Sagicor Group Jamaica

ANNUAL REPORT 2021

People First ▪ Strong Performance ▪ Transformational Growth

Our Vision

To be a great company committed to improving the lives of people in the communities in which we operate.

Our Philosophy

Only when our clients win, we win.

Our Brand Vision

To be loved by our our clients and team members and admired by our competitors.

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The Group Recorded the Highest Profit in its History

Net Profit Attributable to Stockholders

$17.40B ↑ 26%

Stockholders' Equity

$114.82B ↑ 8%

Total Assets

$527.99B ↑ 8%

Earnings Per Stock Unit

$4.46 ↑ 26%

Dividends Per Share

$1.11 ↑ 31%

Peter K. Melhado
Chairman

Statement from the Chairman

2021 was a remarkable year for Sagicor Group Jamaica (SGJ), even as we continued to navigate the many uncertainties along with the unique challenges presented by the COVID-19 pandemic. The Group's record-breaking net profit attributable to stockholders' of JM$17.4 billion (26% over the 2020 outturn), underpinned by high customer satisfaction ratings, are clear indicators of us doing right by our customers in every segment in which we operate.

Indeed, our customer satisfaction score across the Group, measured in our Net Promoter Score® (NPS) of 45.9, is in line, or in many cases, above international benchmarks and remains a primary focus for our team. In fact, NPS is significantly weighted into the Balanced Scorecard methodology for team member bonuses, meaning our entire team has skin in the game in providing excellent customer service.

On behalf of the Board of Directors, I congratulate Team Sagicor, a cohort of talented, committed and innovative team members, whose sheer determination is the primary reason for our success. I also thank you, our clients, for allowing us to serve you, and for your loyalty during these unusual times.

Reflecting on this period of extreme market disruption, during which we have continued to invest heavily in our people and technology, I believe our Group has emerged more resilient and better positioned to consistently deliver quality service to our clients, a good indicator of our sustainability as a business. Our diversification within the financial sector, an important element in maintaining our impressive history of profit growth, was recently enhanced by the acquisition of Alliance Financial Services, in the second quarter of 2022. Adding remittances and a strong market position in Cambio trading will strengthen our overall growth prospects as well as increase leverage in our currency trading arms.

Ensuring a high standard of Corporate Governance is a key priority for our various Boards of Directors, and I am pleased to report that the Group maintained its 'A' rating from the Jamaica Stock Exchange's Corporate Governance Index. With the Boards' combined expertise, knowledge, and commitment to the Group's overall governance, the 45 Board members across the Group and its subsidiaries attended a combined total of over 150 Board and Committee meetings in 2021. I am deeply grateful to these members for their continued contribution to the growth and strength of the Group. Sadly, we lost a stalwart last year in Mike Fraser, a long-time employee of Sagicor and a continuing member of Sagicor Life of the Cayman Islands.

At Sagicor, people are at the core of who we are and how we do business and our passion for service goes beyond our focus on the client to our connection to, and our involvement with, the communities in which we operate. The Group demonstrated this commitment through several initiatives, primarily via Sagicor Foundation, geared towards improving the well-being of our fellow Jamaicans. The Sagicor Sigma Run remains one of our most impactful events, with over JM$49 million raised in 2021 to support the health and educational sectors. A special thank you to all who continued to support, participate in, and volunteer for this event.

Looking ahead to 2022, we are cautiously optimistic that the economy will continue along its expansionary path as the threat of COVID-19 recedes, both here and abroad. There, however, remain significant challenges with the current war in Ukraine, the inflationary pressures giving rise to higher interest rates and the weaknesses in the global supply chain. Cognizant of these adverse developments, the Group has adjusted its risk appetite downwards yet remains alert for opportunities that may arise in the prevailing environment.

I take this opportunity again to thank our clients, our various Boards, our team members, and other stakeholders for their part in making 2021, our 51st year of existence, a memorable one.

Peter K. Melhado
Chairman

April 29, 2022

PUTTING OUR CLIENTS AT THE FORE-FRONT OF OUR BUSINESS AGENDA

At Sagicor, our clients are always top of mind when making decisions that will impact and influence how they do business with us. We want to ensure that our clients experience the best possible service no matter where and when they interact with us.

Guided by the mantra of *"only when our clients win, we win"*, Sagicor prides itself on delivering top-notch, world-class client experience, and developing products designed to meet the needs of a wide cross-section of society.

Every year, we are even more inspired and motivated to make the lives of our clients easier as we innovate, create, and develop new solutions to suit their needs in an ever-evolving world. No matter where in the world our clients are, we want to ensure that they are treated with the utmost priority, all while exceeding their expectations.

As we continue to grow as a Group, Sagicor remains committed to putting its clients first as we help them on their journey to building a legacy that they have always dream of.

OUR CLIENTS

PEOPLE

Sagicor Bank Jamaica CEO Chorvelle Johnson Cunningham (right) bumps elbow with Cameille Sterling, Chief Operating Officer, Vertis Technology Solutions Limited, who was one of several women feted by Sagicor Group Jamaica ahead of International Women's Day 2021.

FIRST

Christopher Zacca
President & CEO
$17.4
Net Profit Attributable to Stockholders

Statement from the President & CEO

On behalf of the Board of Directors of Sagicor Group Jamaica Limited (SGJ or the Group), I am pleased to share with you the report for our 2021 performance.

A record-breaking year

2021 marked a year of meaningful gains for the Group driven by improved business processes and efficiencies, innovation, and overall agility. The Group remained very strong, posting its highest recorded net profit to date, despite the economic and social constraints caused by the ongoing pandemic. This tremendous success is attributable to the dedicated, hardworking, and passionate team members at Sagicor Group Jamaica who remained resolute and committed to serving our clients.

While reorganizing and pivoting with the economic realities, the Group remained strong with results showing record net profits attributable to stockholders of $17.40 billion; a 26% increase over the prior year. This fueled significant growth in shareholder value, as evidenced by an earnings per share of $4.46 (2020: $3.53) and return on equity of 16%. The Group's results were buoyed by growth in net profits across major business lines over the prior year. The Group's share price as of December 31, 2021 was $58.25 (2020: 49.95) with a market capitalization of $227.5 billion (2020: $195.1 billion), a 17% increase over the prior period, underlining continued shareholder confidence and promising business prospects. The robust performance was generated from total revenues of $102.56 billion, 21% or $17.99 billion year over year growth. The Group's revenue benefited from growth in premium income, fee income, net investment income and strong realized and unrealized capital gains.

Sagicor Investments performed commendably over the period with profits of $3.34 billion, 20% higher than 2020.

Sagicor Bank made major strides during the year, ending with a net profit of $3.27 billion, a 32% increase on 2020 results of $2.46 billion.

Sagicor Life Employee Benefits Division produced profits of $3.67 billion, a 13% decline against prior year results of $4.15 billion. This result was impacted by high health cost inflation which increased our benefit payouts. On the positive side, the segment had robust new business sales of annuity, group life and group health products which were 30% higher than 2020 and drove net premiums earned of $14.62 billion during the year.

Sagicor Life Individual Life Division thrived in the past year, building upon the progress of 2020, growing net profits to $8.95 billion for the year, a 13% increase over the 2020. New business sales in Jamaica and Cayman grew by 8% and 15% respectively compared to 2020. This paved the way for significant growth in total revenue of 34% or $9.40 billion over 2020.

BILLION

A year of resilience...

As the world continued to navigate the COVID-19 pandemic Sagicor Group Jamaica was determined more than ever to not only survive during the challenging times, but to thrive and rise above the adversities, ensuring the well-being, health and safety of our team members, clients and all stakeholders remained top priority.

With a continued focus on health and safety protocols, and the digitization of processes to better manage in-person interactions, the Group's emphasis on processes and policies created a pathway to success that propelled the teams' cohesiveness through continued innovation. The team remained resilient and rose to the challenge, exceeding all expectations.

More than ever, during the year, we remained guided by our core values of the SCRIPT, service, communication, respect, integrity, performance, and teamwork.

It was a year that taught us, as a nation and a Group, how to navigate uncertainties, and underscored our resilience when we work together towards one common goal.

Good Corporate Governance – A Way of Life at SGJ

Sagicor Group Jamaica Limited (and its subsidiaries) adopts and complies with the principles and guidelines set out in our Corporate Governance Code. We stand committed to upholding the best practices and the highest standards of ethical conduct – to which we have become accustomed.

Sagicor is accountable to over 700,000 clients, thousands of shareholders, and a number of regulatory bodies. Our success is driven by good decision-making, transparency and accountability which provides a strong foundation for us to serve our clients, make a positive impact in the communities in which we operate, and build equity for our shareholders.

Our corporate governance framework ensures effective engagement with our stakeholders and helps us evolve with changing times. It also ensures that we make timely disclosures as well as share accurate information regarding our financials and performance, and the leadership and governance of the Company.

As of December 31, 2021, with the resignation of Director Timothy Hodgson, the Board is composed of fourteen (14) directors - thirteen (13) Non-Executive Directors (seven (7) of whom are independent and the Executive Director.

As a part of our commitment to follow corporate governance best practices, we are compliant with the PSOJ's Code of Corporate Governance. In line with those regulations, I would like to announce the retirement of Mrs Janice Grant-Taffe from the Sagicor Group of companies as Senior Vice President, General Counsel. Mrs Grant-Taffe served as our longstanding Chief Legal Counsel for the past 15 years. Her contribution to the development of Jamaica's insurance industry is legendary. Mrs. Grant-Taffe remains as the Corporate Secretary for Sagicor Group Jamaica Limited and its local subsidiaries.

We are grateful for the knowledge, experience, and dedication of SGJ's Board of Directors and the many Committees of the Group and all our subsidiaries who continue to execute at the highest standard.

Focused on Maintaining Excellent Customer Experience

Throughout the pandemic, Team Sagicor implemented innovative ways to better serve our clients. This effort was rewarded as we achieved a 45.9% Net Promoter Score® (NPS) for 2021 – a score that puts us among the world's best. This is a testament to the tenacity of the team in their drive towards providing excellent customer experience at all touch points of our business.

Sagicor Group is leading the financial industry's digital revolution having launched several initiatives that promote digital inclusion and better meet the needs of our clients. These include our **eConnect**® virtual appointment solution, our first-to-market tele-underwriting service; the updated **eLife**® portal that features our new fully automated Approved Retirement Scheme (ARS) application; and Sagicor Investments **eInvest**® portal for a convenient and fast way to apply for IPOs and support our clients' investment goals. In the Employee Benefits divisions, key stakeholders were afforded a seamless and more efficient way to track and manage their group insurance benefits, through a digital platform Sagicor Connect. The division also rolled out the My Sagicor App, which allow customers to take control of planning their retirement.

Creating 'Wow' Experiences and Impactful Marketing Campaigns

Through the robust efforts of marketing campaigns, the Sagicor brand remains one that resonates with Jamaicans from all walks of life. Through our consistent brand presence whether through traditional or new media – from our

social and digital media platforms, public relations efforts, or events our brand remains a household name. In 2021, the Group achieved a 97% brand awareness score – positioning the Sagicor as one of the top financial institutions in the country.

The Group continues to implement 'wow' experiences through its ingenious marketing strategies and impactful marketing campaigns that deliver on our Brand Vision: "To be loved by clients and team members and admired by our competitors".

Giving Back Remains a Core Part of the Group's DNA

Through the Sagicor Foundation and the Group's Corporate Social Responsibility (CSR) programme, and in keeping with our Foundation's mandate of *"Caring, Inspiring and Serving"*, the team continued to implement and support initiatives that align with Foundation's pillars.

The Sagicor Foundation supported Jamaica's development, primarily in the areas of health and education, while the Group's CSR was immersed in supporting the nation's COVID-19 relief efforts.

Throughout the year, we supported several causes that promoted Jamaica's overall resilience against COVID-19, hosting two 'vax days' initiatives, making significant donations to both the private and public sector, as well as assisting students and healthcare workers with much needed Personal Protective Equipment (PPE).

Most notably, the Foundation donated beds to increase the capacity at the St Joseph's Hospital and gave US$12,000.00 towards the building of a field hospital at the University of the West Indies to treat COVID-19 patients.

Additionally, Sagicor supported other worthy causes through cash donations, including the Jamaica Cancer Society, the Preemie Foundation of Jamaica, and Hear the Children's Cry. Care packages were also donated towards a Sickle Cell Drive for patients and the Mustard Seed Communities.

For its 23rd staging, Sagicor achieved another major milestone with yet another successful staging of the Sigma Corporate Run. The annual event raised nearly 50 million in support of the Port Antonio and Annotto Bay hospitals in North-Eastern Jamaica. The funds raised were used to purchase much needed medical equipment for the hospitals.

The 2021 staging took the form of a special in-person invitational run with limited participants and a virtual run component as we endeavoured to safely execute the charitable road race in compliance with the Ministry of Health and Wellness guidelines.

