Sagicor Group Jamaica

Q1 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 period ended March 2023.

OVERVIEW –

These results represent the first period of reporting under IFRS 17. The new standard replaces IFRS 4 and establishes new principles for the recognition, measurement, presentation and disclosures of insurance and reinsurance contracts. The standard also allows for the revision of accounting policy choices made under IFRS 9 for assets supporting insurance liabilities. IFRS 17 does not affect the underlying fundamentals of our business, our strategy, or our operations. The Group's reporting segments have been revised to align with the grouping and measurement of insurance products under IFRS 17. Accordingly, we have new segments; Long-Term Insurance segment includes Annuities, Traditional Life and Universal Life products and Short-Term Insurance segment contains our Group Life, Group Health and Property & Casualty offerings. These segments replace the Individual Life and Employee Benefits Division segments, which will no longer be used. Despite these changes, the Group's key financial targets and metrics have remained largely intact as does our philosophy regarding returns to our shareholders. Notably, the Group's asset management, commercial and investment banking, and cambio and remittance businesses are unaffected by IFRS 17.

The Group recorded a profit attributable to shareholders of $2.18 billion, a significant increase against the restated comparative period loss of $0.77 billion. Prior year's restated performance was primarily impacted by unfavourable market conditions, which led to significant unrealised losses on our securities portfolio,

HIGHLIGHTS

	Mar 2023 Unaudited	Restated Mar 2022 Unaudited	% Change
OPERATING RESULTS (INCOME STATEMENT DATA):			
Net Profit, attributable to Stockholders - J$ billions	2.18	-0.77	383%
Insurance Service Results - J$ billions	1.28	1.02	25%
Contractual Service Margin (CSM) - J$ billions	1.23	1.03	20%
FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA):			
Total Assets of Sagicor Group Jamaica - J$ billions	526.72	528.53	0%
Total Assets under management - J$ billions	986.62	907.57	8%
Stockholders' Equity - J$ billions	83.53	77.27	8%
Adjusted Stockholders' Equity (+ CSM) - J$ billions	120.60	109.22	10%
PROFITABILITY:			
Return on average Stockholders' Equity (ROE)	10%	-4%	14%
Earnings per share (EPS) - J$	0.56	-0.02	380%
OTHER MARKET INFORMATION:			
SGJ Share Price - J$	52.90	57.44	-8%
Market capitalization - J$ billions	206.61	224.34	-8%

NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS
$2.18B
▲ 383%

INSURANCE SERVICE RESULT
$1.28B
▲ 25%

TOTAL ASSETS
$526.72B
– 0%

ADJUSTED STOCKHOLDERS' EQUITY
$120.60B
▲ 10%

CONTRACTUAL SERVICE MARGIN
$1.23B
▲ 20%

EARNINGS PER SHARE
$0.56
▲ 380%

reclassified to Fair Value Through Profit and Loss (FVTPL) on the adoption of IFRS 17 rather than through Other Comprehensive Income under the previous standard.

The majority of our diverse portfolio of insurance products continue to grow with new business written on Long-Term life insurance products improving by 11% over prior year and Short-Term insurance product revenues growing by 21%. The Commercial Banking segment continues to perform well, with significant expansion in its card and loan portfolios.

FINANCIAL PERFORMANCE

Insurance revenues recorded an outturn of $10.98 billion, a 14% increase over the prior year. Net Insurance results from Long-Term insurance and Short-Term insurance were $1.23 billion and $0.05 billion respectively. In 2023, an improving market environment contributed to better results with reduced volatility in both insurance liabilities and the supporting investment securities, when compared to the same period in 2022.

Sagicor Group earned $2.57 billion in net investment income and $4.16 billion in fee & other income from non-insurance segments. In September 2022, the Group sold its shares in X-Fund and correspondingly, the $1.76 billion of hotel revenue recorded in Fee & other income and the associated hotel expenses of $1.19 billion, were not present in the current year's results.

The Group's combined efficiency ratio of 43% remains unchanged over the restated prior year.

