



Sagicor Group Jamaica

Q1 2024

PERFORMANCE REPORT

DIRECTORS' STATEMENT

On behalf of the Board of Directors of Sagicor Group Jamaica Limited (SGJ or the Group), we present our performance report for the period ended March 2024.

OVERVIEW —

The Group recorded a net profit attributable to stockholders of \$1.00 billion, a decrease from the comparative period's profit of \$2.18 billion. The Group's long-term insurance service result was impacted by a one-time increase in the loss component of one of its product lines resulting in an abnormally high insurance service expense. This adjustment was the result of refinements to the actuarial model as we complete the transition to IFRS 17 and is not expected to recur. Additionally, the Group's investment income net of insurance finance charges also declined when compared to the prior year, primarily driven by unrealised mark-to-market losses on a segment of its life insurance investment portfolio.

If the one-time adjustment, along with the unrealised mark to market losses, were to be excluded, net profit attributable to stockholders for the period would have been approximately \$2.32 billion.

This is supported by the Group's strong insurance sales, and a 14% increase in insurance revenue compared to the previous year. The Commercial Banking segment also continues to show profitable expansion in its loan and card payment portfolios driving improved year over year results. The Investment Banking business had a marked improvement in its interest margins despite the continuing challenges with the current capital market conditions.

The Group ended the quarter with earnings per share (EPS) of \$0.26 (2023: \$0.56) and Return on Equity (ROE) of 4% (2023: 10%). Excluding the one-time adjustment and unrealised mark to market losses, EPS would have been \$0.60 and ROE 10%, approximately.

HIGHLIGHTS

In J \$ billions unless otherwise indicated	March 2024 Unaudited	March 2023 Unaudited	% Change
OPERATING RESULTS (INCOME STATEMENT DATA):			
Net Profit, Attributable to Stockholders	1.00	2.18	-54%
Insurance Service Results	1.02	1.28	-20%
Contractual Service Margin (CSM) recognised	1.43	1.24	15%
FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA):			
Total Assets of Sagicor Group Jamaica	565.40	529.94	7%
Total Assets Under Management	1,041.04	989.83	5%
Stockholders' Equity	95.61	87.93	9%
Adjusted Stockholders' Equity (+ CSM)	138.83	125.01	11%
PROFITABILITY:			
Return on Average Stockholders' Equity (ROE)	4%	10%	-6%
Earnings Per Share (EPS) - J\$	J\$ 0.26	J\$ 0.56	-54%
OTHER MARKET INFORMATION:			
SGJ Share Price - J\$	J\$ 41.00	J\$ 52.90	-23%
Market Capitalization	160.06	206.61	-23%

NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS

\$1.00 B
▼ -54%

INSURANCE SERVICE RESULT

\$1.02 B
▼ -20%

TOTAL ASSETS

\$565.40 B
▲ 7%

ADJUSTED STOCKHOLDERS' EQUITY

\$138.83 B
▲ 11%

CONTRACTUAL SERVICE MARGIN

\$1.43 B
▲ 15%

EARNINGS PER SHARE

\$0.26
▼ -54%

FINANCIAL PERFORMANCE

The Group continued to see growth in its insurance revenues with year over year growth of \$1.53 billion, both long-term and short-term insurance lines experiencing strong new business sales. This was offset by an adverse movement in the insurance service expenses due to changes in reserves. Net investment income declined by 27%, largely as a result of unrealised market experience losses on a part of the Group's securities portfolio. Fee income and other revenues of \$4.86 billion improved by 9% over the prior year primarily driven by the ongoing growth in commercial banking activities.

Stockholders' Equity fell by 4% in the current period ending at \$95.61 billion (December 2023: \$99.78 billion) driven by declared dividends of \$3.75 billion. Total assets grew by 1% to end at \$565.40 billion (December 2023: \$560.65 billion) due to a \$6.35 billion increase in the Bank's loan portfolio. The growth in assets was funded primarily by increased deposit and security liabilities of \$4.03 billion and growth in insurance liabilities of \$2.10 billion.