Educational development was at the forefront of the Foundation's efforts with contributions of JM$30 million invested in scholarships for secondary and tertiary students in need.

The Foundation's Adopt-A-School programme continued its support to a number of early childhood institutions by carrying out major renovations, donating furniture, computers and other educational supplies to the Beeston Spring Early Childhood Institution in Westmoreland, the Sligoville Early Childhood Development Centre in Sligoville, St. Catherine and the Cornwall Basic School in Montego Bay, St. James.

Continued Hope for a Stronger Future

I am optimistic and hopeful for the future of Sagicor Group Jamaica as we remain a strong and solvent Group. Our people are strong, and I am grateful for their endurance and resilience as they continue to contribute to the improvement of the lives of the people of our beloved country, Jamaica.

We look forward to more successes in 2022.

With the recent acquisition of Alliance Financial Services Limited in the second quarter of 2022, the Group continues to elevate and diversify our services to our clients, whilst strengthening our Group's bottom-line.

Our yearlong Hope campaign, which was launched in the first quarter seeks to inspire, uplift, and motivate Jamaicans as we move towards bringing some semblance of normalcy back to our lives.

We want to help our clients, team members, shareholders, and wider Jamaica to discover better ways to work, do business and raise their families in Jamaica.

We will not forget the lessons of the past year, but we will continue to build on the successes we have achieved as a Group and we look towards creating an even brighter and stronger future for all our stakeholders.

Christopher Zacca
President & CEO

April 29,2022

Group 10 -Year Financial Statistics

YEAR ENDED DECEMBER 31, 2021

		2021	2020	2019	2018	2017	2016	2015	2014	2013	Revised 2012
SALES:											
INSURANCE AMOUNTS											
Individual Life - Sums Assured	$m	314,991	272,584	236,353	209,675	184,455	176,329	171,246	151,131	149,096	137,571
Group Life - Sums Assured	$m	15,746	7,236	7,706	5,860	11,718	6,109	9,678	6,940	4,988	1,710
Total New Insurance Amount	**$m**	**330,736**	**279,819**	**244,060**	**215,535**	**196,173**	**182,438**	**180,924**	**158,071**	**154,084**	**139,281**
NEW ANNUALISED PREMIUMS											
Individual Life and Health	$m	5,160	4,668	4,470	4,140	3,614	3,341	2,918	2,656	2,583	2,530
Individual Annuities	$m	274	383	209	223	103	401	387	83	117	131
Group Life and Health	$m	1,590	531	1,447	1,399	817	510	794	496	647	636
Group Health Single Premiums	$m	-	31	23	14	9	26	33	49	-	-
Group Annuities	$m	5,266	4,741	3,522	2,815	2,323	2,007	1,900	1,209	1,456	1,820
Bulk Annuities Single Premiums	$m	-	-	1,525	-	5,713	1,147	1,904	2,212	4,820	428
Group Pensions	$m	3,107	9,335	2,161	2,362	2,284	1,756	3,392	4,348	475	212
Total New Annualised Premiums	**$m**	**15,398**	**19,689**	**13,357**	**10,953**	**14,863**	**9,187**	**11,328**	**11,053**	**10,098**	**5,757**
IN FORCE:											
INSURANCE AMOUNT											
Individual Life - Sums Assured	$m	2,017,206	1,779,705	1,587,313	1,437,151	1,289,703	1,198,090	1,075,967	996,768	908,068	813,598
Group Life - Sums Assured	$m	1,090,630	1,036,284	967,899	882,103	772,050	661,581	601,357	591,020	493,945	553,171
Property and Casualty	$m	256,358	220,230	213,258	87,340	76,036	67,937	43,940	40,135	34,481	29,058
Total Insurance Amounts in Force	**$m**	**3,364,194**	**3,036,219**	**2,768,470**	**2,406,594**	**2,137,789**	**1,927,608**	**1,721,264**	**1,627,922**	**1,436,494**	**1,395,827**
Number of Individual Life policies in force		656,008	627,677	594,249	556,742	520,888	492,355	440,328	421,937	407,927	393,411
Number of New Individual Life policies		78,721	76,685	75,908	73,635	68,131	63,968	56,164	59,449	59,318	60,226
FINANCIAL POSITION & STRENGTH:											
Total Assets [1]	$m	527,991	490,695	459,999	394,133	352,037	340,955	300,390	284,216	198,310	174,532
Pension Funds under Management [2]	$m	238,573	214,944	247,537	206,359	186,761	154,734	130,311	98,209	85,506	79,725

Group 10 -Year Financial Statistics

YEAR ENDED DECEMBER 31, 2021

		2021	2020	2019	2018	2017	2016	2015	2014	2013	Revised 2012
Other Funds under Management	$m	189,739	195,760	220,631	163,180	141,023	113,842	95,616	78,865	45,692	40,683
Total Assets Under Management	**$m**	**956,303**	**901,399**	**928,167**	**763,672**	**679,819**	**609,531**	**526,317**	**461,290**	**329,508**	**294,940**
Bank Loans and Advances, net of provision for credit losses [6]	$m	93,018	87,425	84,663	69,061	61,329	56,038	43,760	37,302	10,819	9,390
Customer Deposits [6]	$m	133,339	120,570	107,250	92,264	84,280	75,166	62,924	56,044	12,468	11,411
Invested Assets [5]	$m	431,822	406,626	382,208	326,287	293,363	290,118	256,506	232,678	180,330	155,730
Policyholders' Funds (including Segregated Funds)	$m	130,505	119,697	116,991	97,623	95,493	86,390	77,617	71,143	64,538	52,534
Shareholders' Equity	$m	114,824	106,384	91,252	74,340	68,502	56,411	46,569	46,065	35,926	32,856
Market Capitalisation	$m	227,503	195,086	304,444	155,444	148,609	116,778	78,113	40,033	39,867	37,986
OPERATING RESULTS:											
Total Revenue	$m	102,561	84,573	92,600	70,657	70,444	59,701	54,998	45,630	42,356	35,507
Total Policyholder Benefits and Reserves [3,5]	$m	39,332	28,687	38,055	27,727	32,584	25,838	23,868	22,770	23,231	17,767
Total Commissions, Expenses, and Taxes [5]	$m	45,345	40,114	39,067	30,510	26,933	23,108	21,278	17,515	12,660	11,668
Net Profit, Attributable to Shareholders [5]	$m	17,395	13,780	15,650	14,232	12,070	11,258	9,793	8,513	6,298	5,865
FINANCIAL RATIOS:											
Return on Average Assets	%	3	3	4	4	3	4	3	4	3	4
Return on Average Shareholders' Equity	%	16	14	19	20	19	22	21	21	18	19
Share Price	$	58.25	49.95	77.95	39.80	38.05	29.90	20.00	10.25	10.60	10.10
Earnings Per Share	$	4.46	3.53	4.01	3.65	3.11	2.90	2.51	2.21	1.67	1.56
Price Earnings Ratio	$	13.05	14.15	19.44	10.90	12.23	10.31	7.97	4.64	6.35	6.47
Dividends Per Share	$	1.11	0.85	1.44	1.20	1.28	1.12	0.73	0.63	0.40	0.56
Administration Expenses and Depreciation to Revenue	%	32	32	31	31	32 [4]	29 [4]	29 [4]	29 [4]	22 [4]	19 [4]
"Commissions and Related Sales Expenses to net premium income"	%	14 [4]	14 [4]	14 [4]	15 [4]	14 [4]	14 [4]	14 [4]	14 [4]	15 [4]	14 [4]

Footnotes:

1 - Includes Segregated Funds
2 - Includes Sagicor Pooled Funds and Self-Directed Funds
3 - Includes movement in Actuarial Liabilities
4 - These ratios reflect a 10% weighting for single premiums
5 - Prior period computations have been adjusted to include Segregated Funds
6- These amounts relate to the Commercial Banking subsidiary

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING of the Company will be held on Friday, 27th day of May 2022 at 3:00 p.m., at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, in the parish of St. Andrew to consider and, if thought fit, pass the following Resolutions:

ORDINARY BUSINESS

1. **To receive the Audited Accounts.**

   Resolution No. 1:

   "THAT the Audited Accounts and the Reports of the Directors and Auditors for the year ended December 31, 2021 be and are hereby adopted."

2. **To elect Directors.**

   Resolution No. 2:

   "THAT the election of directors be made en-bloc."

3. **Resolution No. 3:**

   a) Article 98 of the Company's Articles of Incorporation provides that one-third of the directors or if their number is not three or a multiple of three then the number nearest to one-third shall retire from office at each Annual General Meeting. The directors retiring under this Article are Directors Peter Clarke, Mahmood Khimji, Lisa Lake, and Peter Melhado who, being eligible, offer themselves for re-election.

   "THAT Directors Peter Clarke, Mahmood Khimji, Lisa Lake, and Peter Melhado, who retire by rotation and are eligible for re-election, be and are hereby re-elected as Directors of the Company en-bloc."

4. **To fix the remuneration of the Directors.**

   Resolution No. 4:

   THAT the amount of $34,700,470.00 included in the Audited Accounts of the Company for the year ended December 31, 2021 as remuneration for their services as Directors be and is hereby approved.

5. **To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors.**

   Resolution No. 5:

   THAT PricewaterhouseCoopers, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors for the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.

6. **To ratify interim dividends and declare them final.**

   Resolution No. 6:

   THAT the interim dividends of Sixty-one ($0.61) cents paid on 14th day of May 2021 and Forty-Nine ($0.50) cents paid on 18th day of November 2021, respectively, be and are hereby ratified and declared as final for the year ended December 31, 2021.

DATED THIS 14th day of February, 2022

BY ORDER OF THE BOARD

Janice A. M. Grant Taffe

Corporate Secretary

REGISTERED OFFICE
28-48 Barbados Avenue
Kingston 5, Jamaica

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A Proxy need not be a member of the Company.

If you are unable to attend, we enclose a Form of Proxy for your convenience. This should be completed and deposited with the Secretary at the Registered Office of the Company, at 28-48 Barbados Avenue, Kingston 5 not less than 48 hours before the time appointed for the meeting. The Proxy Form should bear stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamps and cancelled by the person signing the Proxy.

Directors' Report

The Directors are pleased to submit their Report and the Audited Financial Statements for the year ended December 31, 2021. The Financial Statements reflect the consolidated results of Sagicor Group Jamaica Limited (SGJ) and its subsidiaries.

	2021 J$000's	2020 J$000's
OPERATING RESULTS:		
Group Profit before tax	24,093,047	10,178,307
Taxation	(6,449,959)	(5,693,527)
Net Profit after tax	17,643,088	4,484,780
Attributable to:		
Stockholders of the parent company	**17,395,431**	**13,780,163**
Non-controlling interests	(247,657)	9,295,383

Dividends

The amount of shares should be reconciled against the amount stated in the Notice of Meeting.

Directors

Article 98 of the Company's Articles of Incorporation provides that one-third of the directors or if their number is not three or a multiple of three then the number nearest to one-third shall retire from office at each Annual General Meeting. The directors retiring under this Article are Directors Peter Clarke, Mahmood Khimji, Lisa Lake, and Peter Melhado who being eligible offer themselves for re-election.

Auditors

The retiring Auditors, PricewaterhouseCoopers, having expressed their willingness to continue in office, will do so in accordance with the provisions of Section 154 of the Companies Act. A resolution authorising the Directors to fix the remuneration of the Auditors will be presented at the Annual General Meeting.

Peter Melhado
Chairman

March 1, 2022

OUR TEAM IS THE BACKBONE OF OUR SUCCESS

The success of a strong and resilient company is founded on the tenacity, dedication, passion, and commitment of its team members. At Sagicor, our team members are our greatest asset and their talent, skills and expertise keep us at the top of our industry.

Our talented Sagicor team is comprised of individuals from a wide cross-section of the communities we serve across Jamaica, and together they reflect a variety of backgrounds, disciplines and perspectives that make us a stronger Sagicor each day.

Through an active culture of team engagement, we support, celebrate, and reward our team members for their consistent high performance, creativity, and innovation. We believe it is of utmost importance to cultivate an environment that our team members know how invaluable their contribution is to the success of the Group, and it remains our duty to provide that.

Our commitment to our team members remains unwavering as we continue to focus on enhancing the spirit of our team by providing a positive culture of teamwork, support, productivity, and empowerment.

OUR TEAM

PEOPLE

Sagicor Group Jamaica team member wear specially designed #CheckThemOut t-shirts, which were sold by the Sigma Run Secretariat pop-up shop in October last year to raise funds for charity. Team members across the group wore pink each Friday in Breast Cancer Awareness Month to encourage screening and stand in solidarity with the cause.