The Group's statement of financial position was significantly impacted by the sale of Sagicor Real Estate X-Fund, the change in asset prices and the effects of interest rate movements on insurance liabilities. Total Balance Sheet Assets and Shareholders' Equity ended at $526.72 billion and $83.53 billion, respectively. The Group's Funds Under Management of $459.90 billion grew nominally year on year, contributing to the Total Assets Under Management of $986.62 billion, an increase over prior year end (December 2022: $956.30 billion).

Long-Term Insurance

The 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. Unlike IFRS 4, the new standard requires that net present value of future policy cash flows in this segment be taken to the Balance Sheet in the liability account known as the Contractual Service Margin (CSM) and released to the Profit & Loss statement as they are earned over time (see the insert for a more detailed treatment of this account).

For the period ending March 31, 2023, the segment reported net profits of $2.37 billion, a significant increase over the prior year loss of $1.26 billion, which, on restatement, was negatively impacted by large unrealised mark-to-market losses ($7.00 billion), a result of the unfavourable investment conditions that pertained during that period, only partially offset by reductions in the value of insurance liabilities ($3.15 billion). The comparable impact of these two items was significantly muted in 2023 (-$0.56 billion) due to an improving market environment. The segment recorded CSM releases of $1.24 billion (2022, $1.03 billion) and generated new business CSM of $1.2 billion (2022, $1.2 billion), while continuing to show favourable experience variances in both claims and expenses. The segment's liabilities include CSM of $37.07 billion (2022 $31.95 billion).

IFRS 17 IMPACT

IFRS 17 introduces key changes to the balance sheet and the timing of income recognition for Long-Term Insurance products, as follows:

- The introduction of a Contractual Service Margin (CSM). This liability represents the expected net present value of cash flows of insurance contracts that are deferred at inception and amortized to future income. The CSM qualifies as regulatory capital.
- Contracts whose CSM is negative at inception are classified as "Onerous" and these expected losses are recognized immediately in the income statement, similar to IFRS 4.
- Changes to the market value of investments supporting liabilities are now recognized in income to match the change in value of insurance liabilities caused by interest rate movements.

On transition, 31 December 2021, gains on existing insurance contracts that were previously recorded as income have been re-established as CSM by a transfer from equity. The CSM on transition was computed using a mix of retrospective and fair value approaches and totalled $30.52 billion. The impact on equity, mainly caused by the CSM and other Insurance liabilities, was a decrease of $29.33 billion. Regulatory capital includes CSM and remains strong.

The new standard improves transparency for the sources of profit and provides a greater degree of stability and predictability to underlying Long Term insurance contract earnings. The Group's asset management, commercial and investment banking, and cambio and remittance businesses are unaffected by IFRS 17.

Short-Term Insurance

The 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 profits of $122.07 million, an increase over the prior period loss of $105.55 million. Insurance service results of $50.01 million was a 114% improvement over the prior year, driven by increased insurance premium rates. New business sales of $185.18 million were recorded for Group health and life products along with improving loss ratios for major product lines compared to prior year due to a sharp focus on premium and benefit management.

Commercial Banking

The Commercial Banking segment produced a net profit of $496.87 million, 28% higher than the prior year. The segment was aided by a 17% increase in total revenues, primarily due to increases in banking activities through credit card and point-of-sale transactions. Additionally, a 22.7% growth in the segment's loans portfolio translated to a 23% or $0.61 billion increase in interest income with new loans written during the period totalling $8.25 billion. The bank improved its efficiency ratio to 65.35% (2022: 71.06%).

Total assets of $192.15 billion, including loan assets of $114.22 billion, grew 10.2% over prior year while customer deposits increased by $13.23 billion against the prior year-end total of $148.81 billion.

Investment Banking

The Investment Banking segment incurred a net loss of $70.36 million, a decline against the prior year comparative period ($308.22 million). The high interest rate environment has increased funding costs significantly, leading to a decline in net interest margins in the Jamaican operations. The segment's Cayman operation continued on its growth trajectory, recording year over year increases in revenue and net profit.

