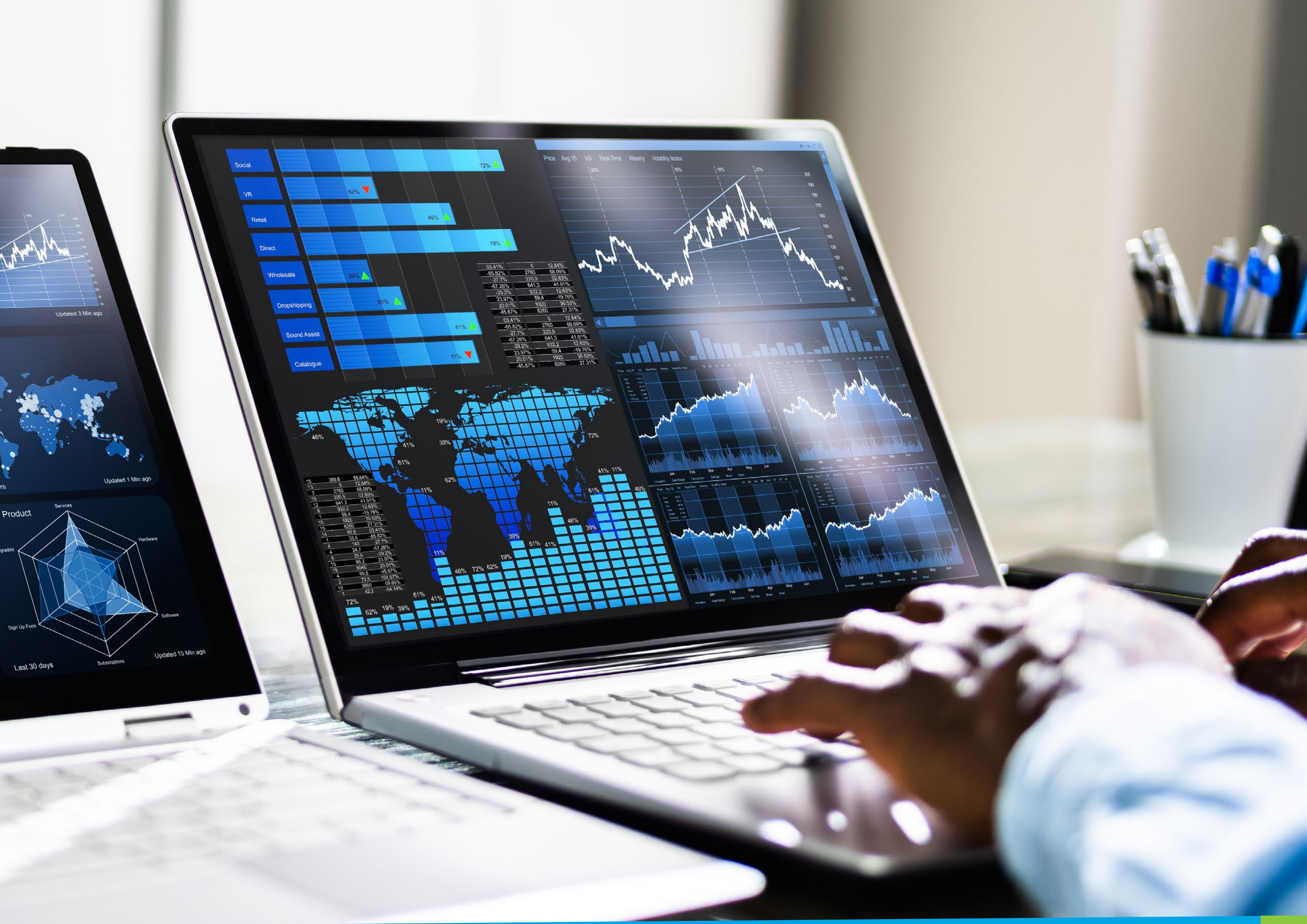

2023
AUDITED FINANCIAL STATEMENTS

Sagicor Investments

www.sagicor.com

Sagicor Investments Jamaica Limited

Financial Statements
31 December 2023

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Independent auditor’s report

To the Members of Sagicor Investments Jamaica Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sagicor Investments Jamaica Limited (the Company) as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

The Company’s financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
12 March 2024

Sagicor Investments Jamaica Limited

Income Statement

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Net Interest Income and Other Revenue			
Interest income earned from financial assets measured at amortised cost and FVOCI		5,913,242	5,413,308
Other interest income		3,337	8,715
Total interest income	5	5,916,579	5,422,023
Interest expense	6	(4,421,525)	(3,274,376)
Net interest income		1,495,054	2,147,647
Fees and commission income	7	1,791,672	1,831,866
Net trading income	8	9,895	168,242
		1,801,567	2,000,108
		3,296,621	4,147,755
Operating Expenses			
Team member costs	9	886,483	999,746
Credit impairment (gains)/losses	10	(62,841)	2,132
Depreciation and amortisation		80,114	74,731
Asset tax and levies		214,847	242,547
Other expenses	11	1,952,760	1,546,575
		3,071,363	2,865,731
Profit before Taxation		225,258	1,282,024
Taxation	12	(17,573)	(358,797)
Net Profit		207,685	923,227

The accompanying notes on pages 8 – 77 form an integral part of these financial statements.

Sagicor Investments Jamaica Limited

Statement of Comprehensive Income

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	2023 $'000	2022 $'000
Net profit for the year		
Other comprehensive income -	207,685	923,227
Item that will not be reclassified to profit or loss		
Re-measurements of post-employment benefits	(7,635)	63,325
Items that will be reclassified to profit or loss	(7,635)	63,325
Financial assets at FVOCI -		
Net gain/(loss) on investments in debt instruments measured at FVOCI	2,137,784	(5,759,544)
Provision for ECL	(58,062)	(25,449)
Net (gain)/loss on financial assets measured at FVOCI reclassified to profit or loss on disposal	(442,409)	92,349
	1,637,313	(5,692,644)
Total other comprehensive income, net of taxes	1,629,678	(5,629,319)
Total Comprehensive Income	1,837,363	(4,706,092)

The accompanying notes on pages 8 – 77 form an integral part of these financial statements.

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

	Note	2023 $'000	2022 $'000
ASSETS			
Cash and balances due from other financial institutions	13	741,009	1,959,218
Financial assets at fair value through profit or loss	14	1,792,072	2,412,523
Securities purchased under agreements to resell	15	820,539	484,770
Investment securities	16	6,800,458	3,825,089
Debt securities at amortised cost	16	306,908	144,636
Pledged assets	17	91,134,259	85,496,790
Derivative financial instruments	18	-	2,378
Due from related companies	19	95,789	138,935
Investment in Subsidiary	20	7	7
Intangible assets	21	181,403	204,297
Property, plant and equipment	22	170,847	195,031
Post- employment benefit assets	23	111,243	64,304
Deferred income tax assets		1,335,043	1,977,370
Taxation recoverable		717,371	827,558
Other assets	24	2,181,214	2,105,819
		106,388,162	99,838,725
LIABILITIES			
Deposits and securities liabilities	25	89,298,285	84,864,492
Derivative financial instruments	18	-	2,378
Due to related companies	19	43,768	5,231
Post-employment benefit obligations	23	170,954	118,034
Other liabilities	27	2,013,387	1,649,675
		91,526,394	86,639,810
STOCKHOLDERS' EQUITY			
Share capital	28	3,195,565	3,195,565
Fair value reserve	30	(3,289,021)	(4,926,334)
Retained earnings		14,955,224	14,929,684
TOTAL EQUITY		14,861,768	13,198,915
TOTAL EQUITY AND LIABILITIES		106,388,162	99,838,725

Approved for issue by the Board of Directors on February 21, 2024 and signed on its behalf by:

Bruce James	Chairman	Christopher Zacca	Director

The accompanying notes on pages 8 – 77 form an integral part of these financial statements.

Sagicor Investments Jamaica Limited

Statement of Changes in Equity

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Not -	Share Capital $'000	Equity Reserves Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 31 December 2021		3,195,565	766,310	15,743,621	19,705,496
Net profit		-	-	923,227	923,227
Net losses recycled to revenue on disposal and maturity of FVOCI securities		-	92,349	-	92,349
Expected credit loss		-	(25,449)	-	(25,449)
IAS 19	29	-	-	63,325	63,325
Net unrealized lossess on FVOCI securities		-	(5,759,544)	-	(5,759,544)
Total comprehensive income for 2022		-	(5,692,644)	986,552	(4,706,092)
Shares to fulfil stock options	29	-	-	(489)	(489)
Transaction with owners -					
Dividends	31	-	-	(1,800,000)	(1,800,000)
Balance at 31 December 2022		3,195,565	(4,926,334)	14,929,684	13,198,915
Net profit		-	-	207,685	207,685
Net gains recycled to revenue on disposal and maturity of FVOCI securities		-	(442,409)	-	(442,409)
Expected credit loss		-	-	(7,635)	(7,635)
IAS 19		-	(58,062)	-	(58,062)
Net unrealized gains on FVOCI securities		-	2,137,784	-	2,137,784
Total comprehensive income for 2023		3,195,565	1,637,313	200,050	1,837,363
Employee share option scheme		-	-	490	490
Transaction with owners -					
Dividends	31	-	-	(175,000)	(175,000)
Balance at 31 December 2023			(3,289,021)	14,955,224	14,861,768

The accompanying notes on pages 8 – 77 form an integral part of these financial statements.

Sagicor Investments Jamaica Limited

Statement of Cash Flows

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Cash Flows from Operating Activities			
Net profit		207,685	923,227
Adjustments for:			
Interest income		(5,916,577)	(5,422,023)
Interest expense		4,421,554	3,274,376
Dividend income		(13,733)	(68,444)
Income tax charge		17,5734	358,797
Fair value losses on financial assets at fair value through profit and loss		578,529	(59,569)
Impairment charges		(86,754)	(37,816)
Amortisation of intangible assets		24,374	24,897
Depreciation of property, plant and equipment		55,739	49,833
Loss on Sale of Computer Equipment		9	0
Changes in post-employment benefits		34,963	62,769
Stock options expense		(2,287)	18,418
Share grant expense		18,947	17,743
		(660,007)	(857,792)
Changes in operating assets and liabilities -			
Financial assets at fair value through profit or loss		55,655	88,867
Securities purchased under agreements to resell		(8,727)	-
Investment securities		647,322	(804,129)
Pledged assets		(5,637,469)	8,397,722
Securities sold under agreements to repurchase		7,903,627	(326,212)
Structured products		(656,103)	(12,218)
Customer accounts		(959,066)	1,083,187
Other assets		(114,435)	1,328,389
Other liabilities		346,024	(1,428,115)
		916,821	7,469,699
Interest received		5,613,2702	5,252,250
Interest paid		(4,236,392)	(2,990,941)
Tax paid		(79,776)	(1,336,091)
Net cash provided by operating activities		2,213,923	8,394,917

The accompanying notes on pages 8 – 77 form an integral part of these financial statements.

Sagicor Investments Jamaica Limited

Statement of Cash Flows (Continued)

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $’000	2022 $’000
Cash Flows from Operating Activities (from Page 5)		2,213,923	8,394,917
Cash Flows from Investing Activities			
Purchase of intangible assets	21	(1,481)	(6,492)
Purchase of property, plant and equipment	22	(31,563)	(91,955)
Net cash used in investing activities		(33,044)	(98,447)
Cash Flows from Financing Activities			
Due to parent company and fellow subsidiaries		81,683	(110,260)
Borrowings from banks and other financial institutions – long term		2,310,033	7,657,740
Repayment of amounts due to banks and other financial institutions – long term		(2,310,033)	(7,657,740)
Dividends paid	31	(175,000)	(1,800,000)
Net cash used in financing activities		(93,317)	(1,910,260)
Effect of exchange rate changes on cash and cash equivalents		27,552	(38,995)
Net increase in cash and cash equivalents		2,115,114	6,347,215
Cash and cash equivalents at beginning of year		3,075,009	(3,272,207)
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	5,190,123	3,075,008

The accompanying notes on pages 8 – 77 form an integral part of these financial statements.

1. Identification, Regulation and License

(a) Sagicor Investments Jamaica Limited (SIJL, the “Company”) is incorporated and domiciled in Jamaica. The principal activities of the Company are the provision of investment, fund and unit trust management services and development banking. The Company is a licensed securities dealer and has primary dealer status from the Bank of Jamaica (BOJ) and is also a member of the Jamaica Stock Exchange. The registered office of the Company is located at 85 Hope Road, Kingston 6.

(b) The Company is a wholly owned subsidiary of Sagicor Group Jamaica Limited (SGJ), which is incorporated and domiciled in Jamaica. Sagicor Group Jamaica Limited (the parent) is listed on the Jamaica Stock Exchange. It is 32.45% (2022 – 32.45%) owned by LOJ Holdings Limited which is also incorporated and domiciled in Jamaica. Sagicor Life Inc, which is incorporated in Barbados, directly holds a 16.66% interest in SGJ. The ultimate parent Company is Sagicor Financial Corporation Limited (SFC), which is incorporated and domiciled in Bermuda. LOJ Holdings Limited and Sagicor Life Inc are both wholly owned by SFC, hence SFC has an overall interest of 49.11% (2022 – 49.11%) in SGJ. The other significant shareholder in SGJ is PanJam Investment Limited with a 30.22% (2022 – 30.22%) holding.

(c) On 19th July 2019, Phoenix Equity Holding Limited (Phoenix) was incorporated in Barbados as wholly owned subsidiary of SIJL. On 30th September 2019, SIJL through its subsidiary, Phoenix, acquired a 60% stake in Advantage General Insurance Company Limited (AGI).

