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,

<table>
<thead>
<tr>
<th>OPERATING RESULTS (INCOME STATEMENT DATA):</th>
<th>Mar 2023 Unaudited</th>
<th>Restated Mar 2022 Unaudited</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit, attributable to Stockholders - J$ billions</td>
<td>2.18</td>
<td>-0.77</td>
<td>383%</td>
</tr>
<tr>
<td>Insurance Service Results - J$ billions</td>
<td>1.28</td>
<td>1.02</td>
<td>25%</td>
</tr>
<tr>
<td>Contractual Service Margin (CSM) - J$ billions</td>
<td>1.23</td>
<td>1.03</td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FINANCIAL POSITION &amp; STRENGTH (BALANCE SHEET DATA):</th>
<th>Mar 2023 Unaudited</th>
<th>Restated Mar 2022 Unaudited</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets of Sagicor Group Jamaica - J$ billions</td>
<td>526.72</td>
<td>528.53</td>
<td>0%</td>
</tr>
<tr>
<td>Total Assets under management - J$ billions</td>
<td>986.62</td>
<td>907.57</td>
<td>8%</td>
</tr>
<tr>
<td>Stockholders’ Equity - J$ billions</td>
<td>83.53</td>
<td>77.27</td>
<td>8%</td>
</tr>
<tr>
<td>Adjusted Stockholders’ Equity (+ CSM) - J$ billions</td>
<td>120.60</td>
<td>109.22</td>
<td>10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROFITABILITY:</th>
<th>Mar 2023 Unaudited</th>
<th>Restated Mar 2022 Unaudited</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on average Stockholders’ Equity (ROE)</td>
<td>10%</td>
<td>-4%</td>
<td>14%</td>
</tr>
<tr>
<td>Earnings per share (EPS) - J$</td>
<td>0.56</td>
<td>-0.02</td>
<td>380%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER MARKET INFORMATION:</th>
<th>Mar 2023 Unaudited</th>
<th>Restated Mar 2022 Unaudited</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGJ Share Price - J$</td>
<td>52.90</td>
<td>57.44</td>
<td>-8%</td>
</tr>
<tr>
<td>Market capitalization - J$ billions</td>
<td>206.61</td>
<td>224.34</td>
<td>-8%</td>
</tr>
</tbody>
</table>
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 persisted 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).

**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 were recorded for Group health and life products along with insurance premium rates. New business sales of $185.18 million was a 114% improvement over the prior year, driven by increased sales to new corporate clients and strong sales in the high-growth markets of Retirement Solutions, Accident & Health, and Personal Health.

**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**

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

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

<table>
<thead>
<tr>
<th>Share Capital</th>
<th>Equity Reserves</th>
<th>Retained Earnings</th>
<th>Shareholders’ Equity</th>
<th>Non-controlling interests</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year-to-date</strong></td>
<td><strong>Unaudited</strong></td>
<td><strong>Year-to-date</strong></td>
<td><strong>Unaudited</strong></td>
<td><strong>Year-to-date</strong></td>
<td><strong>Unaudited</strong></td>
</tr>
<tr>
<td>Period ended December 31, 2022</td>
<td>9,950,806</td>
<td>8,154,488</td>
<td>86,671,320</td>
<td>85,545,838</td>
<td>2,135,380</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>1,142,437</td>
<td>1,142,437</td>
<td>1,142,437</td>
<td>1,142,437</td>
<td>1,142,437</td>
</tr>
<tr>
<td>Transactions with savings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends declared</td>
<td>-</td>
<td>-</td>
<td>(2,812,057)</td>
<td>(2,812,057)</td>
<td>-</td>
</tr>
<tr>
<td>Transfer between owners -</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>From bonus issue reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>To retained earnings</td>
<td>-</td>
<td>-</td>
<td>241,305</td>
<td>241,305</td>
<td>-</td>
</tr>
<tr>
<td>Balances at March 31, 2023</td>
<td>8,098,379</td>
<td>8,154,488</td>
<td>86,912,675</td>
<td>85,787,193</td>
<td>2,135,380</td>
</tr>
<tr>
<td>Period ended December 31, 2021</td>
<td>8,343,689</td>
<td>6,954,885</td>
<td>80,893,736</td>
<td>80,496,726</td>
<td>3,397,010</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>374,400</td>
<td>1,469,853</td>
<td>374,400</td>
<td>1,469,853</td>
<td>374,400</td>
</tr>
<tr>
<td>Transactions with savings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends declared</td>
<td>-</td>
<td>-</td>
<td>(4,148,956)</td>
<td>(4,148,956)</td>
<td>-</td>
</tr>
<tr>
<td>Transfer between owners -</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>From bonus issue reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>To retained earnings</td>
<td>-</td>
<td>-</td>
<td>345,805</td>
<td>345,805</td>
<td>-</td>
</tr>
<tr>
<td>Balances at March 31, 2022</td>
<td>8,718,089</td>
<td>8,424,738</td>
<td>85,042,589</td>
<td>84,944,679</td>
<td>3,397,010</td>
</tr>
</tbody>
</table>