CAPITAL RATIOS

Regulated Entities	Key Regulatory Ratios	Minimum Statutory Requirements	March 31, 2023	March 31, 2022
Sagicor Life Jamaica Limited	Minimum continuing capital and surplus requirements ratio (MCCSR)	150.0%	247.5%	164.2%
Sagicor Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	12.9%	13.7%
Sagicor Investments Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	15.3%	15.6%
Sagicor Life of the Cayman Islands Limited	Minimum capital requirement (MCR)	125.0%	396.6%	220.5%
Advantage General Insurance Company Limited	Minimum capital test ratio (MCT)	150.0%	328.9%	294.2%

LIQUIDITY AND SOLVENCY

Cash and Cash Equivalents at the end of March 2023 were $47.48 billion, an increase from $32.96 billion as at March 2022. The Group's net cash generated from operating activities of $0.86 billion included interest received of $7.35 billion. The Group also received $4.23 billion from customer deposits and securities liabilities, which aided in the funding of the Bank's loan portfolio.

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

Solvency requirements for General insurance entities have been amended by the Financial Services Commission with the new minimum requirement reduced to 150%.

OUTLOOK

Elevated interest rates across most major markets are expected to carry over into the 2nd quarter of 2023, however the rate of growth in inflation is expected to stabilise (IMF forecasts global headline inflation will fall from 8.7% in 2022 to 7% in 2023). While many indicators point to an improving macroeconomic environment, the lingering war in Ukraine and the recent regional bank failures in the US, suggest that continued volatility is likely and as such, Sagicor maintains its risk-off posture.

Locally, the Bank of Jamaica saw improvements this quarter in the inflation rate, decreasing by 3.2% since the start of the year to 6.2% at the end of March. The BoJ has kept its policy rate at 7% since November 2022, however, effective April 1st, 2023, the cash reserve ratio for Deposit Taking Institutions (DTIs) was adjusted upward by 1% in order to reduce the supply of money in circulation.

Sagicor Group remains focused on advancing its capital management and liquidity strategies to ensure the Company's financial resilience in these uncertain times.

CORPORATE SOCIAL RESPONSIBILITY

During the first quarter of 2023 Sagicor Group Jamaica, primarily through its charitable arm – Sagicor Foundation executed and supported several corporate social responsibility (CSR) initiatives.

The main highlight for Q1 was the Sagicor Sigma 25th Legacy Run which had over 20,000 participants. The Run raised a record $93 Million Dollars for 2023 Sigma Run beneficiaries: the University Hospital of the West Indies Pediatric Unit and the Edna Manley College of the Visual and Performing Arts.

As a part of the Foundation's 2023/2024 Adopt-A-School Programme, a health tour was conducted for the newly adopted schools - Iron Gate Basic School in Clarendon, Irish Pen Basic School in Spanish Town, St. Catherine; Freetown Basic School in St. Andrew, and Shrewsbury Basic School in St. Elizabeth. Students at each school had their hearing, vision, oxygen levels and other vitals checked by the Sagicor Mobile Wellness Unit.

During the period, the Foundation donated tablets to the Mona Preparatory School and as a continuation of the S.T.A.R.S Week Charity initiative led by Group HR, the Santa Cruz Infirmary also received food and sanitary items.

The Foundation also partnered with the Jamaica Defence Force (JDF) for a career day session for the Joy Town Community Development Foundation's Youth with the G.R.I.T Behaviour Modification School Programme. The programme, which is sponsored by the Foundation, is focused on helping high school students in Trench Town by providing them with academic support, conflict resolution strategies, and life skills.

During the period under review, the Foundation committed approximately $4 million to several entities – both in cash and kind to support numerous initiatives.

Overall, the Group continued to strengthen its corporate social responsibility mandate of caring, inspiring, and serving by remaining committed to improving the lives of the people in the communities in which it operates.