(d) These financial statements contain information about Sagicor Investments Jamaica Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption under IFRS 10 – ‘Consolidated financial statements’ from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statement of its parent, Sagicor Group Jamaica Limited. Sagicor Group Jamaica Limited is incorporated in Jamaica, and its financial statements are publicly available.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with IFRS® Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS® Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC® Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC® Interpretations).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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

Narrow scope amendments to IAS 1, Presentation of financial statements', Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendment aims to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. There was no impact to the Company on adoption of this amendment.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction, (effective for annual periods beginning on or after 1 January 2023). In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. There was no impact on the Company from the adoption of the amendment on its financial statements.

Standards, interpretations and amendments to published standards not yet effective and have not been early adopted by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Company has not early adopted. The Company has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities, (effective for annual periods beginning on or after 1 January 2024). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The Company is currently assessing the impact of future adoption of the new amendment on its financial statements.

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

2. Significant Accounting Policies (Continued)

(b) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is the Company's presentation currency.

(ii) Transactions and balances
Foreign currency transactions or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. These rates represent the weighted average rates at which the Company trades in foreign currency.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments.

All foreign exchange gains and losses recognised in the income statement are presented net in the income statement within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income ("FVOCI") are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as fair value through other comprehensive income ("FVOCI") financial assets, are included in the fair value reserve in other comprehensive income.

2. Significant Accounting Policies (Continued)

(c) Revenue and income recognition

Interest income and expenses
Interest income and expense are recognised in the income statement for all interest-bearing instruments using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets have been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fee and commission income
Fees and commission income are recognised on an accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

Net trading income
Net trading income includes all gains and losses from changes in fair value and related income or expense and dividends for financial assets and liabilities for instruments held for trading. Net trading income also includes foreign exchange on translated assets and liabilities and net gains and loss on investment securities.

Dividend
Dividends are received from financial assets measured at fair value through other comprehensive income (FVOCI). Dividend income is recognised when the right to receive payment is established.

2. Significant Accounting Policies (Continued)

(d) Current and deferred income tax

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

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

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

(e) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and non-restricted balances with BOJ, balances due from other banks, investment securities, reverse repurchase agreements, repurchase agreements with financial institutions and short term amounts due to banks and other financial institutions.

(f) Sale and repurchase agreements

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

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

2. Significant Accounting Policies (Continued)

(g) Financial assets – Policies under IFRS 9

(i) Classification of financial assets

IFRS 9 introduces a principles-based approach to the classification of financial assets. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”) or amortized cost based on the nature of the cash flows of these assets and the Company’s business model. These categories replace the existing IAS 39 classification of FVTPL, available for sale, loans and receivables and held-to-maturity. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to profit or loss.

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

Financial assets measured at amortized cost

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs.

Financial assets measured at fair value through other comprehensive income

Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. These comprise primarily debt securities.

Financial assets measured at fair value through profit and loss

Financial instruments, other than those held for trading, are classified in this category if they meet one or more of the criteria set out below and are so designated irrevocably at inception:

- the use of the designation removes or significantly reduces an accounting mismatch;
- when a group of financial assets and liabilities or a group of financial liabilities is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Held for trading securities are acquired principally for the purpose of selling in the short-term or if they form part of a portfolio of financial assets in which there is evidence of short-term profit taking. Assets held for trading are measured at fair value through profit and loss.

2. Significant Accounting Policies (Continued)

(g) Financial assets – Policies under IFRS 9 (continued)

(i) Classification of financial assets (continued)

Business model assessment

Business models are determined at the level which best reflects how the Company manages portfolios of assets to achieve business objectives. Judgement is used in determining business models, which is supported by relevant, objective evidence including:

- The nature of liabilities, if any, funding a portfolio of assets;
- The nature of the market of the assets in the country of origination of a portfolio of assets;
- How the Company intends to generate profits from holding a portfolio of assets;
- The historical and future expectations of asset sales within a portfolio.

Solely repayments of principle and interest (“SPPI”)

Where the business model is hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments’ cash flows represent solely payments of principle and interest. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets is classified and measured at FVTPL.

(ii) Embedded derivatives

The Company may hold debt securities and preferred equity securities which may contain embedded derivatives. The embedded derivative of a financial asset is classified in the same manner as the host contract.

(iii) Impairment of financial assets measured at amortized cost and FVTOCI

IFRS 9 introduces an impairment model that requires the recognition of expected credit losses (“ECL”) on financial assets measured at amortised cost and FVOCI and off-balance sheet loan commitments and financial guarantees which were previously provided for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) (’12-month ECL’).

2. Significant Accounting Policies (Continued)

(g) Financial assets – Policies under IFRS 9 (continued)

(iv) Impairment of financial assets measured at amortized cost and FVTOCI (continued)

In the event of a significant increase in credit risk (SICR) an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit-impaired are in 'stage 3'. Purchased or originated credit-impaired financial assets ("POCI") are treated differently as set out below.

To determine whether the life-time credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that is available including information from the past and forward-looking information. Factors such as whether payments of principal and interest are in default, an adverse change in credit rating of the borrower and adverse changes in the borrower's industry and economic environment are considered in determining whether there has been a significant increase in the credit risk of the borrower.

(v) Purchased or originated credit-impaired assets

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are POCI. This population includes the recognition of a new financial instrument following a renegotiation where concessions have been granted for economic or contractual reasons relating to the borrower's financial difficulty that otherwise would not have been considered. The amount of change-in-lifetime ECL is recognised in profit or loss until the POCI is derecognised, even if the lifetime ECL is less than the amount of ECL included in the estimated cash flows on initial recognition.

(vi) Definition of default

The Company determines that a financial instrument is credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for 90 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

(vii) Write-off

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

2. Significant Accounting Policies (Continued)

(g) Financial assets – Policies under IFRS 9 (continued)

(viii) The general approach to recognising and measuring ECL

The measurement of ECL reflects:

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

Measurement

Expected credit losses are calculated by multiplying three main components, being the probability of default (“PD”), loss given default (“LGD”) and the exposure at default (“EAD”), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to contract and other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the life-time ECL on initial recognition (i.e. Stage 3). For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience but given that IFRS 9 requirements have only just been applied, there has been little time available to make these comparisons. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling and for the incorporation of ‘downside scenarios’ which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, in particular to changes in economic and credit conditions across a large number of geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD. Stage 3 estimates will continue to leverage existing processes for estimating losses on impaired loans, however, these processes will be updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. An expected credit loss estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating expected credit losses.

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2. Significant Accounting Policies (Continued)

(g) Financial assets – Policies under IFRS 9 (continued)

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

Measurement (continued)
The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

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

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

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

Each macroeconomic scenario used in the expected credit loss calculation will have forecasts of the relevant macroeconomic variables – including, but not limited to, unemployment rates and gross domestic product, for a three-year period, subsequently reverting to long-run averages. Our estimation of expected credit losses in Stage 1 and Stage 2 will be a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Our base case scenario will be based on macroeconomic forecasts where available. Upside and downside scenarios will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios will occur on at least an annual basis and more frequently if conditions warrant. Scenarios will be probability-weighted according to our best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights will be updated on a quarterly basis.

The weightings assigned to each economic scenario as at December 31, 2022 and December 31, 2023 were as follows.

	December 31, 2023			December 31, 2022		
	Base	**Upside**	**Downside**	**Base**	**Upside**	**Downside**
Investment portfolios	80%	10%	10%	**80%**	**10%**	**10%**

2. Significant Accounting Policies (Continued)

(g) Financial assets – Policies under IFRS 9 (continued)

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

Measurement (continued)
Financial assets measured at amortized cost and FVTOCI, recognize impairment gains and losses in the statement of profit and loss. Unrealised gains and losses arising from changes in fair value on FVTOCI assets are measured in other comprehensive income. When the asset is sold, the cumulative gain or loss is reclassified to investment income. Interest income, dividend income and gains and losses arising from changes in fair value are included in investment income.

(ix) Interest income and interest earned on assets measured at fair value through profit and loss

Interest income is earned based on the effective interest rate based on the carrying amount before allowances. Interest earned on assets measured at fair value through profit and loss is recognised based on the effective interest rate. For assets that are credit-impaired when purchased or originated, the carrying amount after allowances for ECL is the basis for applying the effective interest rate.

(h) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(ii) Computer software
Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and that will probable generate economic benefits exceeding the cost beyond one year, are recognised as intangible assets.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as capital improvement and added to the original cost of the software. Computer software costs are amortised using the straight-line method over their useful lives.

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

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2. Significant Accounting Policies (Continued)

(h) Intangible assets (continued)

(iv) Trademarks and licences

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

(i) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Estimated useful lives are as follows:

Leasehold improvements	10 years
Furniture and equipment	7-10 years
Motor vehicles	5 years
Computer equipment	2 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount. These are included in other expenses in the income statement.

Repairs and renewals are charged to the income statement when the expenditure is incurred.

(j) Impairment of long-lived assets

Long-lived assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2. Significant Accounting Policies (Continued)

(k) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are companied at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(l) Employee benefits

Employee benefits comprise all forms of consideration given by an enterprise in exchange for service rendered by employees.

These include current or short-term benefits such as salaries, NIS contributions paid, annual vacation and sick leave, and post-employments benefits, such as pensions and other long-term employee benefits, such as long service benefits.

Pension obligations
The Company participates in two retirement plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the Company, considering the recommendations of qualified actuaries. The Company has a defined benefit and a defined contribution plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

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

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

Past-service costs are recognised immediately in the income statement (team member costs).

For the defined contribution plan, the Company pays contributions to privately administered pension insurance plans on a contractual basis. The Company has no further payment obligations once the contributions have been paid. The contributions are charged to the income statement in the period to which they relate

2. Significant Accounting Policies (Continued)

(l) Employee benefits (continued)

Other post-retirement obligations
The Company provides post-employment health care benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Annual leave
Employee entitlements to annual leave are recognized when they accrue to employees. A provision is the yearend date.

Productivity bonus plan
The Company recognises a liability and an expense for productivity bonuses as profit-sharing, paid to employees based on a formula that takes into consideration the profit attributable to the Company's stockholders. The Company recognises a provision where contractually obliged or where past practice has created a constructive obligation.

Share-based payments
The Company operates a cash-settled share scheme. The equity-settled scheme was cancelled in 2013 and replaced with options in another Group entity (Note 29).

Share options
The Company participates in a Group share based arrangement plan, in which, its executives are awarded stock options over the shares of its immediate parent, Sagicor Group Jamaica Limited (SGJ) whose shares are listed on the Jamaica Stock Exchange. The stock option plan is a group plan, which is:

- The plan is designed and implemented by SGJ;
- All terms and conditions of the plan are set by and can only be changed by SGJ;
- The valuation of the options is done by SGJ;
- SGJ has the obligation to settle all share-based payment transactions;
- All calculation and awards of options are done by SGJ and;
- All options are on SGJ's shares.

Share-based payments
SGJ's shares are held in a Trust that is controlled and consolidated by SGJ for the stock option plan. The fair value of the options is done by the SGJ using the Black-Scholes model and amortise over the vesting period of the options, that is, four years, which is consistent with the stock option plan. At the group level, the share-based payments transactions are accounted as equity-settled award as the Group is obligated to settle the liability with its own shares. The transaction is treated at the subsidiaries' level also as equity-settled as SGJ awards its own shares to the subsidiaries' executives and request a cash recharge to the subsidiaries for the shares that its acquire in the open market. In substance, this transaction is a funding arrangement between SGJ and its subsidiaries. As SGJ awards stock options over its own equity to the executives of its subsidiaries (equity-settled share-based payment), the subsidiaries booked the debit to their income statement; and the credit to equity, as a capital contribution over the vesting period of the share-based plan.

2. Significant Accounting Policies (Continued)

(l) Employee benefits (continued)

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to over the remaining vesting period. The proceeds received net of any directly attributable transaction costs, plus the fair value of the options is credited to share capital when the options are exercised, and shares issued.

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

For cash-settled share awards, the services received from employees are measured at fair value and recognised in the income statement as an expense over the vesting period with recognition of a corresponding liability. The fair value of the liability is re-measured at each reporting date and at the date of settlement, with changes in fair value recognised in the income statement.

Share grants
The market value of the shares issued at grant date is recognised as an expense when granted.

Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. Significant Accounting Policies (Continued)

(m) Provisions

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

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

(n) Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

(o) Customer deposits and other accounts

Customer deposits and other accounts are recognised initially at the nominal amount when funds are received. They are subsequently stated at amortised cost using the effective interest method.

(p) Share capital, reserves and transfers

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

(ii) Dividends on ordinary shares are recognised in stockholders' equity in the period in which they are approved by the Company's stockholders.

(q) Financial instruments

Financial instruments carried on the statement of financial position include cash resources, trading securities, securities purchased under agreements to resell, investment securities, loans, lease receivables, other assets excluding property, plant and equipment, deposits by customers and all other liabilities.

The fair values of the Company's financial instruments are discussed in Note 32.

2. Significant Accounting Policies (Continued)

(r) Financial liabilities

(i) Classification of financial liabilities

Financial liabilities are measured at initial recognition at fair value and are classified as and subsequently measured either at amortised cost, or at fair value through income (FVTPL). Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The financial liabilities described under the unit linked fair value model (see section (a) above) are classified and measured at FVTPL as the Company is obligated to provide investment returns to the unit holder in direct proportion to the investment returns on a specific portfolio of assets, which are also carried at FVTPL. All other financial liabilities are carried at amortised cost. It is noted that the financial liabilities measured at FVTPL do not have a cumulative own credit adjustment gain or loss.

(ii) Re-classified balances

The Company reclassifies debt instruments when and only where its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

(s) Fiduciary activities

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

(t) Offsetting of financial instruments

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

Most of the offsetting applied by the Company relates to repurchase and reserve repurchase agreements.

