

# **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
OPERATING RESULTS (INCOME STATEMENT DATA):			
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	<b>27</b> %
FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA):			
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%
PROFITABILITY:			
Return on Average Stockholders' Equity (ROE)	16%	11%	5%
Earnings Per Share (EPS) - J\$	3.67	2.45	50%
OTHER MARKET INFORMATION:			
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

44.04 B

4.37<sub>B</sub>

**AD IIISTED** 

**INSURANCE SERVICE RESULT** 

TOTAL **ASSETS** 

\$560.65 в

9%

CONTRACTUAL **SERVICE MARGIN** STOCKHOLDERS' EQUITY

**EARNINGS PER SHARE** 



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.

> 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



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION for the year ended 31 December 2023 (Expressed in thousands of Jamaican dollars)

		(Restated)
	December 2023	December 2022
	Audited	Audited
ASSETS:		
Cash resources & Cash reserve at Central Bank	37,305,394	34,344,482
Financial investments	243,787,463	226,123,720
Loans & leases, after allowance for credit losses	124,125,496	112,736,829
Pledged Assets	98,281,596	94,209,543
Investment properties	1,618,306	1,680,525
Investment in joint venture	2,310,020	1,830,001
Intangible assets	7,866,581	8,338,470
Property, plant and equipment	6,695,353	6,412,479
Right-of-use assets	1,873,251	1,823,204
Retirement benefit assets	635,539	706,137
Reinsurance contract assets	2,785,041	2,189,643
Insurance contract assets	174,931	-
Deferred income taxes	7,276,368	3,911,299
Taxation recoverable	7,234,809	6,281,323
Other assets	18,678,823	15,193,436
TOTAL ASSETS	560,648,971	515,781,091
STOCKHOLDERS' EQUITY AND LIABILITIES: Equity attributable to: Stockholders' of the parent company		
Share capital	8,879,881	8,998,808
Equity reserves	14,448,962	9,345,478
Retained earnings	76,450,203	65,270,193
	99,779,046	83,614,479
Non-controlling interests	2,435,953	2,301,339
Total Equity	102,214,999	85,915,818
Liabilities		
Deposit and security liabilities	262,489,546	250,837,061
Loans payable	2,198,545	2,198,545
Deferred income taxes	475,426	421,305
Taxation payable	881,336	1,775,142
Reinsurance contract liabilities	595,741	551,715
Retirement benefit obligations	3,920,646	3,000,585
Lease liabilities	2,143,602	2,143,801
Other liabilities	19,848,828	13,957,607
Insurance contracts liabilities	144,988,028	134,815,292
Investment contracts liabilities	20,892,274	20,164,220
Total Liabilities	458,433,972	429,865,273
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	560,648,971	515,781,091

PETER MELHADO Chairman 27 February 2024

CHRISTOPHER ZACCA, C.D., J.P.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in thousands of Jamaican dollars)				
			December 2023	December 2022
	Q4 2023	Q4 2022	Year-to-date	Year-to-date
	Audited	Audited	Audited	Audited
Net profit for the period	4,351,298	10,082,078	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 FVTOCI bonds	2,898,295	2,265,624	3,332,276	(8,509,364)
Share of joint venture unrealised gains/(losses) on				
FVTOCI bonds	(795)	(6,038)	7,629	(51,439)
<u> </u>	2,897,500	2,259,586	3,339,905	(8,560,803)
Currency translation	55,433	(19,964)	438,716	(417,851)
Gains/(losses) recycled to the Profit or Loss Statement on sale and				<i>t</i>
maturity of FVTOCI securities	(126,201)	392,885	(478,645)	(5,550)
Provision for expected credit losses on securities designated as FVTOCI	4,363	(20,592)	(81,846)	(6,535)
Expected credit losses recycled to the Profit or Loss Statement on sale		4 274		
and maturity of FVTOCI securities	(424.020)	1,371	(500,404)	/42.005\
<del>-</del>	(121,838)	373,664	(560,491)	(12,085)
Items that will not be subsequently reclassified to profit or loss				
Owner-occupied properties (OOP):				
Unrealised losses on OOP	(385)	9,273	474,599	2,352,690
Officenised losses on Oor	(385)	9,273	474,599	2,352,690
-	(363)	3,213	474,333	2,332,090
Re-measurements of retirement benefits obligations	(717,084)	(159,271)	(717,084)	2,553,979
Total other income recognised directly in stockholders'	( / /	( , ,	( ,,== ,	
equity, net of taxes	2,113,626	2,463,289	2,975,645	(4,084,070)
Total Comprehensive Income/ Losses	6,464,924	12,545,367	17,548,922	5,759,352
	-,,	,,	//	-,,
Attributable to:				
Stockholders' of the parent company	6,325,088	12,555,399	17,226,129	4,099,745
Non-controlling interests	139,836	(10,032)	322,793	1,659,607
-	6,464,924	12,545,367	17,548,922	5,759,352
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## CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2023 (Expressed in thousands of Jamaican dollars)