FIRST

Board of Directors

DELIVERING OUR CLEAR GROWTH STRATEGY

PETER K. MELHADO B.Sc., M.B.A.
Chairman
Appointed 2014
Citizen of Jamaica

Mr. Peter Melhado is the Chairman (appointed July 2019) of Sagicor Group Jamaica Limited. Mr. Melhado holds a B.Sc. in Mechanical Engineering from McGill University and an MBA from Columbia University Graduate School of Business, with a major in Finance.

Mr. Melhado currently serves as Board Chairman of Sagicor Life Jamaica Limited, CGM Gallagher Group, West Indies Home Contractors, Social Commerce Inc (Puerto Rico), American International School of Kingston, Industrial Chemical Company and Red Stripe, and as a Director on the Boards of Sagicor Bank Jamaica, Sagicor Investments Jamaica, British Caribbean Insurance Company and Advantage Communications.

He is currently President & CEO of ICD Group Limited. He is a former Vice President of the Private Sector Organisation of Jamaica and former CEO of Manufacturers Group until its merger with PanCaribbean in 2004. During his time with that company, he was responsible for the growth and development of Manufacturers, leading to the merger with Sigma to create Manufacturers Sigma Merchant Bank, then one of the leading financial and asset management companies in Jamaica.

CHRISTOPHER W. ZACCA B.Sc., M.B.A., CD, JP

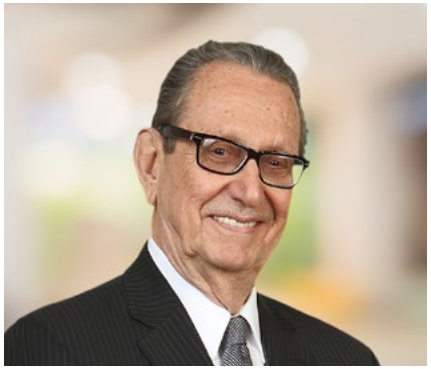
Appointed 2017
Citizen of Jamaica

Mr. Christopher Zacca is the President & CEO of Sagicor Group Jamaica Limited and a Director of several Sagicor entities. He is an astute businessman with a wealth of business and management experience in both the public and private sectors, spanning over three decades.

He is highly respected in the private sector where he has held senior management positions at Desnoes and Geddes, ATL Group, Air Jamaica Ltd. and served as President of the Private Sector Organisation of Jamaica.

His track record in public sector service is equally impressive, having served as special advisor to the Prime Minister from 2009 to 2011. He is a former Chairman of the Development Bank of Jamaica and the National Health Fund. Mr. Zacca is presently the Chairman of the Private Sector Vaccine Initiative in Jamaica, which was established in March 2021 as a mechanism to support the government's COVID-19 vaccination efforts.

Mr. Zacca holds an M.B.A. from the University of Florida and a B.Sc. in Engineering from the Massachusetts Institute of Technology.



THE HON. R.D. WILLIAMS OJ, CD, JP

Hon. LLD (UTech), Hon. LLD (UWI)
Chairman (Retired April 30, 2017)
Appointed 1969
Citizen of Jamaica

Dr. the Hon. R. Danvers (Danny) Williams is the founder of Life of Jamaica Limited, now Sagicor Life Jamaica, serving as President & CEO on two separate occasions and now serves as the Group's esteemed Director Emeritus, a role he also holds on the Board of Jamaica Broilers Group Limited.

In 1972 Dr. Williams was awarded the National Honour of Commander of the Order of Distinction (CD) and in 1993 was conferred with the Order of Jamaica (OJ) for voluntary service to his community. He served the Government of Jamaica for three years (from 1977 to 1979) as a Senator, Minister of State and Minister of Industry and Commerce, respectively. He was conferred twice with the degree of Doctor of Laws (Hon) by the University of Technology in 2005 and by the University of the West Indies (Mona) in 2013. Dr. Williams currently serves on the boards of several major Jamaican companies, organisations and foundations.

PETER E. CLARKE B.A.

Appointed 2012
Citizen of Trinidad &Tobago

Mr. Peter Clarke is a financial consultant. He is the Chairman of the Audit Committee and a member of the Risk Management Committee of Sagicor Group Jamaica. He is a director of Sagicor Financial Company Limited and sits on the board of several other companies in the SFCL Group including Sagicor Life Inc. and Sagicor General Insurance.

Mr. Clarke is the holder of a Bachelor of Arts degree in History from Yale University and a law degree from Downing College, Cambridge University. He was called to the Bar as a member of Gray's Inn in London in 1979 and to the Bar of Trinidad and Tobago in 1980.

He is the former Chief Executive Officer of West Indies Stockbrokers Limited in Trinidad and is currently on the Board of The Trinidad and Tobago Stock Exchange where he served as Chairman from 1995 to 1999 and again from 2014 to 2016.

Mr. Clarke is the Chairman of Guardian Media Limited and a board member of a number of other companies in Trinidad and Tobago. He is a member of the Finance Council of the Roman Catholic Archdiocese of Port of Spain and chairs its Investment Committee.

JACQUELINE D. COKE-LLOYD

Appointed 2010
Citizen of Jamaica

Dr. Jacqueline Coke-Lloyd is the Founder/Principal Director of Make Your Mark Group Ltd.

She is a transformational visionary leader, negotiator and change agent with over 30 years of expertise in Leadership, General Management, Human Resource Development, Negotiation, Employee/Employer Relations, and International Relations. She is a graduate of the University of Technology Jamaica and the International Training Centre of the International Labour Organisation (ILO), Turin, Italy, and BGU, U.S.A. Dr. Coke-Lloyd is a SHRM-certified Behavioural Coach, Certified Mediator and Job Readiness Trainer. She holds a Doctorate in Transformational Leadership. She has served on several local boards including the National Housing Trust (NHT), Jamaica Productivity Centre, University of Technology Jamaica (UTech), Young Entrepreneurs Association of Jamaica (YEA), Jamaica Employers Federation (JEF) and the Labour Advisory Council (LAC). She has been elected to serve on International Boards such as the International Labour Organization (ILO) and the Caribbean Employers Confederation (CEC).

Dr. Coke-Lloyd is the former CEO of Jamaica Employers' Federation (JEF). She is a member of PSOJ Human Capital Development Committee, Women's Leadership Initiative (WLI), PSOJ, the Human Resource Management Association of Jamaica (HRMAJ) and serves as a Justice of the Peace for St. Andrew.

PAUL A.B. FACEY B.Sc., M.B.A.

Appointed 2005
Citizen of Jamaica

Mr. Paul Facey holds a B.Sc. in Marketing and Management from the University of South Florida and an M.B.A. in Finance from Florida International University Business School. He has a wide range of experience in banking, investment, manufacturing, retail and distribution.

Mr. Facey is the Chief Investment Officer at PanJam Investment Limited. He currently sits on the Boards of PanJam, Jamaica Property Company Limited and is Chairman of the Board of Sagicor Investments Jamaica Limited.

STEPHEN B. FACEY B.A., M.Arch

Appointed 2004
Citizen of Jamaica

Mr. Stephen B. Facey is the Chairman and Chief Executive Officer of PanJam Investment Limited (formerly Pan-Jamaican Investment Trust Limited). He has over 35 years of experience in architecture, real estate development and management, and private equity investing. Under Mr. Facey's leadership, PanJam continually creates shareholder value by investing across the Jamaican economic landscape.

An architect by training, Mr. Facey holds a B.A. in Architecture from Rice University and an M. Arch. from the University of Pennsylvania. His passion has always been for real estate. As such, he is currently involved with both public and private organisations that represent that industry. Mr. Facey is the Chairman of Jamaica Property Company Limited, the Jamaica Developers Association, Kingston Restoration Company Limited and the New Kingston Civic Association.

In keeping with the Facey family's commitment to the development of Jamaica's youth, Mr. Facey is the Chairman of the Boys' Town Infant and Primary School, as well as the C.B. Facey Foundation, the charitable arm of PanJam.

Mr. Facey is also the Chairman of New Castle Group of Companies. In addition to his role as a Director of Sagicor Group Jamaica Limited, he serves as a Director on the Boards of Chukka Caribbean Adventures Limited and the National Gallery of Jamaica, and is a Trustee of the Institute of Jamaica.

MARJORIE M. FYFFE CAMPBELL

J.P., BSc (Hons.), M.Sc., FCA, DBA
Appointed 2003
Citizen of Jamaica

Dr. Marjorie Fyffe Campbell is a Management Consultant with over 30 years of experience in Finance, Accounting and Executive Management. She holds a Doctorate in Business Administration (DBA) from Mona School of Business and Management, with an emphasis in Corporate Governance, an M.Sc. in Accounting and a B.Sc. (Hons) from the University of the West Indies. She is a Fellow of the Institute of Chartered Accountants of Jamaica, a member of the Hospitality, Financial and Technology Professionals and is a Justice of the Peace/ Lay Magistrate. She is a former President and Chief Executive Officer of the Urban Development Corporation, Jamaica and a former Adjunct Lecturer at the Mona School of Business, University of the West Indies, Mona, in Financial and Managerial Accounting and Enterprise Risk Management Governance.

Dr. Fyffe Campbell possesses extensive experience in Organisational Management, Finance and Accounting, Corporate Governance, Risk Management, Property Development and Property Management. She is also a member of the Board of Directors of Sagicor Life Jamaica (SLJ), Sagicor Life Cayman, Sagicor Property Services Limited and Sagicor Foundation.

PAUL HANWORTH M.A., M.Sc., F.C.A., C.P.A.

Appointed 2008
Citizen of Jamaica and the United Kingdom

Mr. Hanworth is the Deputy Chief Executive Officer of PanJam Investment Limited, a multi-faceted investment holding company in Kingston, Jamaica. He is both a Certified Public Accountant (USA) and a Chartered Accountant (England & Wales), and holds Master's degrees in Management from Rensselaer Polytechnic and in the Classics from Sidney Sussex College, Cambridge University.

Prior to joining PanJam, Mr. Hanworth worked with KPMG in the USA and England for 14 years, with Diageo in the USA and South Africa for 9 years, and with the Mechala Group (now ICD Group) in Jamaica for 6 years. He is a Director of British Caribbean Insurance Company, Carreras, and Rainforest Seafoods, as well as several of PanJam's subsidiary and associated companies. He founded Jamaica's first specialty fine wine business in 2004, which he sold in 2012.

STEPHEN MCNAMARA CBE, LL.D.

Appointed 2014
Citizen of St. Lucia and Ireland

Mr. Stephen McNamara was called to the Bar at Lincoln's Inn, and in St Lucia in 1972. He is the senior partner of McNamara & Company, Attorneys-at-Law of St. Lucia. The barrister/solicitor specialises in the representation of foreign investors in St Lucia in the Tourism, Manufacturing and Banking sectors. He served as Chairman of the St Lucia Tourist Board for nine years. He was appointed Non-Executive Chairman of Sagicor Financial Corporation, the Group's holding company, on 1 January 2010, having formally served as Vice Chairman since June 2007. He is the Chairman of the Group's main operating subsidiary Sagicor Life Inc. and also of Sagicor USA and a number of other subsidiaries within the Group.

Mr. McNamara's St Lucia-based service includes the Board of St Lucia Electricity Services Ltd, where he was elected as the Chairman in December 2015 and served until his retirement at the end of 2017, and as the President of the St Lucia Tennis Association.

Mr. McNamara was made a Commander of the Order of the British Empire (CBE) in the 2015 Queen's Birthday Honours for public service and services to the legal profession. In 2015 he was also awarded an honorary doctorate from the University of the West Indies for his outstanding achievements and contribution to the region in the areas of business, sport and general philanthropy for more than forty years.

DR. DODRIDGE MILLER

FCCA M.B.A., LLM, Hon. LLD
Appointed 2001
Citizen of Barbados and United States of America

Dodridge D. Miller is Group President and Chief Executive Officer of Sagicor Financial Company Limited (SFCL). He joined SFCL in 1989 and has more than 30 years' experience in the banking, insurance, and financial services industries. Mr. Miller is a Fellow of the Association of Chartered Certified Accountants (FCCA) and obtained his Master of Business Administration from the University of Wales and the Manchester Business School. He holds an LL.M. in Corporate and Commercial Law from the University of the West Indies and in 2008 was conferred with an honorary Doctor of Laws degree by that institution. Dr. Miller is a director of a number of companies within the Sagicor Group.

TIMOTHY HODGSON B.Com., M.B.A.