1. *Representatives for the 2023 Sagicor Sigma 25th Legacy Run beneficiaries Fitzgerald Mitchell (2nd left), Acting CEO – University Hospital of the West Indies and Dorrett Campbell (centre), Interim Principal - Edna Manley College of the Visual and Performing Arts celebrate with symbolic cheque after the record-breaking $91.8 million in funds raised was revealed by Christopher Zacca (2nd right), Sagicor Group Jamaica President and CEO just before the start of the 5.5k charity race held in New Kingston on Sunday, February 12. Sharing the photo-op are Karl Williams (left), Executive Vice President - Shared Services, Sagicor Group Jamaica and Peter Melhado (right), Chairman, Sagicor Group Jamaica.*

2. *Zahyr Walker, a student at Shrewsbury Early Childhood Institution in St Elizabeth, is happy to have his hearing tested by Sagicor Life Practical Nurse Latoya Johnson, as part of the Sagicor Foundation's annual Adopt-A-School Health Tour.*

3. *(Sagicor Bank Up Park Camp Branch Manager Brent Johnson (left) helps Charlie Smith High School student Anthony Knight to fasten his helmet, while Corporal Barnett looks on. The student was allowed to try on the gear as part of a career day session held by the Jamaica Defence Force (JDF) for students in the Joy Town Community Development Foundation's Youth with G.R.I.T Behaviour Modification School Programme.*

4. *President and CEO of Sagicor Group Jamaica Christopher Zacca (right) presents the Most Hon. Andrew Holness, Prime Minister, with a special token, representing the PM's support and participation of the Sagicor Sigma Run, during the start line programme of the 25th staging of the charity road race, which was held in New Kingston on Sunday February 12.*

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

5 May 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2023
(Expressed in thousands of Jamaican dollars)

	March 2023 Unaudited	(Restated) March 2022 Unaudited	(Restated) December 2022 Unaudited
ASSETS:			
Cash resources & Cash reserve at Central Bank	32,365,332	34,169,896	34,344,482
Financial investments	330,859,721	342,739,359	320,333,262
Loans & leases, after allowance for credit losses	113,328,196	97,231,576	112,736,829
Investment properties	1,680,524	1,319,628	1,680,525
Investment in joint venture	1,877,081	1,519,739	1,830,001
Intangible assets	8,713,827	5,731,239	8,868,597
Property, plant and equipment	6,369,872	20,465,924	6,412,479
Right-of-use assets	1,685,037	2,021,691	1,823,204
Retirement benefit assets	706,236	472,179	706,137
Reinsurance contract assets	1,764,790	1,902,003	1,821,841
Deferred income taxes	3,553,987	2,270,070	3,911,297
Taxation recoverable	6,341,029	4,573,532	6,281,323
Other assets	17,474,851	14,116,280	15,193,711
TOTAL ASSETS	**526,720,483**	**528,533,116**	**515,943,688**
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to:			
Stockholders' of the parent company			
Share capital	8,998,808	8,875,551	8,998,808
Equity reserves	11,037,892	13,018,355	9,344,498
Retained earnings	63,493,391	55,380,603	64,671,620
	83,530,091	77,274,509	83,014,926
Non-controlling interests	2,343,208	21,793,334	2,301,340
Total Equity	**85,873,299**	**99,067,843**	**85,316,266**
Liabilities			
Deposit and security liabilities	253,953,963	223,460,416	250,837,061
Loans payable	2,197,739	9,204,195	2,198,545
Deferred income taxes	397,522	1,443,481	421,305
Taxation payable	1,010,314	938,042	1,775,142
Reinsurance contract liabilities	570,195	899,150	168,316
Retirement benefit obligations	3,051,515	5,850,811	3,000,585
Lease liabilities	1,968,330	2,404,268	2,143,801
Other liabilities	18,906,897	20,275,157	13,962,305
Insurance contracts liabilities	138,636,666	145,393,847	135,956,142
Investment contracts liabilities	20,154,043	19,595,906	20,164,220
Total Liabilities	440,847,184	429,465,273	430,627,422
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	**526,720,483**	**528,533,116**	**515,943,688**