			December 2023	(Restated) December 2022
	Q4 2023	Q4 2022	Year-to-date	Year-to-date
	Audited	Audited	Audited	Audited
Insurance revenue	12,435,279	11,625,550	46,818,336	40,671,501
Insurance service expenses	(8,411,293)	(6,021,333)	(35,133,709)	(30,546,498)
Net expenses from reinsurance contracts held	(1,068,815)	(1,013,459)	(3,616,625)	(2,987,328)
INSURANCE SERVICE RESULT	2,955,171	4,590,758	8,068,002	7,137,675
NET INSURANCE FINANCE EXPENSE	(5,444,339)	2,469,188	(5,461,150)	14,828,144
Realized capital gains	1,275,967	1,316,735	2,126,809	2,225,945
Unrealized capital gains/(losses)	3,922,591	2,859,106	1,597,304	(21,245,698)
Net interest income	5,706,490	3,741,118	23,174,620	19,732,030
Credit impairment losses	86,269	(216,594)	(451,322)	(574,879)
NET INVESTMENT INCOME	10,991,317	7,700,365	26,447,411	137,398
NET INSURANCE AND INVESTMENT RESULT	8,502,149	14,760,311	29,054,263	22,103,217
Fees and other revenue	5,079,517	4,778,618	17,628,313	16,717,035
Hotel Revenue	-	-	-	4,659,437
Results from joint venture	159,391	90,268	241,664	439,994
Hotel Expense	-	-	-	(3,379,914)
Other operating expenses	(7,783,504)	(7,745,310)	(26,950,586)	(24,905,588)
Asset and other taxes	(6,013)	(4,656)	(911,924)	(893,280)
PROFIT BEFORE TAXES	5,951,540	11,879,231	19,061,730	14,740,901
Income taxes	(1,600,242)	(1,797,153)	(4,488,453)	(4,897,479)
NET INCOME	4,351,298	10,082,078	14,573,277	9,843,422
Non-controlling interests	(48,713)	30,339	(205,258)	(257,457)
SHAREHOLDERS' PROFIT/(LOSS)	4,302,585	10,112,417	14,368,019	9,585,965

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023 (Expressed in thousands of Jamaican dollars)