Appointed 2020
Retired December 31, 2021
Citizen of Canada

Timothy Hodgson is the Chairman of the Board of Sagicor Financial Corporation. He was previously a Managing Partner with Alignvest Management Corporation, having served at the firm from 2012 to August 2019. Mr. Hodgson was the special advisor to Mr. Mark Carney, Governor of the Bank of Canada, from 2010 to 2012. From 1990 to 2010, he held various positions with Goldman Sachs in New York, London, Silicon Valley and Toronto, serving as Chief Executive Officer of Goldman Sachs Canada from 2005 to 2010, with overall responsibility for operations, client relationships and regulatory matters in the region. He currently chairs the Investment Committee on the board of the Public Sector Pension Investment Board (PSP Investments) and is Chair of the board of directors of Hydro One Limited. Mr. Hodgson's prior directorships include MEG Energy, the Global Risk Institute, KGS-Alpha Capital Markets, Next Canada, the Richard Ivey School of Business and Bridgepoint Health. He holds a Master of Business Administration degree from the Richard Ivey School of Business at Western University, and a Bachelor of Commerce degree from the University of Manitoba. He is a Fellow of the Institute of Chartered Professional Accountants and has earned the ICD.D designation from the Institute of Corporate Directors.

LISA LAKE B.A., MPA

Appointed 2020
Citizen of Jamaica

Ms. Lisa Lake is the Group CEO of the Lake Group of Companies with executive oversight that covers multiple industries including Quick Service Restaurants (franchisees of Burger King, Popeyes and Little Caesars across three islands), construction and development, as well as logistics and manufacturing. She was previously the Chief Executive Officer of the Branson Centre of Entrepreneurship. Prior to the Branson Centre, Ms. Lake was the Director of Operations for Brand Extensions at Sandals Resorts International. She also worked with the OTF Group, a consulting firm focused on issues of competitiveness in developing countries; the Bank of Jamaica and the New York-based economic consulting firm, NERA. She holds a Master of Public Administration in International Development from Harvard University's Kennedy School, a B.A. in Economics (magna cum laude) and a B.A. in Architectural Studies (magna cum laude) from Tufts University.

MAHMOOD J. KHIMJI B.A., J.D.
Appointed 2020
Citizen of United States of America

Mahmood Khimji is a founding Principal of Highgate, an industry-leading real estate investment and management firm and has been involved in all aspects of Highgate's development since its founding in 1988. Prior to founding Highgate, Mr. Khimji practised law at Paul, Weiss, Rifkind, Wharton & Garrison. Mr. Khimji is the Chairman of the Board of Directors of Sagicor Financial Corporation. He also serves on the board of directors of Sagicor Jamaica, Playa Hotels & Resorts and American Hotel Income Properties and is a member of the Young Presidents' Organization (YPO) and the Real Estate Forum. Mr. Khimji also serves on the National Committee of Aga Khan Foundation USA and on the boards of Aga Khan Museum and the Asia Society. Additionally, Mr. Khimji serves on the Board of Visitors for Columbia Law School. He attended the University of British Columbia, holds a B.A., summa cum laude, from the University of Houston and a J.D. from Columbia Law School.

GILBERT J. PALTER B.Sc., M.B.A.
Appointed 2020
Citizen of Barbados and Jamaica

Gilbert Palter is the Co-Founder and Chief Investment Officer of EdgeStone Capital Partners, an alternative asset management firm. He is also the Chairman and CEO of EGADS Group, which invests in public and private companies. Mr. Palter was the founding Chairman of Aurigen Capital Limited, a Bermuda-based life reinsurer, leading the $500-million initial funding. He is the former Chairman of Affinion Group Holdings Inc., which operated Affinion Benefits Group, LLC, a U.S. accidental death and dismemberment business.

Over his 30-year career as a private equity investor, he has served on numerous private company boards and, on behalf of EGADS Group, on the public boards of Atlantic Power Corporation since 2015, cxLoyalty Group Inc. since 2017, and RPX Corporation from 2016-2018. In his early career Mr. Palter worked at Morgan Stanley, McKinsey & Company, Clairvest Group, and Smith Barney. Mr. Palter received a Master's in Business Administration from Harvard Business School where he graduated as a Baker Scholar and the winner of the John L Loeb Fellowship in Finance. He earned a B.Sc. degree in Computer Science and Economics at the University of Toronto, where he was the Gold Medallist in his class. He was a 2003 recipient of "Canada's Top 40 Under 40" award, and a recipient of the Ernst & Young Entrepreneur of The Year® Award 2006.

JANICE GRANT TAFFE LL.B. (HONS.), CLE
Corporate Secretary

Janice Grant Taffe has responsibility for the delivery of corporate secretarial functions for Sagicor Group Jamaica Limited and its local subsidiaries. She is charged with managing the overall corporate governance framework and ensuring that the Boards are kept up to date on corporate governance matters. She retired from office as Senior Vice President & General Counsel in July 2021 but continues as Corporate Secretary.

An Attorney at law with over 35 years of practice, she is a member of the Jamaica Bar Association and has served as a member of its Continuing Legal Education Committee and was co-Chair of the Jamaica Bankers' Association's Compliance Committee.

Data Innovation Challenge

CREATIVITY INGENUITY INVENTIVENESS

Creativity, Ingenuity, and Inventiveness on display at Sagicor's inaugural Data Innovation Challenge

Sagicor Group Jamaica has a rich culture and legacy of innovation, and over its many years have dominated the industry with many 'firsts'. As the Group continues to cultivate a high-performance 'people first' environment that drives inventiveness, creativity, and imagination among team members, the first Data Innovation Challenge was launched in 2021.

The competition challenged Sagicor team members to pitch innovative ideas on how the Group can use data to enhance efficiency and better serve its clients. From an initial 14 submissions, six teams advanced to the finals, where they pitched their ideas to judges live.

The ideas received focused on using new technology and existing data to improve team member retention, increase competitiveness, attract, and retain clients, and make standard business processes more efficient across all business lines.

The winning innovation came from a team of actuarial analysts and pension administrators for their 'My Retirement Planner' pitch. The team received **$250,000** cash prize. Second place went to a team of underwriters for their Underwriting Risk Management System idea, while third place went to a team from Group Human Resources who pitched a 'People Experience' tool to better serve team members. These two teams each received **$150,000** and **$75,000** respectively.

As the Group remains on the cutting-edge of innovation, its team members will continue to be at the fore front leading the charge in ideating, and bringing to life easy, simple, and personal solutions to further enhance the experience of all stakeholders.

1. Audrey Flowers-Clarke, Vice President, Insurance Operations, Sagicor Life Jamaica, presents the winning team of (from left) Jarryd Haynes, Yannique Thomas, Gillian Lee-Hammond and Kathryn Myers with a cheque for their 'My Retirement Planner' idea.
2. Second place team of (L-R) Kerron Campbell, Kristan Russell, Shanine Hepburn, Cordell Panton and Desiree Chung pose with their symbolic cheque valued at $150,000.
3. The third place trio of (L-R) Sandy Gray, Kryista Crawford and Danielle Smith with their symbolic cheque valued at $75,000 for their 'Integrated People Experience' idea.

Senior Leadership Team

CHRISTOPHER ZACCA

MARK CHISHOLM

TARA NUNES

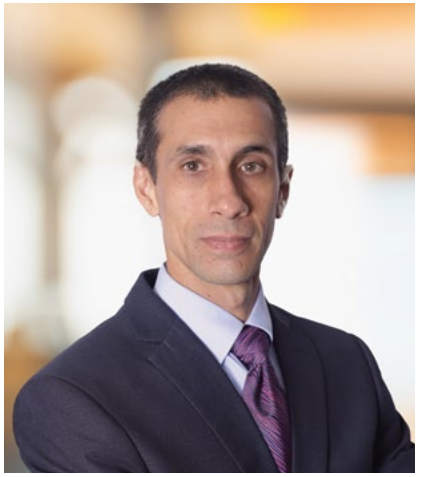
2021 represents another successful year for the Group. We are proud of our results that delivered growth in our revenue and profit as we supported our clients to achieve their goals in a challenging environment.

WILLARD BROWN

SEAN NEWMAN

CHORVELLE JOHNSON CUNNINGHAM

ANDRE HO LUNG



KARL WILLIAMS

MARK THOMPSON

CATHERINE ALLEN

DONNETTE SCARLETT

CHRISTOPHER ZACCA, B.SC., MBA, CD, JP

President and CEO
Sagicor Group Jamaica

Christopher Zacca joined Sagicor Group Jamaica as President & CEO on May 1, 2017. With over three decades of experience in the private and public sectors, he has brought a wealth of knowledge in business management to the Group. He sits on the boards of all Sagicor Group Jamaica member companies. Zacca's experience spans a wide range of industries and his expertise includes General Management, Asset & Investment Management, Innovation, Strategic Management, International Business, Corporate Finance and Information Technology. For his contributions to the private and public sectors, he was conferred in 2014 with the National Honour of the Order of Distinction in the rank of Commander (CD).

MARK CHISHOLM, MBA (HONS.), JP

Executive Vice President,
Individual Life Insurance Division, Sagicor Life Jamaica
President & Chief Executive Officer, Sagicor Life of the Cayman Islands

Mark Chisholm's experience in the insurance industry spans over 30 years. Over this period, he has moved up the corporate ladder to his current positions of Executive Vice President, Sagicor Life Jamaica Individual Life Division and President & CEO of Sagicor Life of The Cayman Islands. Mark has direct responsibility for the growth of the Individual Life Insurance portfolio which encompasses Sales, Distribution and Business Operations in Jamaica and the Cayman Islands. Sagicor Group Jamaica's Client Experience portfolio also falls under Mark's leadership.

WILLARD BROWN, FSA, B.SC. (HONS.)

Executive Vice President
Employee Benefits Division, Sagicor Life Jamaica

Willard Brown is currently the Executive Vice President with direct responsibility for the Employee Benefits Division of Sagicor Life Jamaica, which provides products and services to groups of employees or members through their employers, associations or other institutions to manage their respective benefits – life, health and pension products and services. Willard also has responsibility for Sagicor's operations in Costa Rica. He currently holds the position of director on the boards of Sagicor Employee Benefits Administrator Ltd and Advantage General Insurance Company, which are both a part of Sagicor Group Jamaica.

TARA NUNES, B.Sc. (HONS.)

Senior Vice President & Chief Executive Officer
Sagicor Investments Jamaica

Tara Nunes is the Chief Executive Officer of Sagicor Investments Jamaica Limited. With over 20 years' experience in Wealth Management and Investment Banking, she has played an integral role in the development and execution of strategic plans that have led to significant growth in funds under management and the establishment of Sagicor Investments as one of the leading wealth and asset management institutions in Jamaica. She has direct responsibility for the revenue generating and operating units which include Capital Markets, Research & Strategy, Wealth Management, Client Experience and Business Support Operations.

Tara is a director of the Jamaica Stock Exchange and a member of the Women's Leadership Initiative, a platform for empowering women and giving back in the areas of health and education, where she served on the Executive Committee as Chair of Finance for the period 2008-2014.

KARL WILLIAMS, B.SC., EXECUTIVE MBA

Senior Vice President
Group Human Resources and Corporate Services
Sagicor Group Jamaica

Karl Williams' leadership spans over 25 years in the management disciplines of Marketing & Sales, Learning & Development and Human Resources. In his current role as Senior Vice President, Group Human Resources and Corporate Services, Karl has direct responsibility for the company's HR policies and programmes, Group Procurement, Facilities and Records Management and Security Operations. Karl is the Immediate Past President of the Human Resource Management Association of Jamaica (HRMAJ), serves as Director at the Jamaica Institute of Financial Services (JIFS), e-Learning Jamaica Company Limited and the Universal Service Fund (USF).

MARK THOMPSON, CPA, CA

Chief Executive Officer
Advantage General Insurance Company

Since July 2007, Mark Thompson has presided over the transformation of Advantage General Insurance Company as CEO, and plays a pivotal role in the Company's commitment to become the "Digital Insurer of Choice". He has worked in several prominent businesses over the years in Canada and the CARICOM region and currently serves as Corporate Secretary of the Caribbean Catastrophe Risk Insurance Facility (CCRIF). Mark holds a Bachelor of Commerce Degree with a minor in Actuarial Science and Economics and has been a member of the Canadian Institute of Chartered Accountants for 25 years.

SEAN NEWMAN, MBA
Executive Vice President & Chief Investment Officer
Sagicor Group Jamaica

Sean Newman is the Executive Vice President & Chief Investment Officer (CIO) for Sagicor Group Jamaica; he joined the financial conglomerate on November 1, 2020. He has over twenty years' experience in international asset management, and prior to joining Sagicor, he served as an Executive and Senior Portfolio Manager with trillion US$ global fund manager, Invesco Advisors in Atlanta, GA, USA and 14 years with G.E. Asset Management in Stamford CT., USA. Sean has a BSc degree in management and accounting from the University of the West Indies and an MBA from Howard University in the USA.