PETER MELHADO
Chairman
5 May 2023

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

CONSOLIDATED INCOME STATEMENT

for the three-months ended 31 March 2023
(Expressed in thousands of Jamaican dollars)

	March 2023 Year-to-date Unaudited	(Restated) March 2022 Year-to-date Unaudited
Insurance revenue	10,980,208	9,606,979
Insurance service expenses	(8,790,018)	(7,922,465)
Net expenses from reinsurance contracts held	(915,130)	(665,495)
INSURANCE SERVICE RESULT	**1,275,060**	**1,019,019**
NET INSURANCE FINANCE (EXPENSE) / INCOME	**(2,140,541)**	**3,148,483**
Realized capital (losses)/gains	(9,881)	352,573
Unrealized capital gains/(losses)	1,320,130	(7,068,418)
Net interest income	5,512,231	5,435,722
Credit impairment losses	(137,219)	(183,335)
NET INVESTMENT INCOME / (EXPENSE)	**6,685,261**	**(1,463,458)**
NET INSURANCE AND INVESTMENT RESULT	**5,819,780**	**2,704,044**
Fees and other revenue	4,480,647	5,309,133
Results from joint venture	(78,078)	213,698
Other operating expenses	(6,256,530)	(6,499,057)
Asset and other taxes	(894,831)	(872,001)
PROFIT BEFORE TAXES	**3,070,988**	**855,817**
Income taxes	(807,668)	(1,415,907)
NET INCOME / (LOSS)	**2,263,320**	**(560,090)**
Non-controlling interests	(80,165)	(210,844)
SHAREHOLDERS' PROFIT/(LOSS)	**2,183,155**	**(770,934)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three-months ended 31 March 2023
(Expressed in thousands of Jamaican dollars)

	March 2023 Year-to-date Unaudited	(Restated) March 2022 Year-to-date Unaudited
Net profit for the period	2,263,320	(560,090)
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Fair value reserve:		
Unrealised gains/(losses) on FVTOCI bonds	940,656	(3,364,581)
Share of joint venture unrealised gains/(losses) on FVTOCI bonds	14,554	(16,502)
	955,210	(3,381,083)
Currency translation	66,257	(78,155)
Gains/(Losses) recycled to the Profit or Loss Statement on sale and maturity of FVTOCI securities	87,746	(62,713)
Provision for expected credit losses on securities designated as FVTOCI	45,557	8,807
Expected credit losses recycled to the Profit or Loss Statement on sale and maturity of FVTOCI securities	-	(192)
	133,303	(54,098)
Items that will not be subsequently reclassified to profit or loss		
Owner-occupied properties (OOP):		
Unrealised losses on OOP	-	(3,589)
	-	(3,589)
Total other income recognised directly in stockholders' equity, net of taxes	1,154,770	(3,516,925)
Total Comprehensive Income/ (Losses)	**3,418,090**	**(4,077,015)**
Attributable to:		
Stockholders' of the parent company	**3,327,222**	**(4,239,699)**
Non-controlling interests	**90,868**	162,684
	3,418,090	(4,077,015)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three-months ended 31 March 2023
(Expressed in thousands of Jamaican dollars)