**Other information:**

- **Net profit for the period:** $2,263,320 ($40,090)
- **Other comprehensive income:** Items that may be subsequently reclassified to profit or loss
- **Fair value reserve:** Unrealised gains/(losses) on FVTOCI bonds
- **Share of joint venture unrealised gains/(losses) on FVTOC bonds:**
  - Share of joint venture unrealised gains/(losses) on FVTOC bonds
  - Translation gains/(losses) on FVTOC bonds
  - Provision for expected credit losses on securities designated as FVTOC
  - Expected credit losses recycled to the Profit or Loss Statement on sale and maturity of FVTOC securities

**Items that will not be subsequently reclassified to profit or loss**

- **Owner-occupied properties (OOP):**
  - Unrealised losses on OOP
  - Total other income recognised directly in stockholders’ equity, net of taxes

**Total Comprehensive Income/(Losses)**

- **Net profit for the period:** $2,263,320 ($40,090)
- **Other comprehensive income:** Items that may be subsequently reclassified to profit or loss
- **Fair value reserve:** Unrealised gains/(losses) on FVTOC bonds
- **Share of joint venture unrealised gains/(losses) on FVTOC bonds:**
  - Share of joint venture unrealised gains/(losses) on FVTOC bonds
  - Translation gains/(losses) on FVTOC bonds
  - Provision for expected credit losses on securities designated as FVTOC
  - Expected credit losses recycled to the Profit or Loss Statement on sale and maturity of FVTOC securities

**Items that will not be subsequently reclassified to profit or loss**

- **Owner-occupied properties (OOP):**
  - Unrealised losses on OOP
  - Total other income recognised directly in stockholders’ equity, net of taxes

**Total Comprehensive Income/(Losses)**

- **Net profit for the period:** $2,263,320 ($40,090)
- **Other comprehensive income:** Items that may be subsequently reclassified to profit or loss
- **Fair value reserve:** Unrealised gains/(losses) on FVTOC bonds
- **Share of joint venture unrealised gains/(losses) on FVTOC bonds:**
  - Share of joint venture unrealised gains/(losses) on FVTOC bonds
  - Translation gains/(losses) on FVTOC bonds
  - Provision for expected credit losses on securities designated as FVTOC
  - Expected credit losses recycled to the Profit or Loss Statement on sale and maturity of FVTOC securities

**Items that will not be subsequently reclassified to profit or loss**

- **Owner-occupied properties (OOP):**
  - Unrealised losses on OOP
  - Total other income recognised directly in stockholders’ equity, net of taxes

**Total Comprehensive Income/(Losses)**
## Net Insurance and Investment Results

<table>
<thead>
<tr>
<th>Geographical information:</th>
<th>Jamaica</th>
<th>Cayman Islands</th>
<th>United States of America</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>3,148,483</td>
<td>420,498</td>
<td>3,568,981</td>
<td>520,782</td>
<td>5,240,745</td>
</tr>
</tbody>
</table>

### Segment assets:

- **Stockholders of the parent company**
  - 2,383,155
- **Non-controlling interests**
  - 330,160