Long-Term Insurance

The segment includes products whose contract boundaries exceed one year in duration and are measured using the General Measurement Model (GMM) and Variable Fee Approach (VFA) under IFRS 17. The segment continues to report strong insurance revenues through the release of CSM (Contractual Service Margin) of \$1.43 billion (2023: \$1.24 billion) and by generating new business CSM of \$1.12 billion (2023: \$1.21 billion). The segment was impacted by a one-off adjustment to the loss component of the Universal Life portfolio which significantly impacted the increase in insurance expenses to \$4.22 billion (2023: \$2.87 billion). The segment also experienced unrealised market-to-market losses on a segment of its investment portfolio due to unfavourable market conditions.

Short-Term Insurance

This segment includes products whose contract boundaries are less than one year and are measured using the Premium Allocation Approach (PAA) under IFRS 17. The segment reported a profit of \$0.67 billion (2023 \$0.12 billion), a significant increase over the prior year. Loss ratios within the health insurance portfolios have improved within the context of a continuing global increase in drug prices and other medical costs. The segment continues to show growth with new business sales of \$0.22 billion for Group health and life products, primarily within its corporate client portfolios.

Commercial Banking

The Commercial Banking segment produced net profit of \$0.53 billion (2023: \$0.50 billion). The segment recorded a 15% increase in revenues supported by greater transaction volumes on its card payments portfolios and growth in net interest income. Loan portfolios continue to exhibit growth with new loans written of \$10.24 billion (2023: \$8.25 billion), contributing to a \$0.51 billion increase in interest income. The loan portfolio quality continues to improve with the provision coverage ratio ending at 1.21% (2023: 1.37%). Deposit and other funding liabilities grew by \$4.19 billion (2023: a reduction of \$0.92 billion) during the three-month period.

Investment Banking

The Investment Banking segment recorded net profit of \$0.12 billion compared to the prior period's net loss of \$0.07 billion. Net Investment Income of \$0.81 billion increased by 106% over the prior year (2023: \$0.40 billion). Included in Net Investment Income is a significant improvement in market experience gains from securities trading. Short term funding rates remain high and have contributed to an increase in the segment's funding costs.

The segment's Cayman operation has continued its growth trajectory since launching in 2021, recording year over year increases in revenue and net profit.

CAPITAL RATIOS				
Regulated Entities	Key Regulatory Ratios	Minimum Statutory Requirements	March 31, 2024	March 31, 2023
Sagicor Life Jamaica Limited	Life insurance capital adequacy test (LICAT) ¹	100.0%	137.2%	-
Sagicor Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	13.1%	12.9%
Sagicor Investments Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	16.3%	15.3%
Sagicor Life of the Cayman Islands Limited	Minimum capital requirement (MCR)	125.0%	416.2%	396.6%
Advantage General Insurance Company Limited	Minimum capital test ratio (MCT)	150.0%	350.7%	328.9%

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

LIQUIDITY AND SOLVENCY

Cash and Cash Equivalents at the end of the period were \$46.84 billion (2023: \$47.48 billion). The Group's net cash used in operating activities was \$2.89 billion (2023: net cash generated from operating activities was \$0.86 billion).

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

OUTLOOK

Inflation rates in the US, our major trading partner, remain sticky and as such, the prediction for several cuts in the Federal Funds Rate have not yet materialised, suggesting that rates will be 'higher for longer' unless there is an unexpected downward movement in prices in the near future. Quarter 1 growth in the US was 1.6%, suggesting there is some cooling in economic activity, resulting in declines in the major stock indices that have been on a strong upward climb in 2024. Geopolitical events, including the conflicts in Ukraine and the Middle East continue to add to volatility in commodity prices and general uncertainty around global stability as US and China relations continue to be tense.

Closer to home, the Government of Jamaica (GoJ) this quarter tabled the 2024/2025 national expenditure budget of JMD\$1.3 trillion. The GoJ indicated the use of a combination of revenue, loans and existing cash balances to finance the national expense estimates. It was estimated that by the end of the fiscal year Jamaica's Debt to GDP will fall to 72%. A new annual personal income tax-free threshold of JMD\$1.7 million took effect on April 1, 2024, replacing the previous threshold of JMD\$1.5 million, with the intent of increasing disposable income in the lower income brackets.