	Share Capital	Equity Reserves	Retained Earnings	Shareholder's Equity	Non-controlling Interests Total	Total Equity Unaudited
Period ended December 31, 2022:						
Restated balance at 1 January 2023	**8,998,808**	**9,344,498**	**64,671,620**	**83,014,926**	**2,301,340**	**85,316,266**
Total comprehensive income for the period	-	1,144,067	2,183,155	3,327,222	90,868	3,418,090
Transactions with owners -						
Dividends declared	-	-	(2,812,057)	(2,812,057)	(49,000)	(2,861,057)
Total transactions with owners	-	-	(2,812,057)	(2,812,057)	(49,000)	(2,861,057)
Transfer between reserves -						
From loan loss reserve	-	306,277	(306,277)	-	-	-
To retained earnings reserve	-	243,050	(243,050)	-	-	-
Transfers between retained earnings and reserves	-	549,327	(549,327)	-	-	-
Balance as at March 31, 2023	**8,998,808**	**11,037,892**	**63,493,391**	83,530,091	**2,343,208**	**85,873,299**
Period ended December 31, 2021:						
Restated balance at 1 January 2022	**8,816,093**	**16,584,881**	**60,089,736**	**85,490,710**	**20,164,727**	**105,655,437**
Total comprehensive (loss)/income for the period	-	(3,468,765)	(770,934)	(4,239,699)	162,684	(4,077,015)
Transactions with owners -						
Dividends declared	-	-	(4,148,956)	(4,148,956)	-	(4,148,956)
Disposal of shares in Xfund	-	-	124,576	124,576	1,465,923	1,590,499
Treasury shares	59,458	-	(11,580)	47,878	-	47,878
Total transactions with owners	59,458	-	(4,035,960)	(3,976,502)	1,465,923	(2,510,579)
Transfer between reserves -						
From loan loss reserve	-	(97,761)	97,761	-	-	-
Transfers between reserves	-	(97,761)	97,761	-	-	-
Balance as at March 31, 2022	**8,875,551**	**13,018,355**	**55,380,603**	**77,274,509**	**21,793,334**	**99,067,843**

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the three-months ended 31 March 2023
(Expressed in thousands of Jamaican dollars)

For the three-months ended March 31, 2023	Long Term Insurance	Short Term Insurance	Commercial Banking	Investment Banking	Other including Consolidation Adjustments	Unaudited March 2023 Group
Operating results:						
Insurance revenue	4,168,952	6,811,256	-	-	-	10,980,208
Insurance service expenses	(2,873,465)	(5,916,553)	-	-	-	(8,790,018)
Net expense from reinsurance contracts	(70,435)	(844,695)	-	-	-	(915,130)
Insurance service results	**1,225,052**	**50,008**	**-**	**-**	**-**	**1,275,060**
Net insurance finance expense	(2,140,541)	-	-	-	-	(2,140,541)
Net investment income	3,784,271	328,696	2,369,001	395,292	(191,999)	6,685,261
Net Insurance and Investment Results	**2,868,782**	**378,704**	**2,369,001**	**395,292**	**(191,999)**	**5,819,780**
Fee and other revenue	305,872	13,365	2,220,055	441,402	1,499,953	4,480,647
Share of results of joint venture	-	(78,078)	-	-	-	(78,078)
Other operating expenses	(255,839)	(89,663)	(3,212,781)	(691,490)	(2,006,757)	(6,256,530)
Asset and other tax	(113,532)	(27,409)	(446,971)	(214,847)	(92,072)	(894,831)
Profit / (Loss) before taxation	**2,805,283**	**196,919**	**929,304**	**(69,643)**	**(790,875)**	**3,070,988**
Taxation	(436,928)	(74,853)	(432,433)	(718)	137,264	(807,668)
Net Profit /(Loss)	**2,368,355**	**122,066**	**496,871**	**(70,361)**	**(653,611)**	**2,263,320**
Attributable to:						
Stockholders of the parent company						2,183,155
Non-controlling interests						80,165
						2,263,320
Segment assets:	157,296,400	19,682,915	192,150,157	118,496,007	24,243,873	511,869,352
Unallocated assets						14,851,131
Total assets						526,720,483
Segment liabilities:	130,542,745	10,294,408	168,839,503	103,573,266	24,148,225	437,398,147
Unallocated liabilities						3,449,037
Total liabilities						440,847,184
Other Segment items:						
Capital expenditure: Computer software						25,320
Property, plant and equipment						141,380

Geographical information:

	Jamaica	Cayman Islands	United States of America	Other	Total Group
Total assets	482,454,452	37,001,093	-	7,264,938	526,720,483