CHORVELLE JOHNSON CUNNINGHAM, B.SC.
Chief Executive Officer
Sagicor Bank Jamaica

Chorvelle Johnson Cunningham is the Chief Executive Officer of Sagicor Bank Limited – a subsidiary of Sagicor Group Jamaica. With over a decade of experience in the financial sector, she joined the team in January 2018. A results-oriented individual who embraces competition, she develops and maintains strategies that carefully balance risks and rewards to meet targets and objectives. Chorvelle is a proponent of female empowerment and women shattering societal expectations. She is Jamaica's first International Women's Forum Fellow who served for one year between 2015 and 2016 when she studied Leadership at Harvard and INSEAD Business schools.

Chorvelle served as the Chair of the Women's Leadership Initiative (WLI) for the period 2017- 2018 – an organisation with programmes geared towards empowering women, girls and boys in Jamaica; she is currently the Chair of the Membership Committee. Chorvelle is also the current Chair of the United Way of Jamaica and the Vice President of the Jamaica Bankers Association. With a diverse educational background, Chorvelle is also a trained teacher with specialization in Business Education and holds a bachelor's degree in Professional Management from the Nova Southeastern University.

ANDRE HO LUNG, B.Sc., M.Sc.
Executive Vice President and Group Chief Financial Officer

With an M.Sc. in Accounting and over 17 years of experience in the financial sector, Andre has a strong track record of delivering operational performance transformation; strategy, corporate development, restructuring, mergers and acquisitions. Andre's knowledge and expertise encompass a diverse field of industries, including Life and General Insurance, Securities, Investments and Banking and Audit, across areas such as Compliance and Operations, in addition to Finance. As a key member of Sagicor's Senior Leadership Team, Andre directs the Accounting, Taxation, Financial Management, Regulatory and Financial Reporting functions of the Group.

CATHERINE ALLEN, FSA, BSc.
Senior Vice President & Corporate Actuary
Sagicor Group Jamaica

Catherine Allen re-joined Sagicor in January 2020 and holds the position of Corporate Actuary having over 25 years' experience in the regulatory field and life insurance industry. In her role she provides strategic and managerial leadership to the Corporate Actuarial Department and also has responsibility for risk reporting. She also provides support to the Employee Benefits and Individual Life operations and participates in the development of various ALM financial models and other relevant standards as required by the regulators. Catherine has been a Member of the Board of the Caribbean Actuarial Association (CAA) since 2014, holding various positions including that of Vice President, Secretary and Council Member. She currently holds the position of Secretary, a position she previously held continuing work to advance the profile and objectives of the CAA. She holds a B.Sc. in Mathematics, with a minor in Computer Science, and is a Fellow of the Society of Actuaries.

DONNETTE SCARLETT, B.SC. (HONS.), CFA
Senior Vice President
Group Treasury and Asset Management

Donnette Scarlett has over 25 years of experience in the financial services industry and is currently the Senior Vice President, Group Treasury and Asset Management at Sagicor Group Jamaica. In this role, Donnette manages key risks for the Group's Treasury and Asset Management portfolios, including liquidity, concentration and financial risks. She also manages the Group's policy and regulatory responsibilities related to the investment portfolios across business lines. Donnette holds a B.Sc. in Economics & Management from the University of the West Indies, Mona Campus and is a CFA charter holder and a member of the CFA Institute and the CFA Society of Jamaica.

The Group's strength from our exceptional people and market leading businesses have ensured we support our customers and continue to serve our community.

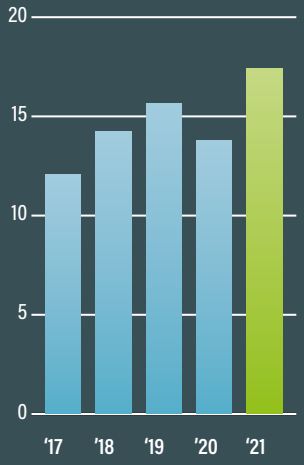
Management's Discussion and Analysis

The Group's diversified business model has again shown its strength in these unprecedented times. A stronger, more resilient business, Sagicor is well positioned for further growth and shareholder value creation.

$528B

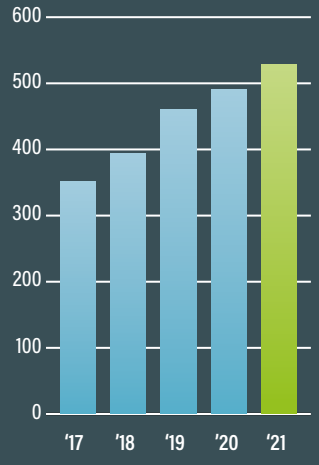
Total Assets

Net Profit Attributable to Stockholders
J$ BILLIONS



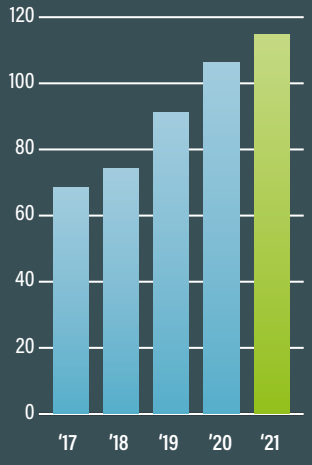
$17.40
↑ 26% INCREASE

Total Assets
J$ BILLIONS



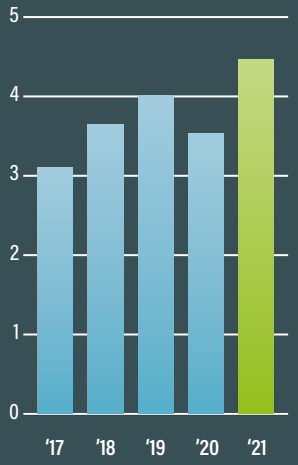
$527.99
↑ 8% INCREASE

Stockholders' Equity
J$ BILLIONS



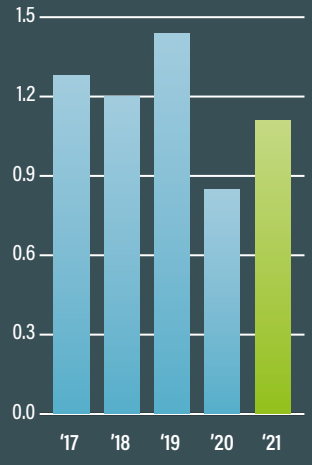
$114.82
↑ 8% INCREASE

Earnings Per Share
J$ DOLLARS



$4.46
↑ 26% INCREASE

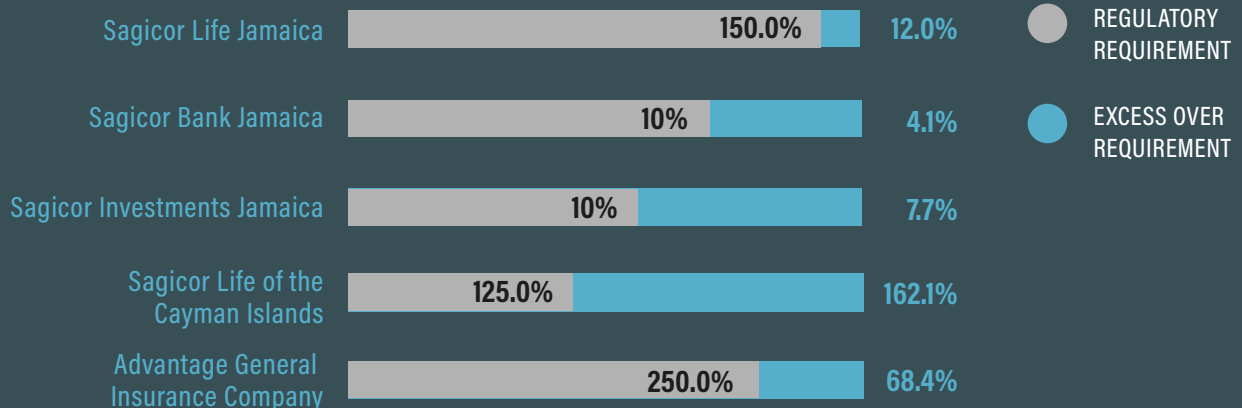
Dividends Per Share
J$ DOLLARS



$1.11
↑ 31% INCREASE

CAPITAL STRENGTH

Sagicor Group Jamaica's capital ratios are well above required minimums set by industry regulations. Through various Management Committees and Board Committees, the Group actively manages capital allocations and returns on capital employed.



OVERVIEW

The Management's Discussion and Analysis (MD&A) is intended to provide Management's perspective on the operating environment (internal and external), operating results and financial condition of Sagicor Group Jamaica (SGJ, Sagicor, or the Group). This MD&A should be read in conjunction with the Group's 2021 financial statements dated 25 February 2022, which form a part of this Annual Report.

Sagicor Group Jamaica is a leading financial conglomerate, commanding a large market share in many of the lines of business in which it operates. It is also the second-largest conglomerate on the Jamaica Stock Exchange, measured in terms of profitability. The Group has a diversified business model that offers products and services in life & health insurance, property & casualty insurance, commercial banking, investment banking, real estate, property management, captives management, pension fund management, treasury and asset management, insurance brokerage and microfinancing.

The Group's operations produced net profits attributable to stockholders of $17.40 billion, 26% higher than 2020. The Group's results were driven by a strong performance from the Insurance business amid rising medical costs and death claims. New business sales contributed to notable premium income growth, particularly in the Individual Life division. The Commercial and Investment banking segments both made major strides by improving on their performance in 2020, in the face of combating high default risks on loans and a challenging trading market.

2021 FINANCIAL PERFORMANCE HIGHLIGHTS

	Dec 2021 Audited	Dec 2020 Audited	% Change
Operating Results (Income Statement Data):			
Net Profit, attributable to Stockholders - J$ billions	17.40	13.78	26%
Total Revenue - J$ billions	102.56	84.57	21%
Financial Position & Strength (Balance Sheet Data):			
Total Assets of Sagicor Group Jamaica - J$ billions	527.99	490.69	8%
Total Assets under management - J$ billions	956.30	901.40	6%
Stockholders' Equity - J$ billions	114.82	106.38	8%
Stockholders' Equity to total assets	22%	22%	0%
Profitability:			
Return on average Stockholders' Equity (ROE)	16%	14%	12%
Return on average assets (ROA)	3%	3%	0%
Group efficiency ratio (Admin. expenses/Revenue)*	32%	32%	0%
Earnings per stock unit (EPS) - J$	4.46	3.53	26%
Dividends paid per stock unit - J$	1.11	0.85	31%
	Dec 2021	**Dec 2020**	**% Change**
Other Market Information:			
SGJ Share Price - J$	58.25	49.95	17%
Market capitalization - J$ billions	227.50	195.09	17%

*Normalised & before segregated funds

$102.56B
↑ 21%
Total Revenue

$956.30B
↑ 6%
Total Assets Under Management

$58.25
↑ 17%
SGJ Share Price

The Group's unwavering desire to protect the welfare of its customers, employees and other key stakeholders remains at the forefront of our operations, evidenced by the varying strategic initiatives undertaken during the year. In January 2021, the Group divested its holdings in Associate (PLAYA), sighting no clear timeline for full recovery of the hotel industry. This netted proceeds of $13.60 billion, which was subsequently reinvested into investment securities. Through Sagicor Investments Jamaica, the Group announced a US$285-million financing transaction deal with New Fortress Energy, one of the largest ever financing deals of its kind. Various online and mobile platforms such as Sagicor eConnect, Sagicor Bank on Wheels, the My Sagicor App and Sagicor eInvest were rolled out to build and maintain effective customer service and client relationships while embarking on the continued process of digital transformation.

In January 2022, the Group entered into a definitive agreement for the purchase of 100% shares in Alliance Financial Services Limited (AFSL). The acquisition of AFSL is aligned to the Group's overall strategy for growth as it will allow the Company to move into new business segments and expand our product offerings to our clients.

OUR ECONOMIC ENVIRONMENTS

Sagicor Group Jamaica operates primarily in the economies of Jamaica, the Cayman Islands, Costa Rica, and the United States. The Group also has investments in several other countries and is exposed to the macro-economic performance of these countries. Commentaries on the landscape of the main economies in which the Group operates are as follows:

JAMAICA

The Jamaican economy continues to rebound from the pandemic-induced downturn in 2020. The closure of the country's sea ports and airports in 2020 resulted in a 10.1% contraction of the economy, ending seven consecutive years of economic growth. In 2021, there were general improvements in the macroeconomy as restrictive measures designed to limit the spread of the virus eased. There was increased consumer and business confidence due to the deployment of COVID-19 vaccines. Nonetheless, there remained a great degree of uncertainty from the threat of new variants, particularly the Delta and Omicron strains. A total of 619,800 or 20.9% of the local population is fully vaccinated as of January 30, 2022, with 25.2% receiving at least one dose.