3. Financial Risk Management

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Company's risk management framework. The Board has established working groups for managing and monitoring risks, as follows:

(i) Risk Management Committee

The Risk Management Committee is responsible for the development of credit and investment policies and standards that conform to applicable law, regulations and corporate policies; approving credit proposal requests; reviewing and approving exceptions to core credit and investment policies that may represent unusual risk; and ensuring that aggregate credit risk exposure are within the Company's risk taking capacity. All credit facilities require the approval of at least 2 members of this Committee. This Committee is also responsible for formulating and monitoring investment portfolios and investment strategies for the Company. In addition, this Committee is responsible for approval and monitoring of appropriate trading limits, reports and compliance controls to ensure that the mandate is properly followed. The Committee's decisions receive final ratification at Board Meetings.

(ii) Audit and Compliance Committee

The Audit and Compliance Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit and Compliance Committee is assisted in its oversight role by the Internal Audit Department and the Risk Management and Compliance Unit. Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Compliance Committee. The Risk Management and Compliance Unit ensures adherence to internal policies and procedures, and regulatory rules and guidelines.

(iii) The Treasury Division

The Treasury Division is responsible for managing the Company's financial assets and liabilities and the overall financial structure. It is also primarily responsible for managing and maintaining appropriate funding and liquidity of the Company.

The most important types of risks faced by the Company are credit risk, market risk and operational risk. Market risk includes currency risk, interest rate and other price risk.

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3. Financial Risk Management (Continued)

(a) Credit risk

Refer to Note 15 (a) and 16 (a) for tables showing movement in credit risk exposure and loss allowance of financial investments subject to impairment

The most significant period-end assumptions used for the ECL were as follows:

Economic variable assumptions for exposure in corporate securities

		As at December 31, 2023			As at December 31, 2022		
		2023	2024	2025	2023	2023	2024
S&P 500 Financial	Base	$47.06	$51.64	$51.64	$39.66	$47.06	$51.64
	Upside	$75.56	$82.91	$82.91	$63.68	$75.56	$82.91
	Downside	$30.74	$33.73	$33.73	$25.90	$30.74	$33.73
World GDP	Base	3.20%	3.40%	3.40%	2.7%	3.2%	3.4%
	Upside	4.80%	5.10%	5.10%	4.1%	4.8%	5.1%
	Downside	2.30%	2.40%	2.40%	1.9%	2.3%	2.4%
WTI Oil Prices/10	Base	$7.25	$6.86	$6.86	$7.73	$7.25	$6.86
	Upside	$9.35	$9.35	$9.35	$9.35	$9.35	$9.35
	Downside	$2.95	$2.79	$2.79	$3.14	$2.95	$2.79

Sagicor's lending operations in Jamaica have limited readily available information regarding economic forecasts. Management has examined the information within the market and selected economic drivers that have the best correlation to the portfolio's performance. Economic state is assigned to reflect the driver's impact on ECL.

Outlook for lending at December 2023

	2023		2022	
Jamaica	**Expected state for the next**		**Expected state for the**	
Interest rate	Base	Stable	Base	Stable
	Upside	Positive	Upside	Positive
	Downside	Negative	Downside	Stable
Unemployment rate	Base	Stable	Base	Stable
	Upside	Positive	Upside	Stable
	Downside	Negative	Downside	Negative

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowances (continued)

Sensitivity analysis at December 2023

SICR and IAS 1 critical estimated disclosure

SICR criteria *	Actual threshold applied	Change in threshold	ECL impact of Change in threshold
Investments	2-notch downgrade since origination	1-notch downgrade since origination	12,113

* See note 3.1 for full criteria for staging. The staging for lending products are primarily based on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

Loss Given Default	Actual value applied	Change in value	ECL impact of Increase in value	ECL impact of Decrease in value
Investments - Corporate Debts	52%	(- /+ 5) %	2,296	(2,296)
Investments - Sovereign Debts (excluding Government of Barbados and Government of Jamaica)	35%	(- /+ 5) %	4,853	(4,853)
Investments - Sovereign Debts (Government of Barbados excluding BAICO)	36%	(- /+ 5) %		
Investments - Sovereign Debts (Government of Jamaica)	15%	(- /+ 5) %	8,170	(8,170)

Weighting for downside scenario	Actual value applied	Change in value	ECL impact of Increase in value	ECL impact of Decrease in value
Investments - excluding Government of Barbados	10% (80% for base scenario and 10% for downside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for **upside** scenario accordingly	2,798	(2,798)

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowances (continued)

Sensitivity analysis at December 2022

SICR and IAS 1 critical estimated disclosure

SICR criteria *	Actual threshold applied	Change in threshold	ECL impact of Change in threshold
Investments	2-notch downgrade since origination	1-notch downgrade since origination	8,714

* See note 3.1 for full criteria for staging. The staging for lending products are primarily based on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

Loss Given Default	Actual value applied	Change in value	ECL impact of Increase in value	ECL impact of Decrease in value
Investments - Corporate Debts	52%	(- /+ 5) %	3,650	(3,650)
Investments - Sovereign Debts (excluding Government of Barbados and Government of Jamaica)	35%	(- /+ 5) %	5,926	(5,926)
Investments - Sovereign Debts (Government of Barbados excluding BAICO)	36%	(- /+ 5) %		
Investments - Sovereign Debts (Government of Jamaica)	15%	(- /+ 5) %	29,797	(29,797)

Weighting for downside scenario	Actual value applied	Change in value	ECL impact of Increase in value	ECL impact of Decrease in value
Investments - - excluding Government of Barbados	10% (80% for base scenario and 10% for downside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	5,836	(5,836)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit review process

The Company has established a credit quality review process involving regular analysis of the ability of counterparties to meet interest and capital repayment obligations.

Investments

The Company limits its exposure to credit risk by investing in marketable securities, with counterparties that have acceptable credit quality and Government of Jamaica securities. As a result of the Central Securities Depository (CSD), all domestic Government of Jamaica securities have been dematerialised which has significantly reduced the settlement risk. The credit exposure is managed by establishing exposure limits after an internal analysis and approval. Actual exposures against limits are monitored frequently. It is also the Company's policy to obtain control or take possession of securities purchased under agreements to resell. Management assesses the market value of the underlying securities that collaterise the transactions and takes the appropriate margins required. Management actively seeks to transact with counterparties that demonstrate an ability to meet its obligations.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are established regarding the acceptability of specific types of collateral.

The main types of collateral obtained are as follows:

Securities lending and reverse repurchase transactions – cash or Government of Jamaica securities.

The Company also seeks to obtain guarantees from parent companies for loans to their subsidiaries and personal guarantees for loans to private companies.

Management monitors the market value of collateral held and may request additional collateral in accordance with the underlying agreement.

Impairment

The main considerations for the impairment assessment include whether any payments of principal or interest are overdue by more than 90 days or there are any known difficulties in the cash flows of counterparties, credit rating downgrades or infringement of the original terms of the contract.

Individually assessed allowances are provided for financial assets based on a review conducted at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis and are applied to all accounts. The assessment normally encompasses collateral held and the anticipated receipts for that individual account.

Commitments and guarantees

To meet the financial needs of customers, the Company enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Company.

Sagicor Investments Jamaica Limited

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements

	Maximum exposure	
	2023	**2022**
	$'000	**$'000**
Credit risk exposures relating to assets on the statement of financial position are as follows:		
Cash and bank balances due from other financial institutions (excluding cash on hand)	741,009	1,959,218
Financial assets at fair value through profit or loss	1,792,072	2,412,523
Securities purchased under agreements to resell	820,539	484,770
Investment securities	6,800,458	3,825,089
Debt securities at mortised cost	306,908	144,636
Derivative financial instruments	-	2,378
Pledged assets	91,134,259	85,496,790
Due from related parties	95,789	138,935
Other assets	2,181,214	2,105,819
	103,872,248	96,570,158

The above table represents a worst-case scenario of credit risk exposure to the Company at 31 December 2023 and 2022, without taking account of any collateral held or other credit enhancements.

The exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Refer to Note 16 (a) for table summarizing the Company's credit exposure for investments at their carrying amounts, as categorised by issuer.

3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. It is a combination of Funding Liquidity Risk, the risk that Sagicor Investments will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs, and Market Liquidity Risk, the risk that the Company cannot easily sell an asset quickly enough to avoid losing money or to make enough profit because of inadequate market depth or market disruption. The liquidity risk, for Sagicor Investments, is multidimensional and encompasses not only losing the capacity to adequately honour its obligations to clients and creditors, but also the capability to cover additional funding requirements for the investment portfolio.

The Company is exposed to daily calls on its cash resources from early encashments and maturing client and creditor funds. The Company does not maintain cash resources to meet these needs as experience shows that a minimum level of investment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds and marketable securities available to meet such calls.

Liquidity risk management process

The Company's liquidity management process, as carried out within the Company and monitored by the Risk Management Division, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required;
(ii) Maintaining assets than can readily be liquidated (T-Bills, BoJ CDs and secured secondary market repos) as protection against any unforeseen interruption to cash flow;
(iii) Maintaining stand-by credit lines;
(iv) Optimising cash returns on investment;
(v) Short-term liabilities are segmented and analysed to monitor and reduce concentrations.
(vi) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and
(vii) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Company. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of loss.
The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Company and its exposure to changes in interest rates and exchange rates.

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Liquidity risk management process (continued)

Certain investment portfolios within the Company contain securities which can only be disposed of over a period of time. In such instances, the Company generally maintains higher levels of short-term instruments to compensate for the relative illiquidity of the aforementioned securities.

The disclosures provided in this note are based on the Company’s and the Company's investment portfolio as at 31 December 2023 and 2022.

	2023					
	Within 1 Month	**2 to 3 Months**	**4 to 12 Months**	**2 to 5 Years**	**Over 5 Years**	**Total**
	$’000	**$’000**	**$’000**	**$’000**	**$’000**	**$’000**
As at 31 December 2023						
Financial Assets						
Cash and balances due from other financial institutions	741,009	-	-	-	-	741,009
Securities purchased under agreements to resell securities	820,504	-	-	-	-	820,504
Investment securities	24,084	52,889	937,105	2,467,489	5,594,077	9,075,644
Pledged assets	7,941,606	1,098,299	12,951,909	44,700,786	71,151,040	137,843,640
Related party and Other	3,174,940	1,335,043	-	307,737	155,754	4,973,474
Financial assets (contractual maturity dates)	12,702,143	2,486,231	13,889,014	47,476,012	76,900,871	153,454,271
Financial Liabilities						
Securities sold under agreements to repurchase	54,703,844	22,082,744	10,614,348	-	-	87,400,936
Customer accounts	239,687	-	-	-	-	239,687
Due to banks and other financial institutions	72,809	-	-	-	-	72,809
Notes payable	-	37,493	2,253,777	-	-	2,291,270
Related Party and Other	2,057,156	-	-	-	-	2,057,156
Financial liabilities (contractual maturity dates)	57,073,496	22,120,237	12,868,125	-	-	92,061,858
Net Liquidity Gap	(44,371,353)	(19,634,006)	1,020,889	47,476,012	76,900,871	61,392,413
Cumulative Liquidity Gap	(44,371,353)	(64,005,359)	(62,984,470)	(15,508,458)	61,392,413	-

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

The tables below reflect the expected maturities of the Company's discounted financial and non-financial assets and liabilities at the year-end date. (continued)

	2022					
	Within 1 Month	**2 to 3 Months**	**4 to 12 Months**	**2 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
As at 31 December 2022						
Financial Assets						
Cash and balances due from other financial institutions	1,959,218	-	-	-	-	1,959,218
Securities purchased under agreements to resell securities	476,549	-	-	-	-	476,549
Investment securities	1,193,541	3,140,059	1,992,675	17,828,561	29,937,607	54,092,443
Pledged assets	1,469,476	353,325	10,250,251	21,400,777	60,978,152	94,451,981
Derivative financial instruments	-	-	2,378	-	-	2,378
Related Party and Other	3,072,313	1,977,370	-	346,818	116,813	5,513,314
Financial assets (contractual maturity dates)	8,171,097	5,470,754	12,245,304	39,576,156	91,032,572	156,495,883
Financial Liabilities						
Securities sold under agreements to repurchase	49,145,213	9,552,249	22,622,048	-	-	81,319,510
Customer accounts	1,198,753	-	-	-	-	1,198,753
Due to banks and other financial institutions	60,295	-	-	-	-	60,295
Structured products	-	-	659,764	-	-	659,764
Derivative financial instruments	-	-	2,378	-	-	2,378
Notes payable	-	37,493	110,463	2,290,866	-	2,438,822
Related Party and Other	1,649,675	-	-	-	-	1,649,675
Financial liabilities (contractual maturity dates)	52,053,936	9,589,742	23,394,653	2,290,866	-	87,329,197
Net Liquidity Gap	(43,882,839)	(4,118,988)	(11,149,349)	37,285,290	91,032,572	69,166,686
Cumulative Liquidity Gap	(43,882,839)	(48,001,827)	(59,151,176)	(21,865,886)	69,166,686	-

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Notes to the Financial Statements
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3. Financial Risk Management (Continued)

(c) Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rate, credit spreads, foreign exchange rates and equity prices. Market risk is monitored and reviewed by the Risk Management Department and periodically by the Risk Management Committee. The Company monitors economic reports and local and international market conditions on an ongoing basis. Key market risk strategies include active monitoring of ~~the~~ changes in market risk factors like interest rates, foreign currency rates and equity prices, portfolio sensitivity analysis, implementing trading and position limits and liability management.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

(i) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Company takes on open position in a currency. To control this exchange risk the Risk Management Committee has approved limits for net open position in each currency for both intra-day and overnight position. This limit may vary from time to time as determined by Risk Management Unit assessment of the volatility in exchange rates and with the approval of the Risk Management Committee.

The Company also has transactional currency exposure. This exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Company ensures that its net exposure is kept at approved levels.

Concentrations of currency risk
The Company is most sensitive to currency risk in its operating currencies which float against the United States dollar.

The following tables summarise the exposure of the Company to foreign currency exchange rate risk. Included in the tables are the Company's assets and liabilities at carrying amounts categorised by currency.