	Share Capital	Equity Reserves	Retained Earnings	Shareholder's Equity	Non-controlling Interests Total	Total Equity Audited
Devied and ad December 21, 2022.	Сарітаі	reserves	Earnings	Equity	interests rotal	Audited
Period ended December 31, 2022: Restated balance at 1 January 2023	0.000.000	0.245.470	CE 270 102	02 (14 470	2 201 220	05 045 040
Tax Impact on application of IFRS 17	8,998,808	9,345,478	<b>65,270,193</b> 3,805,097	<b>83,614,479</b> 3,805,097	2,301,339	85,915,818
Restated Balance as at January 1, 2023	8,998,808	9,345,478	69,075,290	87,419,576	(60,259) <b>2,241,080</b>	3,744,838 <b>89,660,656</b>
Total comprehensive income for the period	0,330,000	3,665,909	13,560,220	17,226,129	322,793	17,548,922
Transactions with owners -		3,003,909	13,300,220	17,220,129	322,793	17,340,922
Employee stock option plan						
- options exercised/expired	_	33,294	_	33.294	_	33.294
Dividends declared		33,234	(4,784,403)	(4,784,403)	(127,920)	(4,912,323)
Treasury shares	(118,927)		3,377	(115,550)	(127,320)	(115,550)
Total transactions with owners	(118,927)	33,294	(4,781,026)	(4,866,659)	(127,920)	(4,994,579)
Transfer between reserves -	(110,327)	33,234	(4,701,020)	(4,000,033)	(127,320)	(4,554,575)
To special investment reserve	_	49,936	(49,936)	_	_	_
From loan loss reserve		253.282	(253,282)	_		_
To retained earnings reserve		1,101,063	(1,101,063)	_	_	
Transfers between retained earnings and reserves	<del></del>	1,404,281	(1,404,281)			
Balance as at December 31, 2023	8,879,881	14,448,962	76,450,203	99,779,046	2,435,953	102,214,999
		- 1, 1 10,000	10,100,000	55,115,511	_,,	,,
Period ended December 31, 2021:						
Restated balance at 1 January 2022	8,816,093	16,584,881	60,089,736	85,490,710	20,164,726	105,655,436
Total comprehensive (loss)/income for the period		(8,042,637)	12,142,382	4,099,745	1,659,607	5,759,352
At acquistion/(disposal)		(-/- / /		,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-,,
Transactions with owners -						
- value of services provided	-	38,252	-	38,252	-	38,252
- options exercised/expired	-	(19,126)	-	(19,126)	-	(19,126)
Dividends declared	-		(6,257,999)	(6,257,999)	-	(6,257,999)
Disposal of shares in Xfund	-	-	124,576	124,576	1,465,923	1,590,499
Treasury shares	182,715	-	(44,394)	138,321	-	138,321
Windup of Jamziv		-	-	, -	(20,988,917)	(20,988,917)
Total transactions with owners	182,715	19,126	(6,177,817)	(5,975,976)	(19,522,994)	(25,498,970)
Transfer between reserves -						
To special investment reserve	-	35,706	(35,706)	-	-	-
To retained earnings	-	(171,092)	171,092	-	-	-
From loan loss reserve	-	(355,464)	355,464	-	-	-
To retained earnings reserve	-	1,274,958	(1,274,958)	-	-	-
Transfers between reserves		784,108	(784,108)	-	-	-
Balance as at December 31, 2022	8,998,808	9,345,478	65,270,193	83,614,479	2,301,339	85,915,818



Geographical information:

Total assets

## CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the year ended 31 December 2023 (Expressed in thousands of Jamaican dollars)

					Other including	Audited
	Long Term	Short Term	Commercial	Investment	Consolidation	December 2023
For the year ended December 31, 2023	Insurance	Insurance	Banking	Banking	Adjustments	Group
Operating results:			"			
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	47,169	(3,663,794)	-	-	<u>-</u>	(3,616,625)
Insurance service results	6,830,050	1,237,952	-	-	-	8,068,002
Net insurance finance expense	(5,461,150)	-	-	-	-	(5,461,150)
Net investment income	11,270,955	1,001,189	10,770,467	2,260,514	1,144,286	26,447,411
Net Insurance and Investment Results	12,639,855	2,239,141	10,770,467	2,260,514	1,144,286	29,054,263
Fee 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)	(631,585)	(13,840,948)	(3,119,373)	(9,248,319)	(26,950,586)
Asset and other tax	(113,532)	(43,240)	(446,971)	(214,847)	(93,334)	(911,924)
Profit 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	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
Non-controlling interests						14,573,277
						14,373,277
Sogment accets:	156,036,071	24,294,685	200,244,327	128,062,251	22 024 020	EA2 E71 262
Segment assets: Unallocated assets	130,030,071	24,294,000	200,244,327	120,002,231	33,934,029	542,571,363
Total assets						18,077,608 560,648,971
Total assets						300,046,371
Segment liabilities:	134,215,832	12,287,452	173,194,819	109,128,579	25,221,553	454,048,235
Unallocated liabilities	134,213,632	12,207,432	173,134,013	103,126,373	23,221,333	4,385,737
Total liabilities						458,433,972
Total Habilities						430,433,372
Other Segment items:						
Capital expenditure: Computer software						218,545
Property, plant and equipment						591,966
Property, plant and equipment						591,900
Geographical information:						
			United States of	4	Total	
IL	Jamaica	Cayman Islands	America	Other	Group	
Total assets	509,629,162	42,276,696	-	8,743,113	560,648,971	

