk. The Contractual Service Margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts that represents the unearned profit that the Group will recognise as obligations are fulfilled under the insurance contracts.

At initial recognition, the positive CSM on a group of insurance contracts is recorded as a liability and is subsequently amortised to future income. When the calculation of present value of expected future cash flows results in a net cash outflow, the insurance contracts are classified as "Onerous" and the negative CSM is immediately recognised in income.

- The VFA applies to insurance contracts issued with direct participation features, which are

substantially investment-related service contracts under which the policyholder is promised an investment return based on underlying items, such as segregated funds and certain participating insurance contracts. The key difference between the VFA and the GMM is only evident at subsequent measurement, the transitional and at inception CSM is the same under both models. This difference is the ability to bring economic movements into the CSM each period as compared to income under the GMM.

- PAA is applied to short duration contracts where the policy's contract boundary is one year or less. Under PAA, insurance contract results are measured.

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

For underlying direct insurance contracts measured under GMM or VFA, the corresponding reinsurance

Measurement Model	Contracts Issued
General Measurement Model	<ul style="list-style-type: none"> <li>• Traditional Life contracts</li> <li>• Universal Life contracts</li> <li>• Living Benefits</li> <li>• Single Premium Health and Creditor ILife</li> <li>• Annuities</li> </ul>
Variable Fee Approach	<ul style="list-style-type: none"> <li>• Universal Life contract with direct participating features</li> <li>• Variable Endowments with direct participating features</li> </ul>
Premium Allocation Approach	<ul style="list-style-type: none"> <li>• Group Life and Health contracts</li> <li>• General Insurance- Accident, Liability, Marine, Property, Motor</li> </ul>

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

**IFRS 9 Financial Instruments**

IFRS 17 allows a change in election of IFRS 9 accounting treatment for assets supporting liabilities. The Group has elected to designate these 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 recognised the difference between the previous carrying amount of those financial assets and the carrying amounts of those financial assets at 1 January 2022 by an adjustment to Retained Earnings.

**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 3-5 years prior to transition. Where the full retrospective approach was determined to be impracticable, the fair value approach was applied.

The effects of adopting IFRS 17 on the consolidated financial statements at January 1, 2022 are presented in the statement of changes in equity.