With all these developments, we continue to adopt a conservative liquidity and capital management stance while keeping alert for opportunities that may arise that could be accretive to our overall financial position.



1. Following the announcement of a historic \$109 million raised for this year's Sigma 'Honour' Run beneficiaries, Christopher Zacca (2nd left), President & CEO of Sagikor Group and Chairman of Sagikor Foundation and Peter Melhado (2nd right), Sagikor Group Chairman share a joyful moment. Alongside them are (from left): Bridgette Williams, representing the family of Dr. the Honourable R. Danny Williams, Dwayne Francis (3rd left), CEO, National Chest Hospital, race patrons Rushell Clayton and Orett 'DJ Bambino' Hart, Heidi-Ann Mitchell-Dillon, Principal - Danny Williams School for the Deaf, Savanna-La-Mar Public General Hospital's CEO, Camille Lewin, and Consultant Orthopaedic Surgeon Dr Suman Vemu.

2. (From L-R) President and CEO of Sagikor Group Jamaica, Christopher Zacca; Minister without Portfolio in the Office of the Prime Minister, Senator the Hon. Dr. Dana Morris Dixon; Bank Manager of the New Brunswick Village Sagikor Bank, Michael Sutherland; Mayor of Spanish Town, His Worship the Mayor, Councillor Norman Scott, and CEO of Sagikor Bank, Chorvelle Johnson Cunningham, discuss the transformative value of the new branch to the Spanish Town community.



3. The Sagikor Portmore Promenade Groundbreaking Ceremony for the transformative J\$8.4 billion project in Greater Bernard Lodge Area, St. Catherine, was a resounding success

CORPORATE SOCIAL RESPONSIBILITY

For the first quarter of 2024, The Sagikor Foundation executed several initiatives and projects with the aim of positively impacting the lives of Jamaicans and contribute to nation building.

Our major initiative in Q1 was the 26th staging of the Sagikor Sigma Corporate Run. Dubbed the 'Honour' run in dedication to Dr. the Honourable R. Danny Williams, the road race raised a historic \$109 million for its three beneficiaries – Savanna-la-Mar Public General Hospital, National Chest Hospital and Danny Williams School for the Deaf.

The Sagikor Foundation also donated \$1 million to Chain of Hope Jamaica, the fundraising arm of the Bustamante Children's Hospital Cardiac Centre. The donation was aimed at supporting a mission of US-based doctors to the island to conduct 10 critical heart surgeries for children on the Hospital's cardiology waiting list.

The quarter also saw renovations being completed at two of the four institutions that are a part of the 2023 Adopt-a-School Programme – Irish Pen Basic School in Spanish Town, and Freetown Basic in rural St Andrew.

Sagikor Group Jamaica Limited broke ground for the development of The Portmore Promenade, a vibrant, eco-friendly community hub that is expected to drive inclusivity, economic growth, and job creation in the Greater Bernard Lodge area of St. Catherine. With approximately 300,000 square feet of commercial space, the project was designed with a sustainable approach, incorporating a green space in the form of a central park, solar energy utilization, and rainwater harvesting, with a total projected development budget of J\$8.4 billion.

The official opening of the Sagikor Bank's first 'phygital' branch in New Brunswick Village, Spanish Town, St Catherine, took place in March. With a focus on efficiency and convenience, the branch is designed to save

clients valuable time and streamline the account opening process through state-of-the-art Interactive Automated Banking Machines (iABMs) and self-assist kiosks.