For the year ended December 31, 2022	Long Term Insurance	Short Term Insurance	Commercial Banking	Investment Banking	Other including Consolidation Adjustments	Audited December 2022 Group
Operating results:						
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	(273,091)	(2,714,237)	-	-	-	(2,987,328)
Insurance service results	6,815,552	322,123	-	-		7,137,675
Net insurance finance expense	14,828,144		- "	-	-	14,828,144
Net investment income	(9,698,308)	518,624	9,248,015	2,546,101	(2,477,034)	137,398
Net Insurance and Investment Results	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	6,627,349	16,717,035
Hotel Revenue	-	-	-	-	4,659,437	4,659,437
Share of results of joint venture	-	439,994	-	-	-	439,994
Hotel Expense	-	-	-	-	(3,379,914)	(3,379,914)
Other operating expenses	(25,827)	(1,022,016)	(11,688,064)	(2,701,977)	(9,467,704)	(24,905,588)
Asset and other tax	(117,895)	(43,912)	(404,804)	(242,547)	(84,122)	(893,280)
Profit 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	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
Then some oming meetess						9,843,422
						3,0 10, 122
Segment assets:	118,605,082	25,409,084	190.533.274	114,285,444	53,183,011	502,015,895
Unallocated assets	110,005,002	23,403,004	150,555,274	114,205,444	33,103,011	13,765,196
Total assets						515,781,091
10141 433613						313,701,031
Segment liabilities:	122,668,836	5,337,588	167,831,361	100,493,729	30,111,861	426,443,375
Unallocated liabilities	122,000,030	3,337,300	107,031,301	100,433,723	30,111,001	3,421,898
Total liabilities						429,865,273
						423,003,273
Other Segment items:						
Capital expenditure: Computer software						592,580
Property, plant and equipment						928,072
operty, plant and equipment						320,012

United States of

America

Jamaica Cayman Islands

35,985,984

477,965,106

Total

Group

515,781,091

Other

1,830,001

CONICOL	IDATED	STATEMENT		
CONSOL	-IUAIEU	SIAIEMENI	OF CASH F	LUVVS

for the year ended 31 December 2023

(Expressed in thousands of Jamaican dollars)

	December 2023 Full Year Audited	December 2022 Full Year Audited
Cash Flows from Operating Activities:		
Net Profit	14,573,277	9,843,422
Adjustments for:		
Items not affecting cash and changes to policyholders' funds:		
Adjustments for non-cash items, interest and dividends	(10,419,639)	(5,635,658)
Changes in other operating assets and liabilities	(1,221,369)	(3,907,316)
Net Investment purchases	(23,254,499)	(44,121,135)
Interest and dividends received	33,264,323	27,593,495
Interest paid	(8,470,109)	(5,750,488)
Income 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:	252 252	
Proceeds from purchase of investment property, net	252,352	(020.072)
Purchase of property, plant and equipment, net	(503,205)	(928,072)
Purchase of intangible assets, net	(218,545)	(592,580)
Proceeds from sale of associate	-	1,732,007
Net cash outflows from purchase of subsidiary	(450,000)	(2,624,434)
Net cash used in investing activities	(469,398)	(2,413,079)
Cash Flows from Financing activities:		
Deposits and securities liabilities	10,462,688	27,383,942
Changes in ownership of subsidiary- X Fund	-	1,590,499
Loan payable	-	(153,573)
Lease repayment	(704,579)	(667,729)
Disposal/(Purchase) of treasury shares, net	(115,550)	138,321
Dividends paid to non-controlling interests	(127,920)	-
Dividends paid to stockholders	(4,784,403)	(6,257,999)
Net cash generated from financing activities	4,730,236	22,033,461
Cash and cash equivalents:		
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 period	45,353,420	42,942,106
Comprising:	22 020 515	22 252 555
Balances with Banks	22,838,318	22,252,670
Short - Term Deposits	17,828,543	3,161,031
USA Government Treasury Bills and Short-Term Bonds	3,952,108	14,715,186
Securities purchased under resale agreements	734,451	2,813,219
	45,353,420	42,942,106