Economic Growth

According to data from the Statistical Institute of Jamaica (STATIN), the economy grew by 4.6% for the calendar year ending December 2021 when compared to the similar period in 2020. The outturn was attributed to the relaxation of restrictive measures implemented by the Government which saw increased economic activities in major sectors. The Services industries continued to drive the recovery effort led by the 'Hotel & Restaurants' sector, which recorded the largest rebount in the fourth quarter, growing 79.5%. This was attributed to a reduction in international travel restrictions which contributed to increased visitor arrivals. Finance & Insurance Services grew by 2.7% over the prior comparative quarter. This growth was reflective of an increase in interest income, fees, and commission. However, growth in the sector was tempered by reduced loan take-up given the increased risk of default. It is estimated that the economy should remain below potential capacity in 2022 but inch closer to pre-COVID levels, growing at a range of 2.0% to 4.0%.

↑4.6%

Growth in the economy for the calender year ended December 2021

↑79.5%

Growth in Hotels & Restaurant Sectors, the largest rebound for the fourth quarter

↑2.7%

Growth in Finance and Insurance Services for the fourth quarter 2021

7.1%

↓ 3.6%

Jamaica's Unemployment Rate at October 2021, a decline from prior year

7.3%

Inflation Rate at end of December 2021

↓8.72%

Currency Depreciation relative to the US$ at end of December 2021

US$4.0B

↑ 2.66%

NIR at the end of December 2021

Unemployment

Jamaica's unemployment rate declined to 7.1% for October 2021 relative to 10.7%, or 3.6 percentage points lower than October 2020. The decline in the unemployment rate over the period continued to reflect that the Jamaican economy is rebounding from the pandemic-induced global shutdown, which resulted in the nation's GDP plummeting by 18.4% in the second quarter of 2020. There was a large increase in the female labour force, 3.5%, compared to 1.5% for the male labour force. The increase in employment (76,600) was more than twice the increase in the labour force (31,400).

Inflation, Exchange Rate & Net International Reserve (NIR)

Jamaica's inflation rate, measured by the consumer price index, breached the BOJ's 4% to 6% target for 5 out of the 12 months in 2021. The highest point to point inflation for 2021 was recorded in October when the CPI rose to 8.5%. This represented the fastest increase since September 2014 when the inflation rate rose to 9.0%. The inflation rate for December 2021 dipped to 7.3%. Elevated prices in 2021 were impacted by:

- stronger pass-through of international commodity and shipping prices
- higher inflation rates in main trading partners, as well as
- adverse weather on agricultural food prices.

Additionally, the supply-chain bottleneck continued to impact demand-supply dynamics in the commodities market, however, this should ease in the latter part of 2022. It is anticipated that inflation should remain elevated for much of 2022 hovering around 4.0% to 8.0%.

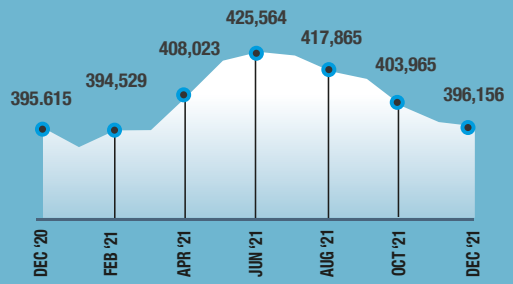
At the end of December 2021, the BOJ's weighted average selling rate closed at J$155.09 for the US dollar relative to J$142.65 at the start of the year. The depreciation over the year was 8.72%, relative to a depreciation of 7.60% in 2020. During December 2021, the weighted average selling rate traded at a high of J$156.54. In 2021, the BOJ was active in the FOREX market, with an aim to temper the depreciation of currency. Foreign currency earnings remained low from the disruption of the tourism sector. This was further compounded by the global supply-chain constraints which increased the demand for foreign currency by major retailers to purchase inventory supplies to mitigate supply chain risks. The shortfall, however, was tempered by an increase in remittances for 2021. For December 2021, net remittance transfers amounted to US$315.4M relative to US$214.3M in the corresponding period in 2020. The BOJ continues its policies to ensure liquidity assurance to the market via the foreign currency swap arrangement and the BOJ's Foreign Exchange Intervention Trading Tool (B-FXITT).

The NIR stood at US$4.0B at the end of December 2021, an increase of 2.66% (US$103.70M) compared to US$3.89B recorded at the end of the prior month. Changes in the NIR resulted from an increase in foreign assets from US$4.75B to US$4.83B in December 2021. When compared with the similar period in December 2020, the NIR increased by US$873.6B from US$3,126.1. The reserves as at December 2021 was sufficient to cover approximately 54.3 weeks of imports of goods and 33.5 weeks of imports of goods and services.

180-Day T-Bill Movements

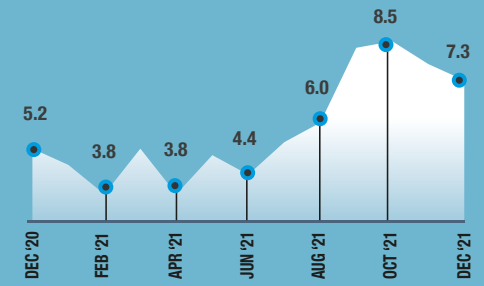
% PERCENTAGE

JSE Main Index Movements



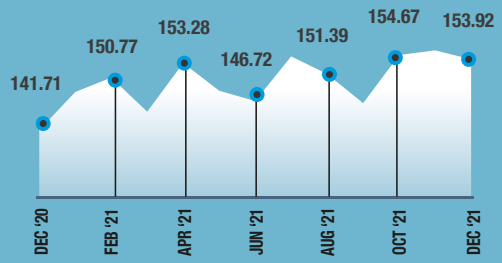
12-Month Inflationary Changes

% PERCENTAGE



J$ vs US$ Exchange Rate Movements

$ DOLLARS



Interest Rate

Toward the end of 2021, the BOJ shifted its monetary policy stance to temper the inflation rate, which breached its target range in 2021. The BOJ increased its policy rate by 200 basis points from 0.5% to 2.5% for 2021. The increase comes after over two years of the benchmark policy rate at 0.5%. The last time the policy rate was at 2.5% was in May 2018. The Bank signalled the possibility of hiking the rate even further to firmly anchor inflation expectations.

As at December 2021, Treasury bill yields with 90-day and 180-day maturities were 4.09% and 3.59%, respectively. While as at December 2020, the respective Treasury bill yields with 90-day and 180-day maturities were 0.77% and 0.86%. This reflected the impact of BOJ's policy stance on market rates.

Debt

On October 4, 2021, Standard and Poor's (S&P) Ratings Agency affirmed Jamaica's Long-Term Foreign-Currency Issuer Default Rating at 'B+' with the outlook revised from "Negative" to "Stable". This revision was due to S&P's view that Jamaica's "economic recovery will strengthen and that government finances will return to surplus this year". The rating agency also opined that fiscal consolidation policies should bolster policymaking stability and predictability. Debt-to-GDP for FY2020/21 is estimated to be 110.1 per cent, 15.3 percentage points higher than the outturn for FY2019/20. To facilitate a strong response to the pandemic, the GOJ made prudent fiscal decisions, including reducing the primary surplus from 5.4 per cent to 3.0 per cent of GDP.

B+

Standard & Poor's Rating for Jamaica

Upgrade from "Negative" to "Stable"

Outlook

According to the Bank of Jamaica, GDP growth forecast should fall in the range of 7.0% to 10.0% for FY2021/22. This is similar to projections from the International Monetary Fund that the local economy will record growth of 8.25% for FY2021/22 before moderating to 3.5% in 2022/23.

The economy remains susceptible to uncertainties surrounding new variants and other global factors. This is due to high vulnerability of critical industries such as tourism and manufacturing. It is anticipated that a tighter monetary policy via higher interest rates should temper demand and should decelerate growth. On the downside, elevated global prices for commodities and oil along with supply chain strain should further impact domestic activities and external demand. On the upside, it is expected that the rebound of the tourism sector should provide a multiplier effect on related sectors such as agriculture, manufacturing, and travel.

THE CAYMAN ISLANDS

The Cayman Islands' Real GDP for the second quarter of 2021 is estimated to have expanded at an annualized rate of 2.4% relative to a decline of 18.7% in the similar period in 2020.

The growth reflected an acceleration from the estimated growth of 0.4% in the first quarter of 2021 and was driven by increased activities in the construction sector (13.0%), mining & quarrying (13.0%) and health and social services (6.3%). The financing and services sector, which is the largest contributor to GDP, is estimated to have grown by 3.2%. The growth for the second quarter was however tempered by the hotel and restaurant sector which contracted by 97.8% due to closures instituted by the government to reduce imported COVID-19 cases. There was also a notable decline in electricity and water supply (2.6%) and transport storage and communication (13.5%).

The Consumer Price Index (CPI) rose by 0.2% in the second quarter of 2021 compared to 2.1% in the similar period in 2020. Of the twelve CPI divisions, ten recorded increased average prices. Of the twelve CPI divisions, ten recorded higher prices with the miscellaneous goods and services division recording the largest average price increase of 4.9%. The prime lending rate remained anchored at 3.25% for the first six months ending June 30, 2021. Notwithstanding, the weighted average lending rate declined to 5.85% relative to 6.25% at end of June 2020.

It is expected that growth in financial services and construction will continue to outweigh contractions in tourism and transportation and drive growth in 2022. The risk factors, however, are dependent on the pace of construction of hotel projects, which remains vulnerable to new strains of the coronavirus. Additionally, the country's financial services sector is faced with risks related to changes in regulatory requirements from international regulatory and political organization.

COSTA RICA

The Costa Rican economy grew by 5.0% in 2021. The Organization of Economic Cooperation and Development (OECD) estimates that the economy should grow by 3.9% in 2022 and 2.9% in 2023.

The growth is expected to be driven by increased consumption, supported by progressive improvement in the labour market as well as increased private investment. As at September 2021, GDP was 2.6 percentage points above pre-pandemic levels. The outturn was driven by strong external demand for manufacturing, business services and agricultural products, including activities in both the free trade zone (medical equipment, processed food) and the traditional sector (plastic and metal products). For 2022, the risks to GDP growth persist due to the spread of COVID-19 and uncertainty stemming from the February 6, 2022 presidential and legislative elections.

Inflation rate for 2021 is estimated at 2.1% and remained anchored within the inflation target range of 2% to 4%. However, in November 2021 the consumer price index hit a 5-year high of 3.4%. The CPI for November was driven by increased import commodity prices, especially energy commodities and a slight depreciation in the exchange rate. The high degree of dollarisation of Costa Rica's economy exposes the country to risks associated with sharp exchange rate movements. The risk of depreciation is impacted by unexpected tightening of global financial conditions. Inflation is projected to reach 2.4% in 2022 and 2.9% by end 2023, increasing gradually in accordance with the pace of recovery of domestic demand and labour market conditions, and as large idle domestic resources get slowly absorbed. Market expectations for inflation in 3 to 5 years remain well anchored with the target range and wage pressures are contained.

The Central Bank raised monetary policy rates by 50 basis points to 1.25% from its record low of 0.75% where it had been since June 2020. Despite robust economic growth, there remained concerns over persistent global supply chain bottlenecks as potential drivers of further increase in price pressures. To this extent, the Central Bank indicated tighter monetary policies throughout

2022 to meet its inflation target. Unemployment has started to trend downwards and is estimated to have fallen by 2.9 percentage points to 16.8% in 2021 when compared to 19.5% in 2020. The Costa Rican government reached a staff level agreement on a three-year programme with the IMF under an Extended Fund Agreement to the tune of US$1.75B. The programme is designed to anchor the government's policy and reform effort, aimed at bolstering the country's response to the pandemic and at laying the foundation for a strong and durable economic recovery. Reflecting the expected positive impact of the IMF Agreement, Moody's revised Costa Rica's outlook from negative to stable and affirmed B2 ratings. Moody's forecast that Costa Rica's fiscal deficit for 2021 should be 5.8% of GDP, lower than the 8.1% for 2020. The country's long-term economic outlook remains strong. This is predicated on the economy continuing to transition from simple agricultural exports, to tourism, light manufacturing, and more recently business outsourcing and medical technology exports.

USA

Real GDP increased by 5.7% in 2021 relative to a decline of 3.4% in 2020. The US economy started to rebound strongly from the global-induced pandemic, growing by 6.9% in the fourth quarter of 2021 relative to 2.3% in the third quarter. The fourth quarter growth was the strongest pace recorded since 1984.

The overall out-turn for 2021 was due to increases in all major components of GDP led by increases in private inventory investment, strong consumer activity as reflected in personal consumption, expenditures, and business spending.

The performance of the US economy for 2021 was, however, tempered by new strains of the coronavirus particularly the delta and omicron strains which decelerated the pace of reopening and slowed economic activities. Additionally, supply chain issues tied to the pandemic compounded by pent-up demand resulted in record-level inflation in 2021. In December, the United States recorded the fastest year-on-year increase in inflation of 7.0%.