ACKNOWLEDGEMENT

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

On behalf of The Board of Directors:

PETER MELHADO
Chairman

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

30 April 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

 as at 31 March 2024
 (Expressed in thousands of Jamaican dollars)

	March 2024 Unaudited	March 2023 Unaudited	December 2023 Audited
ASSETS:			
Cash resources & Cash reserve at Central Bank	32,206,607	32,365,332	37,305,394
Financial investments	343,376,519	330,859,721	342,069,059
Loans & leases, after allowance for credit losses	130,569,016	113,328,196	124,125,496
Investment properties	1,369,544	1,680,524	1,618,306
Investment in joint venture	2,427,913	1,877,081	2,310,020
Intangible assets	7,737,668	8,183,700	7,866,581
Property, plant and equipment	6,679,756	6,369,872	6,695,353
Right-of-use assets	1,905,725	1,685,037	1,873,251
Retirement benefit assets	635,538	706,236	635,539
Reinsurance contract assets	1,889,125	1,764,790	2,785,041
Insurance contract assets	701,614	-	174,931
Deferred income taxes	8,093,155	7,298,825	7,276,368
Taxation recoverable	7,284,280	6,341,029	7,234,809
Other assets	20,527,121	17,474,851	18,678,823
TOTAL ASSETS	565,403,581	529,935,194	560,648,971
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to:			
Stockholders' of the parent company			
Share capital	8,879,881	8,998,808	8,879,881
Equity reserves	13,215,738	11,038,872	14,448,962
Retained earnings	73,511,659	67,897,061	76,450,203
	95,607,278	87,934,741	99,779,046
Non-controlling interests	2,447,557	2,282,948	2,435,953
Total Equity	98,054,835	90,217,689	102,214,999
Liabilities			
Deposit and security liabilities	266,521,564	253,953,963	262,489,546
Loans payable	2,198,142	2,197,739	2,198,545
Deferred income taxes	464,006	397,522	475,426
Taxation payable	360,493	1,010,314	881,336
Reinsurance contract liabilities	642,652	570,195	595,741
Retirement benefit obligations	3,983,381	3,051,515	3,920,646
Lease liabilities	2,164,629	1,968,330	2,143,602
Other liabilities	22,857,282	18,906,027	19,848,828
Insurance contracts liabilities	147,088,423	137,507,857	144,988,028
Investment contracts liabilities	21,068,174	20,154,043	20,892,274
Total Liabilities	467,348,746	439,717,505	458,433,972
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	565,403,581	529,935,194	560,648,971

CONSOLIDATED INCOME STATEMENT

 for the three months ended 31 March 2024
 (Expressed in thousands of Jamaican dollars)

	March 2024 Year-to-date Unaudited	March 2023 Year-to-date Unaudited
Insurance revenue	12,513,128	10,980,208
Insurance service expenses	(10,343,785)	(8,790,018)
Net expenses from reinsurance contracts held	(1,144,992)	(915,130)
INSURANCE SERVICE RESULT	1,024,351	1,275,060
NET INSURANCE FINANCE EXPENSE	(693,670)	(2,140,541)
Realized capital gains/(losses)	226,607	(9,881)
Unrealized capital (losses)/gains	(1,577,697)	1,320,130
Net interest income	6,435,903	5,512,231
Credit impairment losses	(220,567)	(137,219)
NET INVESTMENT INCOME	4,864,246	6,685,261
NET INSURANCE AND INVESTMENT RESULT	5,194,927	5,819,780
Fees and other revenue	4,864,507	4,480,647
Results from joint venture	67,294	(78,078)
Other operating expenses	(7,424,467)	(6,256,530)
Asset and other taxes	(925,450)	(894,831)
PROFIT BEFORE TAXES	1,776,811	3,070,988
Income taxes	(754,973)	(807,668)
NET INCOME	1,021,838	2,263,320
Non-controlling interests	(17,918)	(80,165)
STOCKHOLDERS' PROFIT	1,003,920	2,183,155



 PETER MELHADO
 Chairman
 30 April 2024



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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

 for the three months ended 31 March 2024
 (Expressed in thousands of Jamaican dollars)