For the three-months ended March 31, 2022	Long Term Insurance	Short Term Insurance	Commercial Banking	Investment Banking	Other including Consolidation Adjustments	Unaudited March 2022 Group
Operating results:						
Insurance revenue	3,960,928	5,646,051	-	-	-	9,606,979
Insurance service expenses	(2,529,511)	(5,392,954)	-	-	-	(7,922,465)
Net expense from reinsurance contracts	(62,534)	(602,961)	-	-	-	(665,495)
Insurance service results	**1,368,883**	**(349,864)**	**-**	**-**	**-**	**1,019,019**
Net insurance finance expense	3,148,483	-	-	-	-	3,148,483
Net investment income	(4,899,921)	163,924	2,145,783	890,577	236,179	(1,463,458)
Net Insurance and Investment Results	**(382,555)**	**(185,940)**	**2,145,783**	**890,577**	**236,179**	**2,704,044**
Fee and other revenue	69,184	1,699	1,791,863	541,216	2,905,171	5,309,133
Share of results of joint venture	-	213,698	-	-	-	213,698
Other operating expenses	(142,820)	(91,471)	(2,767,110)	(637,368)	(2,860,288)	(6,499,057)
Asset and other tax	(117,762)	(22,887)	(404,804)	(242,547)	(84,001)	(872,001)
Profit / (Loss) before taxation	**(573,953)**	**(84,901)**	**765,732**	**551,878**	**197,061**	**855,817**
Taxation	(682,198)	(20,647)	(376,604)	(243,656)	(92,802)	(1,415,907)
Net (Loss) Profit	**(1,256,151)**	**(105,548)**	**389,128**	**308,222**	**104,259**	**(560,090)**
Attributable to:						
Stockholders of the parent company						(770,858)
Non-controlling interests						210,844
						(560,014)
Segment assets:	138,485,402	17,051,663	175,293,889	122,718,933	64,990,002	518,539,889
Unallocated assets						9,993,227
Total assets						528,533,116
Segment liabilities:	127,594,087	10,452,631	151,741,146	102,513,807	29,869,310	422,170,981
Unallocated liabilities						7,294,292
Total liabilities						429,465,273
Other Segment items:						
Capital expenditure: Computer software						4,421
Property, plant and equipment						130,607

Geographical information:

	Jamaica	Cayman Islands	United States of America	Other	Total Group
Total assets	478,004,058	31,161,409	17,847,910	1,519,739	528,533,116

CONSOLIDATED STATEMENT OF CASH FLOWS

for the three-months ended 31 March 2023
(Expressed in thousands of Jamaican dollars)

	March 2023 Year-to-date Unaudited	(Restated) March 2022 Year-to-date Unaudited
Cash Flows from Operating Activities:		
Net Profit	**2,263,320**	**(560,090)**
Adjustments for:		
Items not affecting cash and changes to policyholders' funds:		
Adjustments for non-cash items, interest and dividends	(1,508,187)	1,398,084
Changes in other operating assets and liabilities	56,216	449,834
Net Investment purchases	(2,645,343)	(26,001,106)
Interest and dividends received	7,347,999	6,338,790
Interest paid	(1,608,614)	(1,267,356)
Income taxes paid	(3,043,611)	(2,505,488)
Net cash generated from/(used in) operating activities	**861,780**	**(22,147,332)**
Cash Flows from Investing Activities:		
Proceeds from purchase of investment property, net	(141,380)	(95,914)
Purchase of property, plant and equipment, net	-	(130,607)
Purchase of intangible assets, net	(25,320)	(4,421)
Proceeds from sale of subsidiary - X Fund	-	1,590,499
Net cash (used in)/generated from investing activities	**(166,700)**	**1,359,557**
Cash Flows from Financing activities:		
Deposits and securities liabilities	4,228,807	2,067,754
Loan payable	-	(64,410)
Lease repayment	(175,471)	(138,252)
Disposal/(Purchase) of treasury shares, net	5	47,880
Dividends paid to non-controlling interests	(49,000)	-
Net cash generated from financing activities	**4,004,341**	**1,912,972**
Cash and cash equivalents:		
Effect of exchange rate on cash and cash equivalents	(157,300)	(48,382)
Increase/(Decrease) in cash and cash equivalents	4,542,121	(18,923,185)
Cash and cash equivalents at beginning of year	42,942,105	51,884,096
Cash and cash equivalents at end of period	**47,484,226**	**32,960,911**
Comprising:		
Balances with Banks	19,577,693	21,719,084
Short - Term Deposits	13,432,809	2,669,066
USA Government Treasury Bills and Short-Term Bonds	8,373,709	5,213,684
Securities purchased under resale agreements	6,100,015	3,395,672
	47,484,226	**32,960,911**