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3. Financial Risk Management (Continued)

(c) Market risk

(i) Currency risk (continued)

	Jamaican$ J$'000	US$ J$'000	GBP J$'000	CA$ J$'000	EURO J$'000	Total J$'000
At 31 December 2023:						
Assets						
Cash and balances due from other financial institutions	424,242	261,918	44,321	8,888	1,640	741,009
Financial assets at fair value through profit or loss	1,792,072	-	-	-	-	1,792,072
Securities purchased under agreements to resell	820,539	-	-	-	-	820,539
Investment securities	6,069,871	726,117	4,470	-	-	6,800,458
Debt securities, amortised cost	306,908	-	-	-	-	306,908
Pledged assets	43,794,753	46,883,465	456,041	-	-	91,134,259
Investment in Subsidiary	7	-	-	-	-	7
Related Party and Other	2,650,724	2,134,853	6,642	4	689	4,792,912
Total assets	55,859,116	50,006,353	511,474	8,892	2,329	106,388,162
Liabilities and Stockholders' Equity						
Securities sold under agreements to repurchase	40,793,485	45,579,897	413,861	-	-	86,787,243
Customer accounts	43,569	196,020	-	-	98	239,687
Due to banks and other financial institutions	-	-	-	-	-	-
Structured products	72,808	-	-	-	-	72,808
Notes payable	2,198,545	-	-	-	-	2,198,545
Related Party and Other	763,722	1,432,572	31,778		41	2,228,113
Stockholders' equity	14,861,768	-	-	-	-	14,861,768
Total liabilities and stockholders' equity	58,733,897	47,208,489	445,639	-	139	106,388,164
Net statement of financial position	(2,874,781)	2,797,864	65,835	8,892	2,190	-
Credit commitments	-	-	-	-	-	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk (continued)

	Jamaican$	US$	GBP	CA$	EURO	Total
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
At 31 December 2022:						
Assets						
Cash and balances due from other financial institutions	821,007	958,328	171,050	7,346	1,487	1,959,218
Financial assets at fair value through profit or loss	2,374,095	38,428	-	-	-	2,412,523
Securities purchased under agreements to resell	409,121	75,649	-	-	-	484,770
Investment securities	2,818,464	1,005,150	1,475	-	-	3,825,089
Debt securities, amortised cost	144,636	-	-	-	-	144,636
Derivative financial products	-	2,378	-	-	-	2,378
Pledged assets	40,862,632	44,339,189	294,969	-	-	85,496,790
Investment in Subsidiary	7	-	-	-	-	7
Related Party and Other	2,999,309	2,503,722	9,643	1	639	5,513,314
Total assets	50,429,271	48,922,844	477,137	7,347	2,126	99,838,725
Liabilities and Stockholders' Equity						
Securities sold under agreements to repurchase	37,134,861	43,214,825	400,909	-	-	80,750,595
Customer accounts	152,369	1,046,293	-	-	91	1,198,753
Due to banks and other financial institutions	60,295	-	-	-	-	60,295
Structured products	-	656,305	-	-	-	656,305
Derivative financial products	-	2,378	-	-	-	2,378
Notes payable	2,198,545	-	-	-	-	2,198,545
Related Party and Other	881,826	861,734	29,365	-	15	1,772,940
Stockholders' equity	13,198,914	-	-	-	-	13,198,914
Total liabilities and stockholders' equity	53,626,810	45,781,535	430,274	-	106	99,838,725
Net statement of financial position	(3,197,539)	3,141,309	46,863	7,347	2,020	-
Credit commitments	-	-	-	-	-	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents Management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end based on a change in foreign currency rates as noted below. The sensitivity analysis on pre-tax profit is based on foreign currency denominated monetary items at the year end. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis.

	Change in Currency Rate 2023 %	Effect on Pre-tax Profit 2023 $'000	Change in Currency Rate 2022 %	Effect on Pre-tax Profit 2022 $'000
Currency				
USD	+4	111,915	+4	126,665
EUR	+4	2,633	+4	1,875
GBP	+4	88	+4	81
CDN	+4	356	+4	294
USD	-1	(27,979)	-1	(31,666)
EUR	-1	(658)	-1	(469)
GBP	-1	(22)	-1	(20)
CDN	-1	(89)	-1	(73)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company's interest rate risk resides primarily in its Jamaican dollar liability portfolio. Accordingly, the Company manages interest rate risk by holding a high proportion of variable rate Jamaican dollar securities linked to Treasury bill yields. The interest rate risk policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. Macaulay and Effective Duration analysis is also conducted on the financial assets of the Company to determine the impact of changes in interest rates. Macaulay duration is the weighted average term to maturity of a bond's cash flows, while Effective duration is the change in the value of the portfolio in response to a change in interest rates. The Duration Gap is also assessed. This is the difference between the Macaulay duration of assets and the duration of liabilities. It measures how well the average timings of cash inflows are matched to cash outflows.

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The following tables summarise the Company's exposure to interest rate risk. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Within 1 Month	2 to 3 Months	4 to 12 Months	2 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2023:							
Assets:							
Cash and balances due from other financial institutions	741,009	-	-	-	-	-	741,009
Financial assets at fair value through profit or loss	-	-	-	-	-	1,792,072	1,792,072
Investment securities	-	-	166,291	1,120,351	4,168,147	1,345,669	6,800,458
Debt securities, amortised	-	-	-	-	-	306,908	306,908
Pledged assets	6,558,620	462,804	9,443,130	28,362,237	46,307,468	-	91,134,259
Securities purchased under agreements to	820,000	-	-	-	-	539	820,539
Loan receivable	-	-	-	-	-	7	7
Related Party and Other	-	-	-	-	-	4,792,910	4,792,910
Total assets	8,119,629	462,804	9,609,421	29,482,588	50,475,615	8,238,105	106,388,162
Liabilities							
Securities sold under agreements to repurchase	51,605,940	13,222,329	21,217,613	-	-	741,362	86,787,244
Customer accounts	-	-	-	-	-	239,687	239,687
Due to banks and other financial institutions	72,809	-	-	-	-	-	72,809
Notes payable	-	-	2,180,000	-	-	18,545	2,198,545
Related Party and Other	-	-	-	-	-	2,228,109	2,228,109
Total liabilities	51,678,749	13,222,329	23,397,613	-	-	3,227,703	91,526,394
Total interest repricing	(43,559,120)	(12,759,525)	(13,788,192)	29,482,588	50,475,615	5,010,402	14,861,768
Cumulative repricing	(43,559,120)	(56,318,645)	(70,106,837)	(40,624,249)	9,851,366	14,861,768	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	Within 1 Month	2 to 3 Months	4 to 12 Months	2 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2022:							
Assets:							
Cash and balances due from other financial institutions	1,959,218	-	-	-	-	-	1,959,218
Financial assets at fair value through profit	-	-	-	-	-	2,412,523	2,412,523
Investment securities	574,440	91,364	584,030	124,993	1,073,046	1,377,216	3,825,089
Debt securities, amortised cost	-	-	-	-	-	144,636	144,636
Pledged assets	1,319,613	2,778,767	7,462,042	21,132,864	52,803,504	-	85,496,790
Securities purchased under agreements to resell	475,504	-	-	-	-	9,266	484,770
Derivative financial instruments	-	-	-	-	-	2,378	2,378
Related Party and Other	-	-	-	-	-	5,513,314	5,513,314
Total assets	4,328,775	2,870,131	8,046,072	21,257,857	53,876,550	9,459,333	99,838,718
Liabilities							
Securities sold under agreements to repurchase	48,858,200	9,397,337	21,939,028	-	-	556,029	80,750,594
Customer accounts	-	-	-	-	-	1,198,753	1,198,753
Structured products	-	-	656,103	-	-	202	656,305
Derivative financial instruments	-	-	-	-	-	2,378	2,378
Due to banks and other financial institutions	60,295	-	-	-	-	-	60,295
Notes payable	-	-	-	2,180,000	-	18,545	2,198,545
Related Party and Other	-	-	-	-	-	1,772,940	1,772,940
Total liabilities	48,918,495	9,397,337	22,595,131	2,180,000	-	3,548,847	86,639,810
Total interest repricing gap	(44,589,720)	(6,527,206)	(14,549,059)	19,077,857	53,876,557	5,910,486	13,198,908
Cumulative repricing	(44,589,720)	(51,116,926)	(65,665,985)	(46,588,128)	7,288,429	13,198,915	-

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The tables below summarise the effective interest rate by major currencies for financial instruments of the Company.

	J $	US $	CAN $	GBP £	EURO €
	%	%	%	%	%
			2023		
Assets:					
Cash and balances due from other financial institutions	1.89	-	0.01	-	-
Securities purchased under agreements to resell	8.00	-	-	-	-
Investment securities – debt securities	4.91	6.59	-	2.50	-
Liabilities:					
Securities sold under agreements to repurchase	6.81	4.53	-	0.49	-
			2022		
Assets:					
Cash and balances due from other financial institutions	0.55	-	0.01	0.01	-
Securities purchased under agreements to resell	10.15	3.50	-	-	-
Investment securities – debt securities	5.06	6.18	-	2.25	-
Liabilities:					
Securities sold under agreements to repurchase	6.61	2.77	-	0.37	-
	-	1.25	-	-	-

Interest rate sensitivity

The following tables indicate the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Company's income statement and stockholders' equity.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on pre-tax profit or loss based on floating rate debt securities and financial liabilities and revaluing fixed rate debt securities held-for-trading. The sensitivity of stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on market risk. It should be noted that movements in these variables are non-linear and are assessed individually.

	The Company			
	2023		2022	
	Effect on Pre-tax Profit $'000	Effect on Other components of Equity $'000	Effect on Pre-tax Profit $'000	Effect on Other components of Equity $'000
Change in basis points				
J$ -25 US$ -25 (2022: J$ -50, US$ -50)	202,774	1,126,989	431,872	2,250,460
J$ +25, US$ +25 (2022: J$ +100, US$ +100)	(204,002)	(1,184,738)	(868,431)	(4,160,300)

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3. Financial Risk Management (Continued)

(d) Capital Management

The Company is required to maintain adequate quantity and quality of capital to support its current and prospective risk exposures and meet regulatory requirements. The Company's capital is critical to its going concern and is therefore the cornerstone of its solvency. The quantity and quality of capital must be sound to absorb unexpected Company losses.

The Company's objectives when managing its capital are:

(i) To comply with the capital requirements set by the Regulators of the financial market in Jamaica.
(ii) To provide adequate returns to shareholders commensurate with the level of risk undertaken and adequate benefits to staff and other stakeholders.
(iii) To safeguard the Company's ability to meet its obligations to depositors, note-holders, and other stakeholders.
(iv) To safeguard the Company's ability to continue as a solvent going concern.

Capital adequacy and capital management ratios are monitored monthly and reported to the Financial Services Commission. Capital is managed based on prudent best practices and employing techniques and guidelines developed by the Financial Services Commission (FSC) and the Bank's Board Risk Management Committee.

The Financial Services Commission requires the Company to, at least:

(i) Hold the minimum level of capital.
(ii) Maintain the minimum ratio of capital base to risk-weighted assets

Section 3.2 of the Guidelines for Interim Capital Standards, 2004, defines capital base as the aggregate of all of Tier 1 and Tier 2 capital less prescribed deductions. As such the Company's capital base comprises:

(i) Tier 1 capital: Paid-up share capital, retained earnings and reserves created by appropriations of retained earnings; and
(ii) Tier 2 capital qualifying: Subordinated loan capital and collective impairment allowances.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

During 2023 and 2022, the Company complied with all of their externally imposed capital requirements to which it is subject.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

In the process of applying the Company's accounting policies, Management has made the following significant judgements:

Consolidation of Sagicor Sigma Global Funds

The Company is the Fund Manager for Sagicor Sigma Global Funds. In assessing whether to consolidate the Sagicor Sigma Funds, Management evaluates a range of factors, including:

- Scope of the Fund Manager's decision-making authority;
- Rights held by other parties;
- Exposure or rights to variable returns from the Fund Manager involvement with the investee; and
- The ability to use its power to affect the amount of return.

Management consider that the Company does not have control of Sagicor Sigma Global Funds. Although the Company contractual terms provide the Company with power over Sagicor Sigma Global Funds, the overall exposure of the Company to the variability of returns of Sagicor Sigma Global Funds is not sufficient to conclude that the Company has control. Therefore, the Sagicor Sigma Global Funds is not consolidated in these financial statements.

Consolidation of Sagicor Select Funds

Sagicor Select Funds Limited (the Company) was incorporated on the 11th of January 2019 as a public company. The principal activity of the Company is the operation of listed equity funds that track various indexes established by the Jamaica Stock Exchange. Each fund is close-ended and is represented by a separate class of share in the Company. The assets of the Company are specifically owned and segregated for each share class. The Company has five (5) classes of shares with 'Class A" being the "Management Share" and is issued to Sagicor Investments Jamaica Limited (SIJL), the investment manager of the funds. The other shares of the Company represent four (4) segregated classes being the "Class B", "Class C", "Class D" and "Class E" shares. During 2019 the Class B and C shares were issued to the general public as the Financial Select Fund and the Manufacturing and Distribution Fund.

These are ETFs managed by the Company, but which have independent directors. Determining whether the Company has control over the Funds requires judgement. This would include a consideration of whether the Company has power over the Funds as the investment manager and an assessment of the exposure to variability arising from the aggregate economic interests of the Company in the Funds as well as whether the group has the ability to use its power to affect the amount of its return.

The Financial Select Fund and Manufacturing and Distribution Fund tracks the JSE's Financial Index and Manufacturing and Distribution Index, which is weighted by the market capitalization of the stocks that comprise these indices. The Funds may be distinguished from some of the "typical" ETFs in that the typical ETFs tend to be actively managed and have many functionaries employed such as: an Administrator, Custodian, Sub-Custodian and a Distributor. The Funds have no such features. These funds simply track the respective JSE indices and therefore the Company cannot use its power to affect the amount of the return as its management fees earned are based on the performance of the respective stock exchange indices.