	Share Capital	Equity Reserves	Retained Earnings	Stockholder's Equity	Non-controlling Interests Total	Total Equity Unaudited
Period ended March 31, 2024:						
Balance as reported December 31, 2023	8,879,881	14,448,962	76,450,203	99,779,046	2,435,953	102,214,999
Total comprehensive income for the period	-	(1,412,013)	1,003,920	(408,093)	11,604	(396,489)
Transactions with owners -						
- options exercised/expired	-	(10,262)	(4,003)	(14,265)	-	(14,265)
Dividends declared	-	-	(3,749,410)	(3,749,410)	-	(3,749,410)
Total transactions with owners	-	(10,262)	(3,753,413)	(3,763,675)	-	(3,763,675)
Transfer between reserves -						
From loan loss reserve	-	(60,949)	60,949	-	-	-
To retained earnings reserve	-	250,000	(250,000)	-	-	-
Transfers between retained earnings and reserves	-	189,051	(189,051)	-	-	-
Balance as at March 31, 2024	8,879,881	13,215,738	73,511,659	95,607,278	2,447,557	98,054,835
Period ended March 31, 2023:						
Restated balance at 1 January 2023	8,998,808	9,345,478	69,075,290	87,419,576	2,241,080	89,660,656
Total comprehensive (loss)/income for the period	-	1,144,067	2,183,155	3,327,222	90,868	3,418,090
Transactions with owners -						
Dividends declared	-	-	(2,812,057)	(2,812,057)	(49,000)	(2,861,057)
Total transactions with owners	-	-	(2,812,057)	(2,812,057)	(49,000)	(2,861,057)
Transfer between reserves -						
To loan loss reserve	-	306,277	(306,277)	-	-	-
To retained earnings reserve	-	243,050	(243,050)	-	-	-
Transfers between reserves	-	549,327	(549,327)	-	-	-
Balance as at March 31, 2023	8,998,808	11,038,872	67,897,061	87,934,741	2,282,948	90,217,689

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

 for the three months ended 31 March 2024
 (Expressed in thousands of Jamaican dollars)

	March 2024 Year-to-date Unaudited	March 2023 Year-to-date Unaudited
Net profit for the period	1,021,838	2,263,320
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Fair value reserve:		
Unrealised (losses)/gains on FVTOCI bonds	(1,337,111)	940,656
Share of joint venture unrealised gains on FVTOCI bonds	2,750	14,554
	<u>(1,334,361)</u>	<u>955,210</u>
Currency translation	26,281	66,257
	<u>(1,308,080)</u>	<u>1,021,467</u>
(Losses)/gains recycled to the Profit or Loss Statement on sale and maturity of FVTOCI securities	(108,488)	87,746
Provision for expected credit losses on securities designated as FVTOCI	(1,759)	45,557
	<u>(110,247)</u>	<u>133,303</u>
Total other income recognised directly in stockholders' equity, net of taxes	<u>(1,418,327)</u>	<u>1,154,770</u>
Total Comprehensive Losses/Income	<u>(396,489)</u>	<u>3,418,090</u>
Attributable to:		
Stockholders' of the parent company	(408,093)	3,327,222
Non-controlling interests	11,604	90,868
	<u>(396,489)</u>	<u>3,418,090</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

 for the three months ended 31 March 2024
 (Expressed in thousands of Jamaican dollars)

	March 2024 Year-to-date Unaudited	March 2023 Year-to-date Unaudited
Cash Flows from Operating Activities:		
Net Profit	1,021,838	2,263,320
Adjustments for:		
Items not affecting cash and changes to policyholders' funds:		
Adjustments for non-cash items, interest and dividends	(814,238)	(1,508,187)
Changes in other operating assets and liabilities	(1,881,890)	56,216
Net Investment purchases	(4,432,117)	(2,645,343)
Interest and dividends received	8,108,048	7,347,999
Interest paid	(2,468,214)	(1,608,614)
Income taxes paid	(2,422,983)	(3,043,611)
Net cash (used in)/generated from operating activities	<u>(2,889,556)</u>	<u>861,780</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investment property, net	253,894	-
Purchase of property, plant and equipment, net	(175,308)	(141,380)
Purchase of intangible assets, net	(46,055)	(25,320)
Investment in joint venture	(229,036)	-
Dividends received from joint venture	229,036	-
Net cash generated from/(used in) investing activities	<u>32,531</u>	<u>(166,700)</u>
Cash Flows from Financing activities:		
Deposits and securities liabilities	4,571,482	4,228,807
Lease repayment	(182,273)	(175,471)
(Purchase)/Disposal of treasury shares, net	(4,003)	5
Dividends paid to non-controlling interests	-	(49,000)
Net cash generated from financing activities	<u>4,385,206</u>	<u>4,004,341</u>
Cash and cash equivalents:		
Effect of exchange rate on cash and cash equivalents	(45,706)	(157,300)
Increase in cash and cash equivalents	1,482,475	4,542,121
Cash and cash equivalents at beginning of year	45,353,674	42,942,105
Cash and cash equivalents at end of period	<u>46,836,149</u>	<u>47,484,226</u>
Comprising:		
Balances with Banks	17,716,138	19,577,693
Short - Term Deposits	21,236,242	13,432,809
USA Government Treasury Bills and Short-Term Bonds	6,428,299	8,373,709
Securities purchased under resale agreements	1,455,470	6,100,015
	<u>46,836,149</u>	<u>47,484,226</u>