RESTATEMENT OF EQUITY

(Expressed in thousands of Jamaican dollars)

As at January 1, 2023	As previously reported under IFRS 4 December 31, 2022	IFRS 17 adjustments	IFRS 9 adjustments	Restated under IFRS 17 January 1, 2023
ASSETS:				
Financial investments	427,993,762	(985,278)	6,061,607	433,070,091
Premiums due	4,887,437	(4,887,437)	-	-
Reinsurance contract assets	4,072,339	(2,250,498)	-	1,821,841
Deferred income taxes	4,021,850	-	(110,553)	3,911,297
Due from sales representatives	1,707,088	(1,063,035)	-	644,053
Other assets	76,496,406	-	-	76,496,406
TOTAL ASSETS	**519,178,882**	**(9,186,248)**	**5,951,054**	**515,943,688**
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	(1,277,279)	6,566,648	9,344,498
Retained earnings	100,816,939	(35,529,725)	(615,594)	64,671,620
	113,870,876	(36,807,004)	5,951,054	83,014,926
Non-controlling interests	2,052,493	248,847	-	2,301,340
Total Equity	115,923,369	(36,558,157)	5,951,054	85,316,266
Liabilities				
Insurance contracts liabilities	-	135,956,142	-	135,956,142
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	(1,486,358)	-	168,316
Due to brokers and agents	998,260	(993,781)	-	4,479
Other liabilities	294,120,307	378,178	-	294,498,485
Total Liabilities	403,255,513	27,371,909	-	430,627,422
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	**519,178,882**	**(9,186,248)**	**5,951,054**	**515,943,688**

As at January 1, 2022	As previously reported under IFRS 4 December 31, 2021	IFRS 17 adjustments	IFRS 9 adjustments	Restated under IFRS 17 January 1, 2022
ASSETS:				
Financial investments	429,271,352	(1,007,287)	16,104,063	444,368,128
Premiums due	4,419,045	(4,419,045)	-	-
Reinsurance contract assets	3,689,080	(1,687,933)	-	2,001,147
Deferred income taxes	1,980,237	-	(430,017)	1,550,220
Due from sales representatives	2,263,676	(1,315,138)	-	948,538
Other assets	86,367,314	-	-	86,367,314
TOTAL ASSETS	**527,990,704**	**(8,429,403)**	**15,674,046**	**535,235,347**
STOCKHOLDERS' EQUITY AND LIABILITIES:				
Equity attributable to:				
Stockholders' of the parent company				
Share capital	8,816,093	-	-	8,816,093
Equity reserves	17,163,717	(235,055)	(343,781)	16,584,881
Retained earnings	88,843,812	(44,771,903)	16,017,827	60,089,736
	114,823,622	(45,006,958)	15,674,046	85,490,710
Non-controlling interests	19,956,091	208,636	-	20,164,727
Total Equity	134,779,713	(44,798,322)	15,674,046	105,655,437
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	(689,165)	-	963,988
Due to brokers and agents	1,594,398	(1,051,878)	-	542,520
Other liabilities	278,051,096	230,577	-	278,281,673
Total Liabilities	393,210,991	36,368,919	-	429,579,910
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	**527,990,704**	**(8,429,403)**	**15,674,046**	**535,235,347**

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 shareholder in SGJ is PanJam Investment 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 2022.

3. Accounting estimates and judgements

Certain amounts recorded in these unaudited 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. Interim results are not necessarily indicative of full year results.

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 .

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

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 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.