- **Total assets**
  - 2,704,317

### Segment liabilities:

- **Total Equity**
  - 2,681,307
- **Unaudited liabilities**
  - 17,163,717

- **Total liabilities**
  - 17,348,024

### Other Segment items:

- **Capital expenditure: Computer software**
  - 2,704,317

### Geographical information:

- **Total assets**
  - 3,148,483

### Net Profit/ (Loss)

- **Net Profit/ (Loss)**
  - 32,993

### Net Insurance and Investment Results

- **Net Insurance and Investment Results**
  - 1,980,237

### Taxation

- **Net Profit**
  - 519,178

### Net Insurance and Investment Results

- **Net insurance and investment expenses**
  - 2,257,666

### Non-controlling interests

- **Non-controlling interests**
  - 8,998,808

### Total stockholders' equity and liabilities

- **Net cash generated from investing activities**
  - 4,004,342

### Cash and cash equivalents

- **Cash and cash equivalents**
  - 1,912,972

### Comprising:

- **Proceeds from sale of subsidiary - X Fund**
  - 1,909,499

### Net cash (used in) investing activities

- **Net cash generated from investing activities**
  - 1,912,972

### Cash and cash equivalents at end of period

- **Cash and cash equivalents at end of period**
  - 47,848,224

### As previously reported

- **As previously reported**
  - 47,848,224

### Under IFRS 17 adjustments

- **Under IFRS 17 adjustments**
  - 47,848,224

### Under IFRS 9 adjustments

- **Under IFRS 9 adjustments**
  - 47,848,224

### Consolidated Statement of Cash Flows

- **Cash Flows from Operating Activities:**
  - **Net Profit**
    - 2,263,320

### Adjustments for:

- **Items not affecting cash and changes to policyholders’ funds:**
  - **Adjustments for non-cash items, interest and dividends paid**
    - 1,372,457

### Changes in other operating assets and liabilities:

- **Net investment purchases**
  - 2,643,345

### Net insurance and investment expenses:

- **Net insurance and investment expenses**
  - 2,257,666

### Net cash flows from investing activities:

- **Proceeds from purchase of investment property, net**
  - 1,413,860

### Net cash flows from financing activities:

- **Net cash flows from financing activities**
  - 4,542,121

### Cash and cash equivalents at beginning of year:

- **Cash and cash equivalents at beginning of year**
  - 47,848,224

### As previously reported

- **As previously reported**
  - 47,848,224

### Under IFRS 17 adjustments

- **Under IFRS 17 adjustments**
  - 47,848,224

### Under IFRS 9 adjustments

- **Under IFRS 9 adjustments**
  - 47,848,224

### Restatement of Equity

- **Restatement of Equity**
  - 47,848,224

### As previously reported

- **As previously reported**
  - 47,848,224

### Under IFRS 17 adjustments

- **Under IFRS 17 adjustments**
  - 47,848,224

### Under IFRS 9 adjustments

- **Under IFRS 9 adjustments**
  - 47,848,224

### Equity interests:

- **Equity interests**
  - 35,616,373

### Non-controlling interests

- **Non-controlling interests**
  - 18,958,638

### Retained earnings

- **Retained earnings**
  - 66,486,996

### Total stockholders' equity and liabilities

- **Total stockholders' equity and liabilities**
  - 2,704,317

### As previously reported

- **As previously reported**
  - 2,704,317

### Under IFRS 17 adjustments

- **Under IFRS 17 adjustments**
  - 2,704,317

### Under IFRS 9 adjustments

- **Under IFRS 9 adjustments**
  - 2,704,317

### Total stockholders' equity and liabilities

- **Total stockholders' equity and liabilities**
  - 2,704,317

### As previously reported

- **As previously reported**
  - 2,704,317

### Under IFRS 17 adjustments

- **Under IFRS 17 adjustments**
  - 2,704,317

### Under IFRS 9 adjustments

- **Under IFRS 9 adjustments**
  - 2,704,317

### Total stockholders' equity and liabilities

- **Total stockholders' equity and liabilities**
  - 2,704,317
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 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 amortized 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 “Other” 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 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.