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4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

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

Consolidation of Sagicor Select Funds (continued)

SIJL as manager having the decision-making rights is only in the capacity of an agent as it is acting on behalf of the shareholders of the Funds of which it is not one and it is acting within investment parameters set by a Board of Directors through approval of the regulator. While it is subject to variability of returns its fees as a % of the returns is minimal and as such does not meet the threshold of control. Therefore, the Sagicor Select Funds have not been consolidated in these financial statements.

(b) Key sources of estimation uncertainty

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

(i) Income taxes

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

(ii) Impairment of financial assets

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

- Establishing staging for debt securities and deposits

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

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Impairment of financial assets

- Establishing staging for debt securities and deposits (continued)

  The Company uses its internal credit rating model to determine which of the three stages an asset is to be categorized for the purposes of ECL.

  Once the asset has experienced a significant increase in credit risk the investment will move from Stage 1 to Stage 2. Sagicor has assumed that the credit risk of a financial instruments has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade or Sagicor risk rating of 1-3 is considered low credit risk.

  Stage 1 investments are rated (i) investment grade, or (ii) below investment grade and have not been downgraded more than 2 notches since origination. Stage 2 investments are assets which (i) have been downgraded from investment grade to below investment grade, or (ii) are rated below investment grade and have been downgraded more than 2 notches since origination. Stage 3 investments are assets in default.

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

  days past due criteria is a backstop rather than a primary driver of moving exposures into stage 2 Exposures are considered to have resulted in a significant increase in credit risk and are moved to stage 2 when:

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

  Backstop Criteria
  Accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into stage 3.

- Forward looking information

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

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4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(c) Key sources of estimation uncertainty (continued)

(iii) Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Company exercises judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Company may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily discounted cash flows. The models used to determine fair values are periodically reviewed by experienced personnel. The models used for debt securities are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, and credit and market risk factors.

The company owns a 4.5% shareholding in Cornerstone Financial Holding Limited (CFHL), a company registered in Barbados. There was a rights issue done by Cornerstone United Holdings Limited (CUHL), a company registered in Jamaica, in which the company did not participate. Subsequent to the CUHL rights issue, CFHL issued shares to those shareholders who participated in the CUHL rights issue thus diluting the company's shareholding to 3.46%. CFHL has had a second rights issue further diluting the company's shareholding to 2.77%. The company is contesting the rights issues in CFHL on the basis of their legality and has therefore valued its shareholding at 4.5% in these financial statements as at December 31, 2023. Should the courts rule against the company then the value of its holding will need to be written down by US$4.88 million. See also Note 37.

(iv) Estimated impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2 (l). The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 26). No impairment charge on the CGUs arose during the course of the 2023 year. If the budgeted gross margin used in the value-in-use calculation for the CGUs had been 10% lower than Management's estimates at 31 December 2023, the Company would still not have recorded any impairment charge. If the estimated cost of capital used in determining the pre-tax discount rate for the CGUs had been 1% higher than Management's estimates, the Company would also not have recognised any impairment against goodwill.

(v) Pension and post-retirement benefits

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

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5. Interest Income

	2023		
	Amortized cost assets	FVOCI assets	Total
	$'000	$'000	$'000
Interest income -			
Debt securities	177,511	5,587,635	5,765,146
Securities purchased for re-sale	148,096	-	148,096
	325,607	5,587,635	5,913,242
Interest income from FVTPL investments			
Other operating income			3,337
			5,916,579

	2022		
	Amortized cost assets	FVOCI assets	Total
	$'000	$'000	$'000
Interest income -			
Debt securities	143,457	5,096,452	5,239,909
Securities purchased for re-sale	173,399	-	173,399
	316,856	5,096,452	5,413,308
Interest income from FVTPL investments			
Other operating income			8,715
			5,422,023

6. Interest Expense

	2023	2022
	$'000	$'000
Customer deposits, repurchase liabilities and other accounts	4,420,754	3,269,590
Due to banks and other financial institutions	771	4,786
	4,421,525	3,274,376

7. Fees and Commission Income

	2023	2022
	$'000	$'000
Asset management fees	1,505,483	1,473,411
Corporate finance fees	159,208	143,135
Stock brokerage fees	88,598	169,523
Trust fees	-	1,907
Treasury fees	10,166	14,868
Other	28,217	29,022
	1,791,672	1,831,866

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8. Net Trading Income

	2023 $'000	2022 $'000
Net gains /(loss) on de-recognition of financial assets measures at	466,321	(52,401)
Equities trading (loss)/gains and dividends	(563,390)	140,693
Foreign exchange trading and translation gains	56,108	50,101
Financial assets held for trading	50,856	29,849
	9,895	168,242

9. Team Member Costs

	2023 $'000	2022 $'000
Wages and salaries	686,321	712,089
Statutory contributions	75,199	98,379
Other team member benefits	74,295	90,675
Pension costs – Defined contribution scheme (Note 23)	15,280	34,877
Other post-employment benefits (Note 23)	19,683	27,075
Stock options	(2,777)	18,908
Share grant expense	18,482	17,743
	886,483	999,746

The number of persons employed at the end of the year:

	2023 No.	2022 No.
Full-time	121	128
Part-time	2	5
	123	133

10. Credit Impairment (Gains)/Losses

	2023 $'000	2022 $'000
Investments	(62,841)	2,132

11. Other Expenses

	2023 $'000	2022 $'000
Technology and communication	1,392,133	1,001,611
Legal and professional fees	53,929	65,112
Services outsourced	92,312	98,387
Promotion and advertising	141,325	116,410
Commissions and fees	97,765	91,731
Printing and stationery	6,176	8,011
Audit fees	35,465	24,446
Bank charges	10,082	8,387
Insurance	20,142	52,646
Other expenses	103,431	79,834
	1,952,760	1,546,575

12. Taxation

(a) Income tax is computed on the profit for the years adjusted for tax purposes. The charge for taxation comprises income tax at 33⅓%:

	2023 $'000	2022 $'000
Current tax	181,583	307,351
Prior year under provision	8,502	5,030
Deferred tax (Note 26)	(172,512)	46,416
	17,573	358,797

(b) The tax on profit differs from the theoretical amount that would arise using the statutory rate of 33⅓% as follows:

	2023 $'000	2022 $'000
Profit before taxation	225,258	1,282,024
Tax calculated at 33⅓%	75,085	427,341
Adjusted for the effects of:		
Income not subject to tax	(147,931)	(158,688)
Asset tax not deductible for taxation purposes	71,616	80,849
Prior year under provision	8,502	5,030
Net effect of other charges and allowances	10,301	4,265
	17,573	358,797

(c) The deferred tax credited, relating to components of other comprehensive income, are as follows:

	2023 $'000	2022 $'000
Arising on gains recognised in other comprehensive income – FVOCI	(2,463,168)	383,154
Re-measurements of post-employment benefits	3,818	(31,662)
	(2,459,350)	351,492
Reclassifications from other comprehensive income to income statement - FVOCI	1,644,511	2,463,167
	(814,839)	2,814,659

13. Cash and Cash Equivalents

	2023 $'000	2022 $'000
Cash and balances due from other financial institutions	741,009	1,959,218
Securities purchased under agreements to resell (Note 15)	820,539	484,770
Short term deposit	5,782,555	4,824,797
Repurchase agreements with financial institutions	(2,081,171)	(4,133,482)
Short term loan (Note 25 (i))	(72,809)	(60,295)
	5,190,123	3,075,008

13. Cash and Cash Equivalents (Continued)

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2023 $'000	2022 $'000
Cash and cash equivalents	5,190,123	3,075,008
Liquid investments (i)	1,792,072	2,412,523
Borrowings – repayable after one year	(2,198,545)	(2,198,545)
Net debt	4,783,650	3.288,986
Cash and liquid investments	6,982,195	5,487,531
Gross debt – fixed interest rates	(2,198,545)	(2,198,545)
Net debt	4,783,650	3,288,986

	Other assets		Liabilities from financing activities		
	Cash/ bank overdraft $'000	Liquid investments (i) $'000	Borrowings due within 1 year $'000	Borrowings due after 1 year $'000	Total $'000
Net debt as at 1 January 2022	(3,272,208)	2,373,377	-	(2,198,545)	(3,097,376)
Cash flows	6,386,211	37,899	-	-	6,424,110
Foreign exchange adjustments	(38,995)	(971)	-	-	(39,966)
Other non-cash movements	-	2,218	-	-	2,218
Net debt as at 31 December 2022	3,075,008	2,412,523	-	(2,198,545)	3,288,986
Cash flows	2,087,563	42,472	-	-	2,130,035
Foreign exchange adjustments	27,552	574	-	-	28,126
Other non-cash movements	-	(663,497)	-	-	(663,497)
Net debt as at 31 December 2023	5,190,123	1,792,072	-	(2,198,545)	4,783,650

Liquid investments comprise current investments that are traded in an active market, being the Company's financial assets held at fair value through profit or loss.

14. Financial Assets at Fair Value through Profit or Loss

	2023 $'000	2022 $'000
Financial assets held for trading -		
Equity securities -		
Unquoted at fair value	1,720,817	2,247,357
Quoted	71,255	165,166
	1,792,072	2,412,523

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15. Securities Purchased Under Agreements to Resell

	2023 $'000	2022 $'000
Principal	820,000	475,504
Interest receivable	539	9,266
	820,539	484,770

The Company entered into reverse repurchase agreements collateralised by Government of Jamaica securities. These agreements may result in credit exposure if the counterparty to the transaction is unable to fulfil its contractual obligation.

As at 31 December 2023 the Company held $861,000,000 (2022 - $400,548,772) of securities, representing International Corporate Bonds and cash, as collateral for reverse repurchase agreements.

	2023 $'000	2022 $'000
Securities purchased under agreement to resell with an original maturity of less than 90 days (Note 13)	820,539	484,770

(a) Credit risk

Credit risk exposure- financial investments subject to impairment

The following tables contain analyses of the credit risk exposure of financial investments for which an ECL allowance is recognized. The gross carrying amounts of investments below represent the Company's maximum exposure to credit risk on these assets.

	ECL Staging				December 31, 2023
Securities purchased for resale – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment carrying amount	820,539	-	-	-	820,539

	ECL Staging				December 31, 2022
Securities purchased for resale – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment carrying amount	484,770	-	-	-	484,770

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15. Securities Purchased Under Agreements to Resell (Continued)

The Company did not have any securities purchased for resale at amortised cost with credit grade of investment, watch, default or unrated for this year or prior year.

IFRS 9 carrying values

The following tables explain the changes in the carrying value between the beginning and the end of the period due to these factors. The gross carrying amounts of investments below represent the Company's maximum exposure to credit risk on these assets.

	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
SECURITIES PURCHASED FOR RESALE - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2023	484,770	-	-	-	484,770
Net new financial assets originated or purchased	335,987	-	-	-	335,987
Foreign exchange adjustment	(218)	-	-	-	(218)
Gross carrying amount as at December 31, 2023	820,539	-	-	-	820,539

	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
SECURITIES PURCHASED FOR RESALE - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2022	4,027,494	-	-	-	4,027,494
Net new financial assets originated or purchased	(3,521,921)	-	-	-	(3,521,921)
Foreign exchange adjustment	(20,803)	-	-	-	(20,803)
Gross carrying amount as at December 31, 2022	484,770	-	-	-	484,770

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16. Investment Securities

	2023 $'000	**2022 $'000**
Financial assets at FVOCI -		
Debt securities -		
Government of Jamaica	56,627,903	54,982,063
Corporate bonds	17,982,460	16,247,929
Bank of Jamaica Fixed Rate Indexed Bond	1,576,070	-
Other sovereign debt	5,522,558	9,516,267
	81,708,991	80,746,259
Less: Pledged assets (Note 17)	(76,254,202)	(78,297,965)
	5,454,789	2,448,294
Interest receivable	1,345,669	1,376,795
	6,800,458	3,825,089
Debt securities at amortized cost		
Bank of Jamaica Certificates of Deposit	10,218,921	2,157,688
Promissory notes	4,661,136	5,041,137
Less: Pledged assets (Note 17)	(14,880,057)	(7,198,825)
	-	-
Less: Impairment charges	(761)	(421)
Interest receivable	307,669	145,057
	306,908	144,636

Promissory notes are due from the Company's immediate parent, Sagicor Group Jamaica Limited and resulted from the reorganization of the Company, see Note 1 (b) for further details. The promissory notes are unsecured had matured for November 3, 2023 and was rolled over for January 3, 2025 and has a coupon rate of 2% per annum.

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16. Investment Securities (Continued)

(a) Credit risk

Credit risk exposure- financial investments subject to impairment

The following tables contain analyses of the credit risk exposure of financial investments for which an ECL allowance is recognized. The gross carrying amounts of investments below represent the Company's maximum exposure to credit risk on these assets.

	ECL Staging				December 31, 2023
Debt securities – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	4,703,109	-	-	-	4,703,109
Non-investment	10,248,544	-	-	-	10,248,544
Loss allowance	(761)	-	-	-	(761)
000Carrying amount	14,950,892	-	-	-	14,950,892

The Company did not have any debt securities at amortised cost investments with credit grade of investment, watch, default or unrated for this year.

	ECL Staging				December 31, 2022
Debt securities – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	7,329,626	-	-	-	7,329,626
Loss allowance	(421)	-	-	-	(421)
Carrying amount	7,329,205	-	-	-	7,329,205

The Company did not have any debt securities at amortised cost investments with credit grade of investment, default or unrated for the prior year.

			ECL Staging		December 31, 2023
Debt securities – FVOCI	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	16,245,081	-	-	-	16,245,081
Non-investment	69,752,301	981,268	-	168,659	70,902,228
Gross carrying amount	85,997,382	981,268	-	168,659	87,147,309
Loss allowance	(44,107)	(37,947)	-	-	(82,054)
Carrying amount	85,953,275	943,321	-	168,659	87,065,255

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16. Investment Securities (Continued)

(a) Credit risk (continued)

Credit risk exposure- financial investments subject to impairment (continued)

The Company did not have any securities purchased for resale at amortised cost with credit grade of investment, default or unrated for the prior year.