## RESTATEMENT OF EQUITY

(Expressed in thousands of Jamaican dollars)

As at January 1, 2023	As previously reported under IFRS 4	IFRS 9 & 17 adjustments	Restated under IFRS 17
	December 31, 2022		January 1, 2023
ASSETS:	-		
Financial investments	427,993,762	5,076,330	433,070,092
Premiums due	4,887,437	(4,887,437)	-
Reinsurance contract assets	4,072,339	(1,882,696)	2,189,643
Deferred income taxes	4,021,850	(110,551)	3,911,299
Due from sales representatives	1,707,088	(1,079,599)	627,489
Other assets	76,496,406	(513,838)	75,982,568
TOTAL ASSETS	519,178,882	(3,397,791)	515,781,091
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to:			
Stockholders' of the parent company			
Share capital	8,998,808	-	8,998,808
Equity reserves	4,055,129	5,290,349	9,345,478
Retained earnings	100,816,939	(35,546,746)	65,270,193
	113,870,876	(30,256,397)	83,614,479
Non-controlling interests	2,052,493	248,846	2,301,339
Total Equity	115,923,369	(30,007,551)	85,915,818
Liabilities			
Insurance contracts liabilities	-	134,815,292	134,815,292
Life and health insurance contracts liabilities	92,248,682	(92,248,682)	-
Property and casualty insurance contracts and	13,379,310	(13,379,310)	-
Unearned reinsurance commissions	854,280	(854,280)	-
Reinsurance contract liabilities	1,654,674	(1,102,959)	551,715
Due to brokers and agents	998,260	(993,781)	4,479
Other liabilities	294,120,307	373,480	294,493,787
Total Liabilities	403,255,513	26,609,760	429,865,273
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	519,178,882	(3,397,791)	515,781,091

As at January 1, 2022	As previously reported under IFRS 4	IFRS 9 & 17 adjustments	Restated under IFRS 17
	December 31, 2021		January 1, 2022
ASSETS:	· ·		
Financial investments	429,271,352	15,096,776	444,368,128
Premiums due	4,419,045	(4,419,045)	-
Reinsurance contract assets	3,689,080	(1,638,017)	2,051,063
Deferred income taxes	1,980,237	(430,017)	1,550,220
Due from sales representatives	2,263,676	(1,315,137)	948,539
Other assets	86,367,314	-	86,367,314
TOTAL ASSETS	527,990,704	7,294,560	535,285,264
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to:			
Stockholders' of the parent company	0.016.003		0.046.003
Share capital	8,816,093	(570.026)	8,816,093
Equity reserves Retained earnings	17,163,717 88,843,812	(578,836) (28,754,076)	16,584,881 60,089,736
ketailieu earriiligs	114.823.622	(29,332,912)	85,490,710
Non-controlling interests	19,956,091	208.635	20,164,726
Total Equity	134,779,713	(29,124,277)	105,655,436
Liabilities	-		
Insurance contracts liabilities	-	149,791,729	149,791,729
Life and health insurance contracts liabilities	97,996,749	(97,996,749)	-
Property and casualty insurance contracts and	13,151,747	(13,151,747)	-
Unearned reinsurance commissions	763,848	(763,848)	-
Reinsurance contract liabilities	1,653,153	(639,249)	1,013,904
Due to brokers and agents	1,594,398	(1,051,878)	542,520
Other liabilities	278,051,096	230,579	278,281,675
Total Liabilities	393,210,991	36,418,837	429,629,828
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	527,990,704	7,294,560	535,285,264



#### **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 state¬ments 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	Traditional Life contracts Universal Life contracts Living Benefits Single Premium Health and Creditor ILfe Annuities
Variable Fee Approach	Universal Life contract with direct participating features     Variable Endowments with direct participating features
Premium Allocation Approach	Group Life and Health contracts     General Insurance- Accident, Liability, Marine, Property, Motor

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.