Explanatory Notes
1. Identification and Principal Activities

Sagikor Group Jamaica Limited (SGJ, the company) is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. It is 32.45% (2023 – 32.45%) owned by LOJ Holdings Limited (LOJH) which is also incorporated and domiciled in Jamaica and 16.66% owned by Sagikor Life Inc. (SLI) which is domiciled in Barbados. Both LOJH and SLI are wholly owned by Sagikor Financial Company Limited (Sagikor), the ultimate parent company, which is incorporated and domiciled in Bermuda. Sagikor has an overall interest of 49.11% (2023 – 49.11%) in the company. The other significant stockholder in SGJ is Pan Jamaica Group Limited with a 30.21% (2023 – 30.21%) holding.

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

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

2. Basis of Preparation

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

3. Accounting estimates and judgements

Certain amounts recorded in these audited consolidated financial statements reflect estimates and assumptions made by management about insurance liability reserves, investment valuations, interest rates and other factors. Actual results may differ from the estimates and assumptions made. Interim results are not necessarily indicative of full year results.

4. Changes in significant accounting policies

The Group has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments.

IFRS 17 - Insurance Contracts

IFRS 17 became effective on January 1, 2023 and brings significant changes to the accounting for insurance and reinsurance contracts.

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

- GMM measures groups of insurance contracts based on estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts. An explicit risk adjustment is applied that reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk. The Contractual Service Margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts that represents the unearned profit that the Group will recognise as obligations are fulfilled under the insurance contracts. At initial recognition, the positive CSM on a group of insurance contracts is recorded as a liability and is subsequently amortised to future income. When the calculation of present value of expected future cash flows results in a net cash outflow, the insurance contracts are classified as "Onerous" and the negative CSM is immediately recognised in income.
- The VFA applies to insurance contracts issued with direct participation features, which are substantially investment-related service contracts under which the policyholder is promised an investment return based on underlying items, such as segregated funds and certain participating insurance contracts. The key difference between the VFA and the GMM is only evident at subsequent measurement, the transitional and at inception CSM is the same under both models. This difference is the ability to bring economic movements into the CSM each period as compared to income under the GMM.

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

 for the three months ended 31 March 2024
 (Expressed in thousands of Jamaican dollars)