	ECL Staging				December 31, 2022
Debt securities – FVOCI	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	20,374,559	-	-	-	20,374,559
Non-investment	67,472,384	1,454,975	-	165,095	69,092,454
Gross carrying amount	87,846,943	1,454,975	-	165,095	89,467,013
Loss allowance	(117,991)	(51,156)	-	-	(169,147)
Carrying amount	87,728,952	1,403,819	-	165,095	89,297,866

The Company did not have any debt securities at FVOCI investments with credit grade of watch, default or unrated for the prior year.

For financial investments measured at FVTPL under the unit-linked funds fair value model, the unit holders bear the credit risk and the Company has no direct credit exposure.

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

	Maximum exposure to credit risk	
	2023 $000	**2022 $000**
Financial assets designated at fair value: Debt securities (Note 17)	-	-

Loss allowances

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

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

The following tables contain an analysis of the credit risk exposure of financial investments for which an ECL allowance is recognised. The gross carrying amount of financial assets below represents the Company's maximum exposure to credit risk on these assets.

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16. Investment Securities (Continued)

(a) Credit risk (continued)

Loss allowances (continued)

	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES - FVOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 1, 2023	117,991	51,156	-	-	169,147
Transfer from Stage 2 to Stage 1	8,234	(8,234)	-	-	-
New financial assets originated or purchased	5,379	-	-	-	5,379
Financial assets fully derecognised during the period	(9,537)	(2,212)	-	-	(11,749)
Changes to inputs used in ECL calculation	(79,137)	(3,820)	-	-	(82,957)
Foreign exchange adjustment	1,177	1,057	-	-	2,234
Loss Allowance as at December 31, 2023	44,107	37,947	-	-	82,054

	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES - FVOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 1, 2022	140,181	67,075	-	-	207,256
Transfer from Stage 1 to Stage 2	(2,663)	2,663	-	-	-
New financial assets originated or purchased	11,695	-	-	-	11,695
Financial assets fully derecognised during the period	(15,907)	(19,244)	-	-	(35,151)
Changes to inputs used in ECL calculation	(14,124)	1,566	-	-	(12,558)
Foreign exchange adjustment	(1,191)	(905)	-	-	(2,096)
Loss Allowance as at December 31, 2022	117,991	51,155	-	-	169,146

The Company did not have any debt securities at FVOCI investments loss allowance transfers between stages in the prior year.

	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 1, 2023	421	-	-	-	421
New financial assets originated or purchased	237	-	-	-	237
Financial assets fully derecognised during the period	(70)	-	-	-	(70)
Changes to inputs used in ECL calculation	173	-	-	-	173
Loss Allowance as at December 31, 2023	761	-	-	-	761

The Company did not have any debt securities at amortised cost investments loss allowance transfers between stages during the year.

	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 1, 2022	260	-	-	-	260
	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-
Financial assets fully derecognised during the period	(21)	-	-	-	(21)
Loss Allowance as at December 31, 2022	182	-	-	-	182
	421	-	-	-	421

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16. Investment Securities (Continued)

(a) Credit risk (continued)

IFRS 9 carrying values

The Company did not have any debt securities at amortised cost investments loss allowance transfers between stages in the prior year.

The following tables explain the changes in the carrying value between the beginning and the end of the period due to these factors. The gross carrying amounts of investments below represent the Company's maximum exposure to credit risk on these assets.

	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
DEBT SECURITIES – FVOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 1, 2023	87,846,943	1,454,975	-	165,095	89,467,013
Transfer: From Stage 2 to Stage 1	257,165	(257,165)	-	-	-
New financial assets originated or purchased	10,300,200	-	-	-	10,300,200
Financial assets fully derecognised during the period	(12,659,872)	(237,362)	-	-	(12,897,234)
Changes in principle and interest	(718,410)	(5,465)	-	-	(723,875)
Foreign exchange adjustment	971,356	26,285	-	3,564	1,001,205
Gross carrying amount as at December 31, 2023	85,997,382	981,268	-	168,659	87,147,309

	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
DEBT SECURITIES - FVOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 1, 2022	91,969,692	1,502,134	-	168,278	93,640,104
Transfer: From Stage 1 to Stage 2	(341,590)	341,590	-	-	-
New financial assets originated or purchased	11,615,836		-	-	11,615,836
Financial assets fully derecognised during the period	(15,699,540)	(363,033)	-	-	(16,062,573)
Changes in principal and interest	1,174,370	(4,167)	-	-	1,170,202
Foreign exchange adjustment	(877,697)	(21,549)	-	(3,183)	(902,429)
Gross carrying amount as at December 31, 2022	87,846,943	1,454,975	-	165,095	89,467,013

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16. Investment Securities (Continued)

(a) Credit risk (continued)

IFRS 9 carrying values (continued)

	ECL staging				
	Stage 1 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Purchased** credit-impaired	**Total**
DEBT SECURITIES - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 1, 2023	7,329,626	-	-	-	7,329,626
New financial assets originated or purchased	10,200,488	-	-	-	10,200,488
Financial assets fully derecognised during the period	(1,223,601)	-	-	-	(1,223,601)
Changes in principle and interest	(1,354,860)	-	-	-	(1,354,860)
Gross carrying amount as at December 31, 2023	14,951,653	-	-	-	14,951,653

The Company did not have any debt securities at amortised cost investments transfers between stages during the year.

	ECL staging				
	Stage 1 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Purchased** credit-impaired	**Total**
DEBT SECURITIES - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 1, 2022	5,484,590	-	-	-	5,484,590
New financial assets originated or purchased	1,838,903	-	-	-	1,838,903
Financial assets fully derecognised during the period	(9,384,452)	-	-	-	(9,384,452)
Changes in principle and interest	(5,872)	-	-	-	(5,872)
Gross carrying amount as at December 31, 2022	7,329,626	-	-	-	7,329,626

The Company did not have any debt securities at amortised cost investments transfers between stages during the prior year.

Investments

The following table summarises the Company's credit exposure for investments at their carrying amounts, as categorised by issuer:

	2023 $'000	**2022 $'000**
Government of Jamaica	57,629,839	56,012,590
Bank of Jamaica - Certificate of Deposit	10,313,457	2,173,562
Bank of Jamaica – Fixed Rate Indexed Bonds	1,584,447	-
Corporate	18,191,438	16,449,249
Financial institutions	5,694,046	5,670,543
Other sovereign debt	5,648,937	9,645,340
	99,062,164	89,951,284

17. Pledged Assets

Assets are pledged as collateral under repurchase agreements with customers and other financial institutions and for security relating to overdraft and other facilities with other financial institutions and with the Bank of Jamaica.

	Asset		Related liability	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Investment securities (Note 16)	91,134,259	85,496,790	86,787,244	81,406,899

Of the assets pledged as security, $63,557,900,935 (2022 -$68,263,188,560) represents the total for those assets pledged for which the transferee has the right by contract or custom to sell or re-pledge the collateral.

18. Derivative Financial Instruments and Hedging Activity

Derivatives are at fair value and carried in the statement of financial position as separate assets and liabilities. Asset values represent the cost to the Company of replacing all transactions with a fair value in the Company's favour assuming that all relevant counterparties default at the same time, and that transactions can be replaced instantaneously. Liability values represent the cost to the Company's counterparties of replacing all their transactions with the Company with a fair value in their favour if the Company was to default. Derivative assets and liabilities on different transactions are only set off if the transactions are with the same counterparty, a legal right of set-off exists and the cash flows are intended to be settled on a net basis.

The fair values are set out below –

	Assets		Liabilities	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Equity indexed option	-	2,378	-	2,378

Equity indexed option

This derivative instrument gives the holder the ability to participate in the upward movement of an equity index while protecting from downward risk and form part of certain structured product contracts with customers (Note 25). The Company is exposed to credit risk on the purchased option only, and only to the extent of the carrying amount, which is the fair value.

19. Related Party Transactions and Balances

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

Related companies include ultimate parent Company, parent Company, fellow subsidiaries and associated Company. Related parties include directors, key management and companies for which the Company and its parent Company provide management services. Pan Jamaican Trust Investment Limited is a related party by virtue of being a shareholder with significant influence over sister Company, Sagicor Group Jamaica Limited.

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19. Related Party Transactions and Balances (Continued)

(i) The following transactions were carried out with related parties and companies:

	2023 $'000	2022 $'000
With ultimate parent company:		
Interest and other income earned	50,549	122,256
With parent company:		
Interest and other income earned	18,937	16,594
Interest and other expenses paid	(42,081)	(76,061)
Dividend expense paid	(175,000)	(1,800,000)
With fellow subsidiaries:		
Management fees earned	17,158	19,472
Interest income earned	169,047	133,000
Interest expense paid	(367,984)	(289,974)
With directors and key management:		
Interest expense paid	(9,683)	(3,995)
Interest and other income earned	1,157	868
Post-employment benefits	-	926
Share based payments	-	2,276
Salaries and other short-term benefits	-	39,775
Party with significant influence over company:		
Interest and other income earned	2,632	34,250
Interest expense paid	(21,142)	(8,786)
With managed funds:		
Management fees earned	1,431,131	1,441,509
Interest and other income earned	386	2,366
Interest expense paid	(874,596)	(770,054)
Directors' emoluments		
Fees	41,180	24,442

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19. Related Party Transactions and Balances (Continued)

(ii) Year-end balances with related companies and parties are as follows:

	2023 $'000	2022 $'000
Due from:		
Fellow subsidiaries	75,497	50,155
Other related parties	20,292	88,780
	95,789	138,935
Due to:		
With ultimate parent company	(143)	(140)
Parent company	(26,806)	-
Fellow subsidiaries	(16,819)	(5,091)
	(43,768)	(5,231)
With ultimate parent company:		
Investment securities	-	1,933,068
With parent company:		
Investment securities	559,812	919,071
Securities sold under agreements to repurchase	(1,038,142)	(309,783)
With fellow subsidiaries:		
Cash and bank balances	574,974	1,527,324
Loan receivable	4,314,915	4,267,122
Securities sold under agreement to repurchase – managed funds	(3,156,400)	(5,182,643)
Party with significant influence over company:	(10,125,158)	(5,994,478)
With significant influence		
Securities sold under agreements to repurchase	504,377	501,441
Customer accounts	(563,830)	(75,764)
With directors and key management personnel:		
Securities sold under agreements to repurchase	(198,498)	(150,793)
With managed funds:		
Investment securities	1,850	1,950
Securities sold under agreements to repurchase	(12,907,991)	(15,093,053)
Notes payable	(800,000)	(800,000)

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20. Investment in Subsidiary

	2023 $'000	2022 $'000
Investment in subsidiary (i)	7	7
Loan to Phoenix Equity Holdings Limited (ii)	4,142,836	4,142,836
	4,142,843	4,142,843
Less: Pledge assets	(4,142,836)	(4,142,836)
	7	7

(i) This represents the cost of 100 common shares (BDS$100) in Phoenix Equity Holdings Limited (Phoenix).
(ii) This represents a long term 12-year loan, maturing in 2031 with varying interest rates over the life of the loan, from 0% in the first 18 months gradually increasing to 5%. The loan was utilised by Phoenix to acquire a 60% interest in Advantage General Insurance Company Limited in 2019.
(iii) During the year, the Company received dividend from Phoenix Equity Holdings Limited of $Nil (2022: $ Nil)

21. Intangible Assets

	Computer Software $'000	Goodwill $'000	Total $'000
Cost -			
At 1 January 2022	301,531	143,263	444,794
Additions	6,492	-	6,492
At 31 December 2022	308,023	143,263	451,286
Additions	1,481	-	1,481
At 31 December 2023	309,504	143,263	452,767
Accumulated Amortisation -			
At 1 January 2022	222,091	-	222,091
Charge for the year	24,898	-	24,898
At 31 December 2022	246,989	-	246,989
Charge for the year	24,375	-	24,375
At 31 December 2023	271,364	-	271,364
Net Book Value -			
At 31 December 2023	38,140	143,263	181,403
At 31 December 2022	61,034	143,263	204,297

Goodwill - Impairment test for goodwill.
Goodwill arose as a result of a series of acquisitions in prior years. These acquisitions were amalgamated into the Company's operations and as such the goodwill is not allocated to the Company's individual cash generating units (CGUs) identified according to the lines of business. The impairment test is carried out by comparing the value in use of the Company to its net assets.

At 31 December 2023, management tested goodwill.

(i) The recoverable amounts are determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business.

(ii) Key assumptions used for the impairment calculations are earnings growth of 5% (2022 –5%) and discount rate of 12.8% (2022 – 12.8%).

There was no impairment.

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22. Property, Plant and Equipment

	Leasehold	Furniture	Motor	Computer	Total
	$'000	$'000	$'000	$'000	$'000
Cost -					
At 1 January 2022	83,562	110,075	23,981	276,089	493,707
Additions	4,556	1,456	-	85,943	91,955
At 31 December 2022	88,118	111,531	23,981	362,032	585,662
Additions	-	122	15,000	16,441	31,563
Disposal	-	-	(8,000)	(156)	(8,156)
At 31 December 2023	88,118	111,653	30,981	378,317	609,069
Accumulated Depreciation -					
At 1 January 2022	48,502	89,272	12,498	190,526	340,798
Charge for the year	4,990	3,240	3,800	37,803	49,833
At 31 December 2022	53,492	92,512	16,298	228,329	390,631
Charge for the year	5,134	2,986	3,983	43,635	55,738
Disposal	-	-	(8,000)	(147)	(8,147)
At 31 December 2023	58,626	95,498	12,281	271,817	438,222
Net Book Value -					
At 31 December 2023	29,492	16,155	18,700	106,500	170,847
At 31 December 2022	34,626	19,019	7,683	133,703	195,031

23. Post-employment Benefits

		2023	2022
		$'000	$'000
(a)	Pension benefits	(111,243)	(64,304)
(b)	Other post-employment benefit obligations	170,954	118,034
		59,711	53,730

(a) Pension schemes

The Company has established a number of pension schemes covering all permanent employees, a defined benefit plan and a defined contribution plan. The assets of the funded plans are held independently of the Company's assets in separate trustee administered funds.