In December 2021, the unemployment rate fell to 3.9%, adding 199,000 jobs compared to 4.2% in November. Gains in the labour market were reflective of increased employment in leisure & hospitality (53,000), professional and business services (43,000) and manufacturing 26,000). December's unemployment rate was a pandemic-era low and near the 50-year low of 3.5% in February 2020. The labour force participation rate remained unchanged at 61.9% amid labour shortages rose to 62.2%, its highest level since March 2020. Another encouraging sign was the decline (7.3%) in those holding part-time jobs for economic reasons and discouraged workers.

The US has maintained its target for the federal funds rate (the benchmark for most interest rate) at a range of 0% to 0.25%. The rate was lowered to almost zero per cent on March 16, 2020. However, given a strong labour market and record-level inflation, the Federal Reserve signalled hiking rates to further tighten its monetary policy as soon as March 2021. The Federal

US Inflation Rate

Fastest year-on-year increase recorded

7.0%

Reserve Open Market Committee in announced its intention to begin tapering back its bond purchases in November 2021. Since 2020, the Fed has been buying $120 billion a month in treasuries and mortgage-backed securities. However, the process saw reductions of $15 billion each month, $10 billion in treasuries and $5 billion in mortgage-backed securities from the current $120 billion a month purchase.

The outlook of the US economy for 2022 remains strong. Despite the challenges of elevated inflation, supply chain disruptions and the possible threat of new variants, the labour market is expected to reach pre-pandemic levels in 2022. There is anticipation of at least 4 rate hikes for 2022 by the Federal Reserve Bank.

FINANCIAL PERFORMANCE

Against the backdrop of continued economic uncertainties surrounding the COVID-19 pandemic, the Group delivered a strong performance with earnings per share of $4.46 and a dividend per share of $1.11. The Group's net profit attributable to stockholders was $17.40 billion, a 26% increase when compared to prior year. This was generated from total revenues of $102.56 billion, being 21% above the comparative prior year, and total benefits and expenses of $78.23 billion, 24% higher than the comparative prior period.

The revenue performance of the Group was driven by:

1. **Strong trading activities and capital appreciation**

   Realized and unrealized capital gains of $8.97 billion was significantly higher than the prior year return of $1.83 billion. Market recoveries, particularly on equity securities, resulted in capital appreciation of $2.18 billion in the current year, against a capital loss of $2.64 billion in the prior year.

2. **Lower credit losses from improvement of certain bond ratings and loan recoveries in the Bank**

   Expected credit losses and provisions of $245 million was 86% lower than $1.69 billion recorded in the prior year. Commercial Banking recorded $665 million in recoveries on credit cards, loans, and overdraft facilities, as credit quality improved.

3. **Strong new business growth across the insurance segments and conservation of in-force business**

   Net premium income of $52.78 billion grew by 5% year over year. Individual Life new business sales grew by 8% and 15%, respectively in Jamaica and the Cayman Islands. Employee benefits new business sales, which includes group life, group health, pensions and annuities grew by 30% against the comparative period.

4. **Recoveries of Hotel revenue**

   Relaxed travel restrictions and general opening of the US economy aided the $2-billion increase in hotel revenue. Occupancy levels almost doubled the comparative period, ending the current year at 83% (2020: 47%). The operating margins improved from 14% at December 2020 to 24% at December 2021.

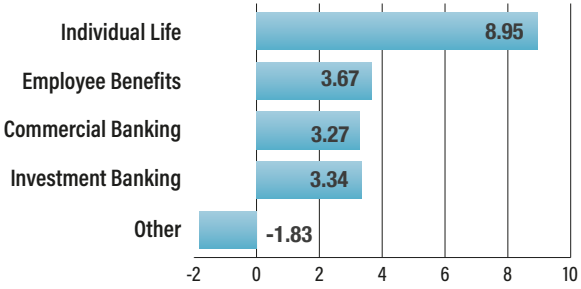
Revenue by Business Segment

	2021 J$M	%	2020 J$M	%
Individual Lines	37,379	37%	27,978	33%
Employee Benefits	29,710	29%	28,045	33%
Commercial Banking	15,560	15%	13,207	16%
Investment Banking	7,336	7%	6,502	8%
Other	12,577	12%	8,841	10%
Total	102,561	100%	84,573	100%

Sagicor Group Jamaica

Net Profit by Business Segment

J$ BILLIONS



$8.97B

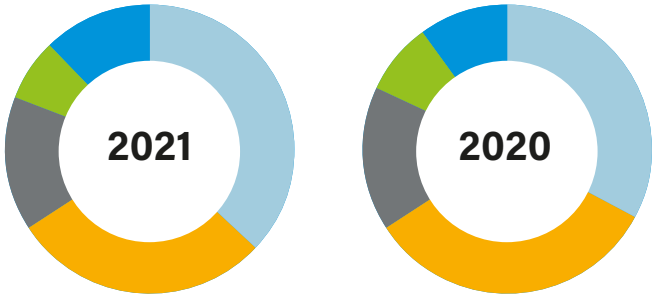
Realized and Unrealized Capital Gains

Significantly higher than prior year return of $1.83 billion

Sagicor Group Jamaica

Revenue by Business Segment

PERCENTAGE (%)



2021		2020	
37%	INDIVIDUAL LINES	33%	INDIVIDUAL LINES
29%	EMPLOYEE BENEFITS	33%	EMPLOYEE BENEFITS
15%	COMMERCIAL BANKING	16%	COMMERCIAL BANKING
7%	INVESTMENT BANKING	8%	INVESTMENT BANKING
12%	OTHER	10%	OTHER

5. **Growth in fee-based income with an emphasis on capital market activities and growth in fund values.**

Fee and other income of $17.40 billion show a marked 29% increase over the prior year. The Group benefitted from corporate fees earned on capital market transactions such as New Fortress Energy (NFE) and gains on the early settlement of an NHT liability. Fees from assets under management, such as Sigma funds, Pooled investment funds, Self-Directed funds, Deposit administration funds, increased year on year due to appreciation of fund values. Income from commercial banking fees such as Loans, Credit Card, Point of Sale and Service charges grew by $591 million as a result of an upturn in banking activities and new business growth.

$35.05B

↑ 7%

Net Benefits Expense increase compared to prior year

$27.14B

↑ 10%

Operating Expenses inclusive of depreciation and amortization of software

+ $297B

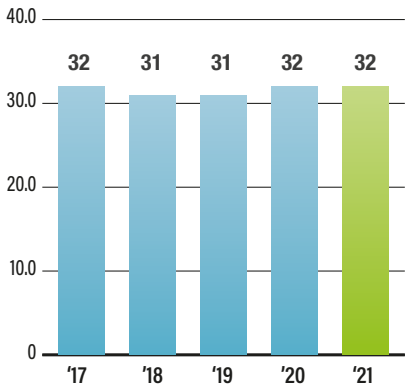
↑ 96%

Joint Venture Agreement with Sagicor Costa Rice

Sagicor Group Jamaica

Efficiency Ratio

% PERCENTAGE



$17.4B

Fee-based Income

A marked 29% increase over the prior year return of $13.51 billion

The benefits and expenses of the Group were impacted by:

1. **Increase in policyholder benefits expense**

Overall, net benefits expense of $35.05 billion increased 7% when compared to the prior year. This was a combination of medical inflation and high death claim. Net death claims of $6.68 billion was 39% or $1.89 billion more than the prior period. Net group health claims of $10.25 billion was 12% or $1.11 billion more than the prior period. Consequently, the Group health loss ratio increased from 82% at December 2020 to 96% at the end of December 2021.

2. **Favorable changes in actuarial reserves from good new business sales and revision of assumptions.**

Total changes in actuarial reserves ended at a charge of $4.28 billion in December 2021 against a release of $4.06 billion in the prior period. The prior year was impacted by depreciation of the segregated fund values. The current year was impacted primarily by adjustments to our morbidity, mortality and lapse assumptions as well as strong new business sales.

3. **Controlled efficiencies ratios across all business lines**

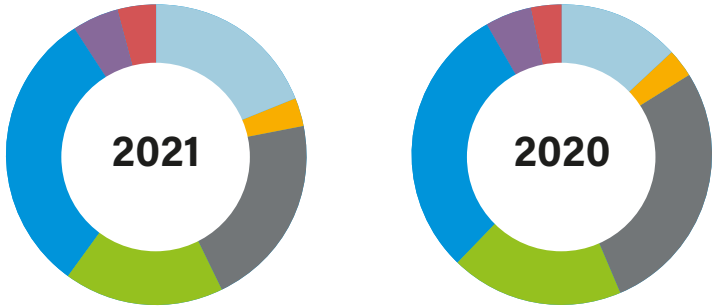
Operating expenses, inclusive of depreciation and amortization of software, increased by 10% year on year to end December 2021 at $27.14 billion. The increases in administrative expenses were the result of an increase in IT spend in keeping with the Group's digital transformation initiatives and an increase in consultancy costs relating to the implementation of IFRS 17. The Group's efficiency ratio remained consistent with the prior year, ending at 32%.

Total assets as at December 2021 of $527.99 billion increased by 8% over December 2020. The Group's invested assets base grew by $25.20 billion despite the disposal of our investment in Playa of $15.84 billion. During the year, the Group focused on multiple initiatives to help digitize its process, which resulted in a 13% increase in its fixed assets of $2.38 billion. Real estate developments grew over the period by $2.678 billion. Total assets under management, which includes Group assets, Pension Funds assets managed on behalf of clients and Unit Trusts of $956.30 billion, grew by 6%.

Sagicor Group Jamaica

Benefits by Expense Type

PERCENTAGE (%)



2021

19% LIVING BENEFITS
3% SURRENDERS, MATURITIES & WITHDRAWALS
21% SEGREGATED FUNDS WITHDRAWALS
17% ANNUITY PAYMENTS
31% HEALTH BENEFITS
5% PROPERTY & CASUALTY
4% OTHER

2020

15% LIVING BENEFITS
3% SURRENDERS, MATURITIES & WITHDRAWALS
27% SEGREGATED FUNDS WITHDRAWALS
18% ANNUITY PAYMENTS
29% HEALTH BENEFITS
5% PROPERTY & CASUALTY
3% OTHER

Benefits by Expense Type

	2021 J$M	%	2020 J$M	%
Living Benefits	6,681	19%	4,793	15%
Surrenders, Maturities & Withrawals	1,015	3%	999	3%
Segregated Funds Withdrawals	7,574	21%	8,772	27%
Annuity Payments	5,998	17%	5,677	18%
Health Benefits	10,801	31%	9,599	29%
Property & Casualty	1,654	5%	1,785	5%
Other	1,330	4%	1,120	3%
Total	**35,053**	**100%**	**32,745**	**100%**

Liabilities under Annuities and Insurance Contracts

	2021 $ '000	2020 $ '000
Group annuities	61,157,286	55,704,694
Group insurance	6,136,905	4,782,626
Individual insurance	30,702,558	30,290,402
Total	**97,996,749**	**90,777,722**

The Group's return on equity was increased to 16%, influenced by an 8% growth in total equity attributable to stockholders', ending December 2021 at $114.82 billion.