	Long Term Insurance	Short Term Insurance	Commercial Banking	Investment Banking	Other including Consolidation Adjustments	Unaudited March 2024 Group
For the three-months ended March 31, 2024						
Operating results:						
Insurance revenue	4,662,205	7,850,923	-	-	-	12,513,128
Insurance service expenses	(4,219,596)	(6,124,189)	-	-	-	(10,343,785)
Net expense from reinsurance contracts	(75,284)	(1,069,708)	-	-	-	(1,144,992)
Insurance service results	367,325	657,026	-	-	-	1,024,351
Net insurance finance expense	(693,670)	-	-	-	-	(693,670)
Net investment income	906,483	251,997	2,817,617	812,932	75,217	4,864,246
Net Insurance and Investment Results	580,138	909,023	2,817,617	812,932	75,217	5,194,927
Fee and other revenue	145,174	15,664	2,447,808	448,514	1,807,347	4,864,507
Share of results of joint venture	-	67,294	-	-	-	67,294
Other operating expenses	(54,633)	(152,377)	(3,787,157)	(859,421)	(2,570,879)	(7,424,467)
Asset and other tax	(114,354)	(32,864)	(462,726)	(226,272)	(89,234)	(925,450)
Profit before taxation	556,325	806,740	1,015,542	175,753	(777,549)	1,776,811
Taxation	(310,040)	(134,098)	(484,520)	(59,094)	232,779	(754,973)
Net Profit	246,285	672,642	531,022	116,659	(544,770)	1,021,838
Attributable to:						
Stockholders of the parent company						1,003,920
Non-controlling interests						17,918
						<u>1,021,838</u>
Segment assets:	157,011,499	24,312,613	204,020,426	128,971,499	32,193,270	546,509,307
Unallocated assets						18,894,274
Total assets						<u>565,403,581</u>
Segment liabilities:	136,754,660	11,745,329	177,448,643	111,181,203	25,771,524	462,901,359
Unallocated liabilities						4,447,387
Total liabilities						<u>467,348,746</u>
Other Segment items:						
Capital expenditure: Computer software						46,055
Property, plant and equipment						175,308

	Long Term Insurance	Short Term Insurance	Commercial Banking	Investment Banking	Other including Consolidation Adjustments	Unaudited March 2023 Group
For the three-months ended March 31, 2023						
Operating results:						
Insurance revenue	4,168,952	6,811,256	-	-	-	10,980,208
Insurance service expenses	(2,873,465)	(5,916,553)	-	-	-	(8,790,018)
Net expense from reinsurance contracts	(70,435)	(844,695)	-	-	-	(915,130)
Insurance service results	1,225,052	50,008	-	-	-	1,275,060
Net insurance finance expense	(2,140,541)	-	-	-	-	(2,140,541)
Net investment income	3,784,271	328,696	2,369,001	395,292	(191,999)	6,685,261
Net Insurance and Investment Results	2,868,782	378,704	2,369,001	395,292	(191,999)	5,819,780
Fee and other revenue	305,872	13,365	2,220,055	441,402	1,499,953	4,480,647
Share of results of joint venture	-	(78,078)	-	-	-	(78,078)
Other operating expenses	(255,839)	(89,663)	(3,212,781)	(691,490)	(2,006,757)	(6,256,530)
Asset and other tax	(113,532)	(27,409)	(446,971)	(214,847)	(92,072)	(894,831)
Profit before taxation	2,805,283	196,919	929,304	(69,643)	(790,875)	3,070,988
Taxation	(436,928)	(74,853)	(432,433)	(718)	137,264	(807,668)
Net Profit	2,368,355	122,066	496,871	(70,361)	(653,611)	2,263,320
Attributable to:						
Stockholders of the parent company						2,183,155
Non-controlling interests						80,165
						<u>2,263,320</u>
Segment assets:	157,296,400	19,682,915	192,150,157	118,496,007	24,243,873	511,869,352
Unallocated assets						18,065,842
Total assets						<u>529,935,194</u>
Segment liabilities:	129,413,936	10,294,408	168,839,503	103,573,266	24,147,355	436,268,468
Unallocated liabilities						3,449,037
Total liabilities						<u>439,717,505</u>
Other Segment items:						
Capital expenditure: Computer software						25,320
Property, plant and equipment						141,380

Explanatory Notes cont'd.

- PAA is applied to short duration contracts where the policy's contract boundary is one year or less. Under PAA, insurance contract results are measured based on unearned premiums, this accounting treatment is broadly similar to the approach applied under IFRS 4.

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

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

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

IFRS 9 Financial Instruments

IFRS 17 allows a change in election of IFRS 9 accounting treatment for assets supporting liabilities. The Group has elected to designate these financial assets, previously held at amortised cost and fair value through OCI (FVTOCI), as Fair Value through Profit and Loss (FVTPL). IFRS 9 – Financial instruments (“IFRS 9”) was previously implemented by the Group on January 1, 2018.

Transition

The Group adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was mostly applied to the insurance contracts in force at the transition date that were originated less than 3-5 years prior to transition. Where the full retrospective approach was determined to be impracticable, the fair value approach was applied.