Defined contribution plan
The Defined contribution plan received regulatory approval in 2013 and all new employees subsequently are included in this plan.

Defined benefit plan
The defined benefit plan was established by the banking subsidiary that was disposed during 2014. Employees of the company who participated in the banking subsidiary's defined benefit plan continue to be a part of this plan. The plan is valued by independent actuaries annually using the Projected Unit Credit Method. The last actuarial valuation for the Company was carried out as at 31 December 2019.

The plan provides pensionable salary to members based on the average member's earnings over the 5 years immediately prior to exit.

The law requires each plan sponsor to be an ordinary annual contributor but does not stipulate a minimum funding rate or solvency level. In absence of guidance from the regulator, the actuaries have agreed on a minimum employer contribution rate of 0.25% of payroll per annum where plan rules do not specify a minimum.

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23. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

Defined benefit plan (continued)

The Trustees of the pension scheme ensure benefits are funded, benefits are paid, assets invested to maximise returns subject to acceptable investment risks while considering the liability profile. The next triennial valuation is due to be completed as at 31 December 2025. Any plan surplus or funding deficiency was absorbed by the Company.

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

	2023 $'000	2022 $'000
Present value of funded obligations	1,037,408	747,603
Fair value of plan assets	(1,259,739)	(1,091,138)
Unrecognised asset due to asset ceiling	111,088	279,231
Surplus of funded plan	(111,243)	(64,304)

The movement in the defined benefit obligation over the year is as follows:

	2023 $'000	2022 $'000
Balance at beginning of year	747,603	1,072,302
Current service cost	28,971	46,230
Interest cost	96,814	83,345
	125,785	129,575
Re-measurements -		
Annuities purchased	15,708	(13,227)
Financial assumptions	134,855	(392,534)
Experience adjustments	(5,176)	(56,011)
	145,387	(461,772)
Members' contributions	45,677	42,700
Benefits paid	(27,044)	(35,202)
Balance at end of year	1,037,408	747,603

The movement in the defined benefit asset during the year is as follows:

	2023 $'000	2022 $'000
Balance at beginning of year	1,091,138	1,165,966
Return on plan assets	146,805	93,881
Annuities purchased	15,708	(13,227)
Re-measurements – Financial assumptions	1,552	-
Experience adjustment	(53,015)	(197,849)
Members' contributions	45,677	42,700
Employer's contributions	38,918	34,869
Benefits paid	(27,044)	(35,202)
Balance at end of year	1,259,739	1,091,138

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23. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

Defined benefit plan (continued)

The amounts recognised in the income statement are as follows:

	2023 $'000	2022 $'000
Current service cost	28,971	46,230
Interest cost on plan obligation	96,814	83,345
Interest income on plan assets	(146,805)	(94,698)
Interest of effect of the asset ceiling	36,300	-
Total included in team member costs (Note 9)	15,280	34,877

The amount recognised in other comprehensive income is as follows:

	2023 $'000	2022 $'000
Change in financial assumptions	133,303	(392,534)
Experience adjustments	47,839	141,838
Change in effect of asset ceiling	(204,443)	279,231
	(23,301)	28,535
Deferred tax	(7,767)	9,512
	(15,534)	19,023

Plan assets are comprised as follows:

	2023					2022				
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	%	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	%
Equities Fund	294,795	-	-	294,795	23	317,600	-	-	317,600	28
Mortgage & Real Estate Fund	223,398	-	-	223,398	18	194,740	-	-	194,740	18
Fixed income fund	135,798	-	-	135,798	11	123,221	-	-	123,221	11
Money market fund	115,383	-	-	115,383	9	88,103	-	-	88,103	8
International equity fund	171,048	-	-	171,048	14	28,092	-	-	28,092	3
CPI Indexed Fund	35,871	-	-	35,871	3	142,742	-	-	142,742	13
Foreign Currency Fund	209,398	-	-	209,398	17	153,115	-	-	153,115	14
Global market fund	53,764	-	-	53,764	4	48,438	-	-	48,438	4
Purchased annuities	-	17,161	-	17,161	1	-	-	-	-	1
Adjustments	3,123	-	-	3,123	-	(4,913)	-	-	(4,913)	-
	1,242,578	17,161	-	1,259,739	100	1,091,138	-	-	1,091,138	100

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23. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

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

	2023 $'000	2022 $'000
Asset at beginning of year	(64,304)	(93,664)
Amounts recognised in the income statement	15,280	35,694
Re-measurements recognised in other comprehensive income	(23,301)	28,535
Contributions paid	(38,918)	(34,869)
Asset at end of year	(111,243)	(64,304)

Movement in the asset ceiling:

	2023 $'000	2022 $'000
Effect of asset ceiling at beginning of year	279,231	-
Interest on assets	36,300	-
Re-measurements recognised in other comprehensive income	(204,443)	279,231
Asset at end of year	111,088	279,231

The significant actuarial assumptions used were as follows:

	2023	2022
Discount rate	11.0%	13.0%
Future salary increases	9.5%	9.5%

The sensitivity of post-employment benefits to changes in the weighted principal assumptions is:

	2023			2022		
	Impact on post-employment benefits			Impact on post-employment benefits		
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000		$'000	$'000
Discount rate – pension	1.0%	(77,000)	94,000	1.0%	(47,000)	56,000
Discount rate – medical	1.0%	(24,000)	31,000	1.0%	(16,000)	19,000
Future salary increases - pension	1.0%	25,000	(23,000)	1.0%	17,000	(16,000)
Future salary increases - medical	1.0%	1,000	(1,000)	1.0%	1,000	(1,000)
Future Pension increases	0.5%	36,000	(34,000)	0.5%	22,000	(21,000)
Health cost	1.0%	29,000	(23,000)	1.0%	18,000	(15,000)
Life Expectancy - pension	1 year	6,000	(6,000)	1 year	3,000	(3,000)
Life Expectancy - medical	1 year	4,000	(4,000)	1 year	2,000	(2,000)

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

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23. Post-employment Benefits (Continued)

(b) Other post-employment benefits

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

In addition to the assumptions used for the pension scheme, the main actuarial assumption is the long-term increase in health cost of 9% (2022 – 8.5%) per annum in 2023.

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

	2023 $'000	2022 $'000
Present value of unfunded obligations	170,954	118,034

The movement in the defined benefit obligation over the year is as follows:

	2023 $'000	2022 $'000
Balance at beginning of year	118,034	215,754
Current service cost	4,434	9,865
Interest expense	15,249	17,210
	19,683	27,075
Re-measurements -		
Gain from change in financial assumptions	30,869	(129,757)
Experience adjustments	3,885	6,235
	34,754	(123,522)
Benefits paid	(1,517)	(1,273)
Balance at end of year	170,954	118,034

The amounts recognised in the income statement are as follows:

	2023 $'000	2022 $'000
Current service cost	4,434	9,865
Interest cost	15,249	17,210
Total, included in team member costs (Note 9)	19,683	27,075

The amount recognised in other comprehensive income is as follows:

	2023 $'000	2022 $'000
Change in financial assumptions	30,869	(129,756)
Experience adjustments	3,885	6,234
	34,754	(123,522)
Deferred tax	(11,585)	41,174
	23,169	(82,348)

23. Post-employment Benefits (Continued)

(b) Other post-employment benefits (continued)

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

	2023 $'000	2022 $'000
Liability at beginning of year	118,034	215,754
Amount recognised in the income statements (note 9)	19,683	27,075
Amount recognised in other comprehensive income	34,754	(123,522)
Benefits paid	(1,517)	(1,273)
Liability at end of year	170,954	118,034

Plan risks

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

The most significant of these plan risks are detailed below:

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

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

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

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

Life expectancy
Most of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

The weighted average duration of liability of the defined benefit obligation is as follows:

	2023 Years	2022 Years
Active members and deferred pensioners	37	38

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24. Other Assets

	2023 $'000	2022 $'000
Withholding tax recoverable from Government of Jamaica	1,045,725	780,027
Customer settlement accounts	306,198	313,379
Prepayments	85,981	64,234
Staff receivables	35,494	30,769
Other	707,816	917,410
	2,181,214	2,105,819

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

25. Deposit and Security Liabilities

	2023 $'000	2022 $'000
Securities sold under repurchase agreements	86,787,244	80,750,594
Due to banks and other financial institutions (i)	72,809	60,295
Customer deposits and other accounts	239,687	1,198,753
Notes payable (ii)	2,198,545	2,198,545
Structured products (iii)	-	656,305
	89,298,285	84,864,492

(i) Due to Banks and Other Financial Institutions

	2023 $'000	2022 $'000
Short Term Loans – Bank overdraft	72,809	60,295

Included in due to banks and other financial institutions are $2,081,171 (2022 - $4,133,482,000) which is regarded as cash equivalents for purposes of the statement of cash flows (Note 13).
The Company has not had any defaults of principal, interest or other breaches with respect to its liabilities during the year.

(ii) Notes payable

	Currency	Rate %	2023 $'000	2022 $'000
Long Term Loans -				
Fixed rate unsecured bond due 2024	J$	6.75	2,180,000	2,180,000
Interest payable			18,545	18,545
			2,198,545	2,198,545

Bonds issued by Jamaica Central Securities Depository (Trustee) -
Tranche B issued 16 August 2020 amounting to $2.18 billion at an interest rate of 6.75% repayable 16 August 2024.

(iii) Structured products

	2023 $'000	2022 $'000
Principal protected notes - with interest guaranteed	-	656,305

Principal protected note
Principal protected note comprises a fixed income element with an interest guarantee (included above) and indexed option element disclosed in Note 18. The note entitles the holders to participate in any positive returns on the indexed option and they also include a principal protection feature. If the return on the index is negative, the holder will receive at maturity of the note, the principal invested for note plus net interest calculated at the guaranteed interest rate. The note matured June 22, 2023.

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26. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 33⅓% for the Company. The movement in the deferred income tax balance is as follows:

	2023	2022
	$'000	$'000
Balance at beginning of year	1,977,370	(790,873)
Credited/(charged) to the income statement (Note 12)	172,512	(46,416)
Tax (charged)/credited relating to components in other comprehensive income (Note 12)	(814,839)	2,814,659
Balance at end of year	1,335,043	1,977,370

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

	2023	2022
	$'000	$'000
Deferred tax assets to be recovered after more than 12 months	1,935,176	2,593,547
Deferred tax liabilities to be recovered after more than 12 months	(631,081)	(640,220)

Deferred income tax assets and liabilities are due to the following items:

	2023	2022
	$'000	$'000
Deferred income tax assets -		
Property, plant & equipment	28,501	25,001
Investment securities - AFS	1,671,862	2,519,550
Financial instrument through profit and loss	254	140
Provision on investment securities	185,341	-
Post-employment benefit obligations	49,218	48,856
	30,948	24,043
	1,966,124	2,617,590
Deferred income tax liabilities -		
Financial instrument through profit and loss	601,767	609,274
Post-employment benefit obligations	29,314	30,946
	631,081	640,220
Net deferred tax liability	1,335,043	1,977,370

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26. Deferred Income Taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against current liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in deferred tax assets and liabilities is as follows:

	Accelerated tax depreciated	Fair value gains	Loan loss provision	Post-employment benefits	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2022	30,909	(967,185)	89,551	40,697	15,155	(790,873)
Credited to income statement (Note 12)	(5,908)	44,003	(102,275)	8,875	8,889	(46,416)
Charged to other comprehensive income (Note 12)	-	2,833,597	12,724	(31,662)	-	2,814,659
At 31 December 2022	25,001	1,910,415	-	17,910	24,044	1,977,370
Credited to income statement (Note 12)	3,500	7,621	156,310	(1,824)	6,905	172,512
Charged to other comprehensive income (Note 12)	-	(847,688)	29,031	3,818	-	(814,839)
At 31 December 2023	28,501	1,070,348	185,341	19,904	30,949	1,335,043

27. Other Liabilities

	2023	2022
	$'000	$'000
Customer settlement accounts	1,596,327	1,301,644
Accruals	230,393	178,275
Staff related payables	40,690	22,316
Stale dated cheques	46,330	36,451
Other	99,647	110,989
	2,013,387	1,649,675

28. Share Capital

The total authorised number of ordinary stock units is 675,613,376 (2022: 675,613,376), of which 552,145,844 (2022: 552,145,844) was issued and fully paid. The stock units in 2023 and 2022 are stated in these financial statements without a nominal or par value.

29. Stock Options and Grants

Details of the stock options outstanding are as follows:

	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
	2023	2023	2022	2022
	'000	$	'000	$
Balance at beginning of year	926	42.42	952	33.22
Granted	246	57.44	233	51.88
Exercised	(206)	10.49	(259)	17.13
Options outstanding	966	53.05	926	42.42
Exercisable at the end of the year	583	38.30	633	25.21

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29. Stock Options and Grants (Continued)

Stock options outstanding at the end of the year for the company have the following expiry date and exercise price.

Expiry date	Exercise price	Exercise price	No. of stock options	
	2023	2022	2023	2022
31 March 2023	10.49	10.49	-	206,000
31 March 2024	23.65	23.65	74,000	74,000
31 March 2025	34.10	34.10	54,000	54,000
31 March 2026	36.45	36.45	89,000	89,000
31 March 2027	39.99	39.99	125,000	125,000
31 March 2028	52.40	52.40	145,000	145,000
31 March 2029	51.88	51.88	233,000	233,000
31 March 2030	57.44		246,000	926,000

For the options outstanding at the end of the year, the remaining contractual term to expiry range from 3 months to 7 years (2022: 3 months – 7 years).

Options for stock units were exercised during the current year $206,000 (2022 – $259,000). The weighted average stock unit price at the date of exercise for options exercised during the year was $10.49 (2022 - $17.13).

With effect from 31 December 2013, stock options are equity–settled by Sagicor Group Jamaica Limited and the provision made represents the fair value of services provided by employees in consideration for shares, as measured by reference to the fair value of the shares for outstanding options. The fair value of the options at the year-end is measured at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the instruments were granted. The services received and a liability to pay for those services is recognised over the expected vesting period. The significant inputs into the model were weighted average stock unit prices at the grant date, exercise price shown above; standard deviation of expected share price returns, option life disclosed above, and annual average risk-free interest rate. The expected volatility is based on statistical analysis of daily stock unit prices over one year.

The Company recognised cumulative expenses of $7,175,099 (2022 - $7,708,005) as stock options expense of which $15,134 (2022 - $14,689) was recognised in the income statement during the year for the previous scheme.

The Company provides share grants to executives based on the performance of the Company. The number of shares granted during the current year were 181,183 (2022 – 175,836). The prices are based on the trading price on the Jamaica Stock Exchange.

30. Fair Value Reserve

This represents the unrealised (deficit)/surplus on the revaluation of FVOCI investments.

	2023	2022
	$'000	$'000
FVOCI investments	(3,289,021)	(4,926,334)

31. Dividends

	2023	2022
	$'000	$'000
First interim dividend – $0.32 (2022 – $3.26)	175,000	1,800,000

The dividends declared for 2023 represented a dividend per stock unit of $0.32 (2022 – $3.26).

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32. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Company. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the statement of financial position dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) Investment securities at fair value through profit or loss are measured at fair value by reference to quoted market prices or dealer quotes when available. If quoted market prices are not available, then fair values are estimated on the basis discounted cash flows. Fair value is equal to the carrying amount of these items;

(ii) Investment securities classified as FVTOCI are measured at fair value by reference to quoted market prices or dealer quotes when available. If quoted market prices are not available, then fair values are based on pricing models or other recognised valuation techniques. Investments in unit trusts are based on prices quoted by the fund managers.

(iii) The fair value of the interest rate swap is calculated as the present value of the estimated future cash flows. The fair value of currency forward contracts is determined using quoted forward exchange rates. The fair value of the equity indexed options and the exchange traded funds that are shorted are based on quoted prices. The fair value of the cross-currency swap is based on the present value of the net future cash payments and receipts, which fluctuate based on changes in market interest rates and the euro/U.S. dollar exchange rate.

(iv) The fair value of demand deposits and customer accounts with no specific maturity is assumed to be the amount payable on demand at the statement of financial position date. The estimated fair value of fixed interest-bearing deposits, disclosed below, is based on discounted cash flows using interest rates for new deposits.

(v) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts;

(vi) Loans are net of provision for impairment. The estimated fair value of loans, disclosed below, represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value; and

The table below summaries the carrying amount and fair value of financial assets and financial liabilities not presented on the Company's statement of financial position at their fair value:

	Carrying Value 2023 $'000	Fair Value 2023 $'000	Carrying Value 2022 $'000	Fair Value 2022 $'000
Financial Assets				
Investments at amortized cost	306,908	306,908	144,636	144,636
Financial Liabilities				
Securities sold under agreements to repurchase	86,787,244	86,787,244	80,750,594	80,750,594
Customer accounts	239,687	239,687	1,198,753	1,198,753
Due to banks and other financial institutions	72,809	72,809	60,295	60,295

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32. Fair Value of Financial Instruments (Continued)

The following table provides an analysis of financial instruments that are measured in the statement of financial position at fair value at 31 December 2023, into Levels 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The quoted market price used for financial assets held by the Fund is the current bid price;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2023			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Assets				
Fair value through profit or loss securities	71,255	1,435,059	285,758	1,792,072
Investment securities	-	6,800,458	-	6,800,458
Pledged assets	-	76,254,202	-	76,254,202
	71,255	84,489,719	285,758	84,846,732
Financial Liabilities				
Derivative financial instruments	-	-	-	-

	2022			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Assets				
Fair value through profit or loss securities	165,166	1,954,625	292,732	2,412,523
Investment securities	-	3,825,089	-	3,825,089
Pledged assets	-	78,297,965	-	78,297,965
Derivative financial instruments	-	2,378	-	2,378
	165,166	84,080,057	292,732	84,537,955
Financial Liabilities				
Derivative financial instruments	-	2,378	-	2,378

32. Fair Value of Financial Instruments (Continued)

There were no transfers between Level 1 and 2 in the year.

Reconciliation of level 3 items –

	2023 $'000	2022 $'000
Balance at beginning of year	292,732	233,141
Total (loss)/gain – income statement	(6,974)	59,591
Balance at end of year	285,758	292,732

Valuation inputs and relationships to fair values

Increases in adjusted net assets of the underlying entities will have a direct correlation to fair value.

Description	Fair value at 31 December $'000	Valuation Technique	Unobservable Inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in Valuation +/- $'000
2023						
Unquoted Equity Securities	285,758	Adjustments to net assets	-	-	10%	28,576
2022						
Unquoted Equity Securities	292,732	Adjustments to net assets	-	-	10%	29,273

The gains or losses recorded in the profit or loss are included in Note 8.

The transfer from level 3 to 2 is attributable to changes in the observability of market data.

There was no material impact from changes in the assumptions for level 3 securities.

33. Fiduciary Risk

The Company provides custody, trustee, corporate administration, investment management or advisory services to third parties which involve these subsidiaries making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets are not included in these financial statements.
Management and custodial fees in relation to the above amounted to $1,431,131,000 (2022 - $1,441,509,000).

34. Unconsolidated Structured Entities

Sagicor Sigma Unit Trust was established by Sagicor Group Jamaica to provide customers with investment opportunities. The Unit Trust comprises twenty one portfolios. Sagicor Select Funds was established by Sagicor Group Jamaica to provide customers with investment opportunities to track particular indices on the Jamaica Stock Exchange. The Select Funds currently has two publicly traded funds the Financial Index and Manufacturing and Distribution Funds.

The Unit Trust has an independent trustee and the Select Funds has an independent Board of Directors. Sagicor Investments Jamaica Limited is the investment manager of the Unit Trust and the Select Funds and is entitled to receive management fees based on the assets under management. The Group also holds units in the Unit Trust as well as the Select Funds.

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

	2023 $'000	2022 $'000
Total assets		
Unit Trusts	153,964,642	159,925,587
Sagicor Select Funds	6,786,570	7,626,920
Liability in relation to investment in repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)		
Unit Trust	12,907,991	15,093,053
Notes Payable	800,000	800,000
Total income from the Company's interests	1,431,131	1,441,509

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

35. Contingent Liabilities and Commitments

Legal proceedings

The Company is subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of Management and its legal counsel, it is probable that a payment will be made by the Company, and the amount can be reasonably estimated.

In respect of claims asserted against the Company in 2006 which, according to the principles outlined above, have not been provided for, Management is of the opinion that such claims are either without merit, can be successfully defended, cannot be reasonably estimated or will result in exposure to the Company which is immaterial to both the financial position and results of operations.

Suit has been filed by a customer against the Company for breach of contract, and breach of trust in the amount of US$8,928,500, being loss allegedly suffered as a result of what the claimants say is the unlawful withholding of insurance proceeds by the Company. No provision was made in these financial statements for this claim as the probability of success against the Company is considered low prior to the matter being heard.

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36. Maturity Analysis of Assets and Liabilities

The tables below show an analysis of assets and liabilities according to when they are expected to be recovered or settled. The financial statement areas shown below only reflect assets and liabilities that combine current and non-current balances.

	2023			2022		
ASSETS	**Current**	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets at fair value through profit or loss	1,792,072	-	1,792,072	2,412,523	-	2,412,523
Investment securities	1,606,496	5,288,498	6,894,994	2,627,050	1,198,039	3,825,089
Pledged assets	16,464,554	74,669,705	91,134,259	11,560,422	73,936,368	85,496,790
Derivative financial instruments	-	-	-	2,378	-	2,378
Investment in subsidiary	-	7	7	-	7	7
Deferred income tax assets	30,948	1,304,095	1,335,043	24,043	1,953,327	1,977,370
LIABILITIES						
Securities sold under agreements to repurchase	86,787,244	-	86,787,244	80,750,594	-	80,750,594
Customer deposits and other accounts	239,687	-	239,687	1,198,753	-	1,198,753
Structured products	-	-	-	656,305	-	656,305
Due to banks and other financial institutions	72,809	-	72,809	60,295	-	60,295
Derivative financial instruments	-	-	-	2,378	-	2,378
Notes payable	18,545	2,180,000	2,198,545	18,545	2,180,000	2,198,545

36. Offsetting Financial Assets and Financial Liabilities

(a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	2023						
					Related amounts not set off in the statement of financial position		
	Gross amounts of financial assets $'000	**Gross amounts set off on the balance sheet $'000**	**Net amounts of financial assets presented on the balance sheet $'000**	**Impact of master Netting Agreements $'000**	**Cash collateral $'000**	**Financial instruments collateral $'000**	**Net Amount $'000**
ASSETS							
Cash and balances due from other financial institutions	741,009	-	741,009	-	-	-	741,009
Financial assets at fair value through profit or loss	1,792,072	-	1,792,072	-	-	-	1,792,072
Financial assets at fair value through OCI	6,894,994	-	6,894,994	-	-	-	6,894,994
Financial assets at amortised cost	212,372	-	212,372	-	-	-	212,372
Pledged assets	91,134,259	-	91,134,259	-	-	91,134,259	-
Securities purchased under agreements to resell	820,539	-	820,539	-	-	820,539	-
Due from related	95,789	-	95,789	-	-	-	95,789
Other assets	2,181,214	-	2,181,214		-	-	2,181,214
	103,872,248	-	103,872,248	-	-	91,954,798	11,917,450

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36. Offsetting Financial Assets and Financial Liabilities (Continued)

(a) Financial assets (continued)

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	2022						
					Related amounts not set off in the statement of financial position		
	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Impact of master netting agreements	Cash collateral	Financial instruments collateral	Net amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS							
Cash and balances due from other financial institutions	1,959,218	-	1,959,218	-	-	-	1,959,218
Financial assets at fair value through profit or loss	2,412,523	-	2,412,523	-	-	-	2,412,523
Financial assets at fair value through OCI	3,825,089	-	3,825,089	-	-	-	3,825,089
Financial assets at amortised cost	144,636	-	144,636	-	-	-	144,636
Pledged assets	85,496,790	-	85,496,790	-	-	85,496,790	-
Securities purchased under agreements to resell	484,770	-	484,770	-	-	484,770	-
Derivative financial instruments	2,378	-	2,378	-	-	2,378	-
Due from related companies	138,935	-	138,935	-	-	-	138,935
Other assets	2,105,819	-	2,105,819	-	-	-	2,105,819
	96,570,158	-	96,570,158	-	-	85,983,938	10,586,220

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

	2023						
					Related amounts not set off in the statement of financial position		
	Gross amounts of financial assets $'000	Gross amounts set off on the balance sheet $'000	Net amounts of financial assets presented on the balance sheet $'000	Impact of master Netting Agreements $'000	Cash Collateral $'000	Financial instruments collateral $'000	Net Amount $'000
LIABILITIES							
Securities sold under agreement to repurchase	86,787,244	-	86,787,244	86,787,244	-	-	-
Customer deposits and other accounts	239,687	-	239,687	-	-	239,687	-
Structured products		-	-			-	-
Due to banks and other financial institutions	72,809	-	72,809	-	-	72,809	-
Notes payable	2,198,545	-	2,198,545	-	-	-	2,198,545
Due to related companies	43,768	-	43,768	-	-	-	43,768
Other liabilities	1,596,327	-	1,596,327	-	-	-	1,596,327
	90,938,380	-	90,938,380	86,787,244	-	312,496	3,838,640

Sagicor Investments Jamaica Limited

Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

36. Offsetting Financial Assets and Financial Liabilities (Continued)

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

	2022						
				Related amounts not set off in the statement of financial position			
	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Impact of master Netting Agreements	Cash Collateral	Financial instruments collateral	Net Amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
LIABILITIES							
Securities sold under agreement to repurchase	80,750,594	-	80,750,594	80,750,594	-	-	-
Customer deposits and other accounts	1,198,753	-	1,198,753	-	-	1,198,753	-
Structured products	656,305	-	656,305	656,305	-	-	-
Due to banks and other financial institutions	60,295	-	60,295	-	-	60,295	-
Notes payable	2,198,545	-	2,198,545	-	-	-	2,198,545
Derivative financial instruments	2,378	-	2,378	2,378	-	-	-
Due to related companies	5,231	-	5,231	-	-	-	5,231
Other liabilities	1,301,644	-	1,301,644	-	-	-	1,301,644
	86,173,745	-	86,173,745	81,409,277	-	1,259,048	3,505,420

37. Litigation

A suit has been filed by Sagicor Investments Jamaica (SIJL) against Cornerstone Financial Holdings Limited (CFHL), a company registered in Barbados, for damages suffered as a result of a rights issue being offered to only those shareholders that had participated in the rights issue of an affiliated company. In July 2020, Cornerstone United Holdings Limited (CUHL), a company registered in Jamaica, implemented a rights issue to raise US$21 million at US$1.40 per share, SIJL chose not to participate in this rights issue. CFHL subsequently allotted shares to the shareholders that participated in the CUHL rights issue at a price of less than one cent per share when the shares had a book value of approximately US$7.80 per share. This had the effect of reducing the value of SIJL's shareholding in CFHL by approximately US$4 million, SIJL's shareholding was diluted from 4.5% to 3.46%. CFHL has argued this was justifiable because of an agreement to maintain similar shareholding structures. A second rights issue was done on a similar basis thus reducing the company's shareholding to 2.77%. Based on legal opinion the company has a high probability of success in this matter. No amounts have been recorded in the financial statements in respect of this suit as at 31 December 2023.

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