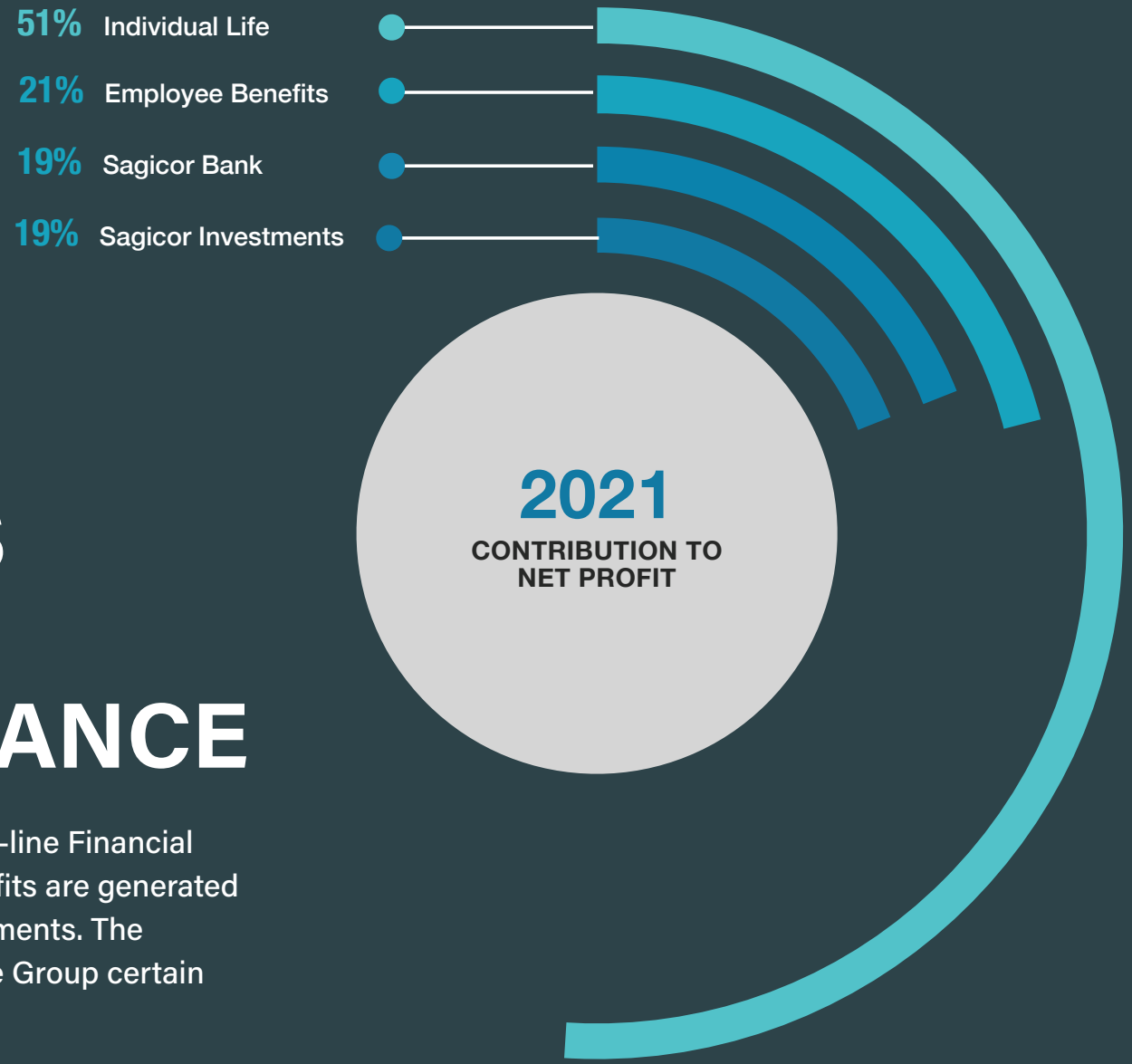
Total Comprehensive Income attributable to stockholders' of $12.99 billion was 29% lower than the prior period. Increases in interest rates influenced the recording of unrealized losses of $2.36 billion on investment reserves and the re-measurement of the pension obligations of $1.93 billion.

The overall liquidity of the Group remained solid with cash and cash equivalents growing by 39% year on year to end at $51.88 billion.

$51.88B

↑ 39%

Overall cash and cash equivalents



BUSINESS SEGMENT PERFORMANCE

Sagicor Group Jamaica is a multi-line Financial Services Group. The Group's profits are generated primarily from the four large segments. The diverse business model gives the Group certain competitive advantages.

SECTOR PERFORMANCE

INDIVIDUAL INSURANCE

The Individual Insurance Division provides individual clients with life and health insurance policies, individual annuities, investment products, living benefits and other insurance-related solutions through a wide range of products. The Division is serviced through a large distribution network of 524 financial advisors in the Core Branch Distribution Channel and 36 Agency and Brokerage House Affiliates in Jamaica (Sagicor Life Jamaica or SLJ) and the Cayman Islands (Sagicor Life of the Cayman Islands Ltd or SLCI), a composite total of 973 Financial Advisors.

The Division earns its revenues principally from insurance premiums; mortality charges and other fees; contributions to segregated policy funds; and investment income on assets assigned to cover the liabilities and surplus requirements of the portfolios.

This segment continued its strong performance, contributing $8.95 billion to the Group for the year, a significant improvement over 2020. This was derived from revenues of $37.38 billion as the segment continues to deliver an attractive return on the capital allocated.

Key performance indicators continued to trend positively, including market share, which stood at 65% in Jamaica at last report for 2021.

The results were driven by exceptional new business sales and improved conservation of the in-force block of policies. A very important measure of any life insurance company's business growth is the continuous positive movement in the block of in-force policies. In 2021, the Division's block of in-force policies grew by 5% (2020 – 6%).

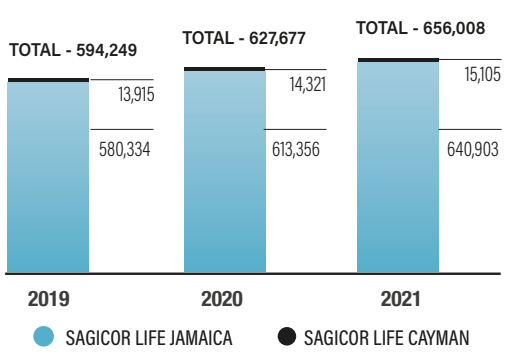
Individual Insurance Division

High level P&L for 2021 and 2020

	2021 J$M	2020 J$M	% Variance
Revenue	37,379	27,978	34%
Benefits	(15,064)	(14,549)	-4%
Movement in Actuarial liabilities	(571)	6,329	-109%
Commissions	(6,082)	(5,474)	-11%
Expenses	(3,964)	(3,635)	-9%
Taxes (including asset tax)	(2,747)	(2,699)	-2%
Net Profit	8,952	7,950	13%

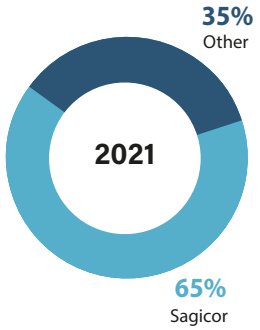
Sagicor Life Jamaica

Total In-Force Policy Count



Individual Life

Market Share



$8.95B

Contribution to Group Profit

A significant improvement over prior year

Net premium income for the Individual Insurance lines of business of $31.02 billion was 11% higher than the comparative 2020 period. This was driven by growth in new annualised premium income in Jamaica and Cayman being 10% ahead of last year.

$15.06B

↑ $0.52B

Benefits Incurred to Policyholders

$4.74B

↑ 8%

New Annualized Premium Income

US$2.78M

↑ 30%

SLCI New Individual Life and Annuities Premium Income

Benefits incurred to policyholders were $15.06 billion, an increase of $0.52 billion over 2020, due mainly to high death claims and an increase in living benefits. The actuarial liabilities continue to be positively influenced by improvements in mortality, morbidity and lapse experience as well as strong new business sales.

In 2021 Sagicor Life Jamaica's Individual Life Division introduced Tele-underwriting to its suite of service offerings, as part of the company's mission to create greater efficiencies within its business segments. The amenity is the first of its kind in Jamaica and sets a new standard for service delivery across the industry. The move is intended to drive down costs for clients while simultaneously providing an alternative to traditionally written documents by offering telephone consultations with underwriters, which are then followed up with email confirmation of matters discussed with clients over the phone.

The Division continued in its drive to enhance its Digital Channels, and launched eConnect, which allows clients to schedule virtual meetings with Client Services personnel, at times that are convenient to them. These virtual meetings will allow clients to conduct business as they would have done face to face in the Client Services Halls.

In Cayman we launched the eLife Portal, allowing our Cayman clients to purchase insurance coverage online, while contracts purchased through this channel were delivered through the eContract Portal. This greatly assisted our Cayman sales teams to meet and beat an over 20-year target.

It was another record-setting year in Jamaica; the Division was able to produce New Annualised Premium income of $4.74 billion, 8% better than in 2020. New Individual Life and Health policies sold were 76,895, showing a 2% increase when compared to 2020 and was accompanied by an increase in average premium written per policy compared to 2020. The number of new cases sold represented 68% of total cases sold by the entire industry.

SLCI generated New Individual Life and Annuities Premium Income of US$2.777 million, whereas US$2.143 million was delivered in 2020. Cayman's performance was boosted by several operational and strategic changes made in 2021; these included the launch of the eLife platform and an increased salesforce.

Within the local landscape, a large segment of the Jamaican population continues to be under-insured or does not have insurance (underserved) or participate in an approved pension scheme, allowing for opportunities for product design and further market penetration supported by effective technologies.

The Division views these factors as opportunities for continued growth given the anticipated changes within the industry where we see new entrants, mergers and acquisitions continuing to shape the market, which creates a more competitive landscape.

SECTOR PERFORMANCE

EMPLOYEE BENEFITS

This Division provides group health, group life, creditor life and personal accident insurance to institutional clients and associations. The Division also provides pension fund administration services and annuity products to corporate clients as well as a pension solution for individuals. The Division focuses on building financial security programmes that balance the needs of both employer and employees and remains the market leader in these areas. The Division also provides administration services to the Government of Jamaica for the Employees and Pensioners Health Insurance Schemes. As such, it operates in a highly competitive environment where most contracts are renewed annually.

The Employee Benefits Division earns its revenue from insurance premiums; fees from funds under management and administration services; and investment income generated on the assets required to support the liabilities and surplus of its insurance and annuities portfolios. The Division generated profits of $3.67 billion on revenues of $29.71 billion during 2021, a decrease of 12% when compared to $4.15 billion in 2020. Profit was mainly impacted by the performance of the Group Health portfolio which was severely impacted by rising medical inflation.

Segment revenue of $29.71 billion was 6% ahead of 2020 as a result of good premium income growth. The Annuity line of business performed ahead of expectations for 2021, generating premiums of $5.09 billion. Group Health premiums were 4% below prior year and Group Life premiums were 14% above 2020. Policy benefits expense of $18.3 billion was 12% higher than last year, resulting from the increased claims costs seen on the health portfolio, as well as increased death benefit payouts on the life portfolio. The increase in actuarial liabilities was due primarily to portfolio growth in Annuity Business.

New Business from annuities, group life and health portfolios totalled $6.9 billion, 30% higher than 2020.

Employee Benefits Division

High level P&L for 2021 and 2020

	2021 J$M	2020 J$M	% Variance
Revenue	29,710	28,045	5.9%
Benefits	(18,335)	(16,411)	-11.7%
Movement in Actuarial liabilities	(3,783)	(2,924)	-29.4%
Commissions	(1,226)	(1,216)	-0.8%
Expenses	(3,322)	(3,021)	-10.0%
Taxes (including asset tax)	16	(630)	102.6%
Share of Profit from Joint Venture	608	311	95.4%
Net Profit	**3,667**	**4,154**	**-11.7%**

$3.67B

↓ 12%

Net Profits generated by Division

$29.71B

↑ 6%

Segment Revenue

$5.09B

Premiums from Annuity Line

$18.3B

↑ 12%

Policy Benefits Expense

The Group Insurance line of business continues to pursue key strategic initiatives to overcome their clients' challenges of greater utilization levels and increased cost of health care by developing and offering wellness solutions and tools to improve the health outcomes of employees and their families covered under the portfolio.

The line of business also expanded the scope of its digital solutions through its customer service platform, Sagicor Connect, which facilitated greater connections to employees and provided them with greater control and efficiency to manage their group insurance benefits.

The Pensions line of business also showed strong performance, with $3.1 billion in new deposits and regulatory reporting compliance of about 96%. Clients continue to have a positive perception of their service delivery and reward them with their loyalty, which we do not take for granted. The clients have also continued to demonstrate their commitment to keeping their pension plans in place for their employees while navigating the challenges of the ongoing COVID-19 pandemic.

The Pensions line also continues to strategically pursue digital solutions aimed at making it easier to do business with the company while at the same time creating opportunities for members to be actively engaged in planning for their retirement. To this end, persons can now open an Approved Retirement Scheme account online. The year was also spent rolling out the signature mobile pension application, My Sagicor App, to further empower members in planning for and realizing their dream retirement. In 2021, the pensions team also began the journey of automating benefit options processing, which has resulted in significantly reducing turnaround times and administration and an overall better experience for their clients and their members.

$6.9B

New Business from Annuities, Group Life, Group Health

A 30% increase over prior year

SECTOR PERFORMANCE

COMMERCIAL BANKING

Sagicor Bank Jamaica Limited had a successful year in 2021 with continued focus on our unique clients in providing solutions that were tailored to meet their needs. There was an improvement in our year over year Net Promoter Score (NPS), moving from 37% in 2020 to 48% in 2021.

Emphasis was placed on turnaround time for client transactions and providing options for clients to open accounts online and do transactions online. As the fourth (4th) largest commercial bank, the segment will continue this focus in 2022 of being "in our Clients' Corner" by delivering "Easy, Simple & Personal" service.

The segment continued its focus on the Small and Medium Enterprises (SMEs) with the continuation of the support for this sector via "Women in Business" and the continued use of the SME Business Resource Center. Sagicor Payments Gateway continued its expansion specifically in the Business to Consumer segment.

Despite the challenges faced globally and locally due to COVID-19, the team remained committed and delivered a stellar performance against the backdrop of the economic fallout. For fiscal year 2021, Sagicor Bank Jamaica Limited produced net profits of $3.27 billion, which represents a 33% increase compared to 2020.

These profits were produced from revenues of $15.56 billion, which were 17% more than prior year, primarily by the reduction in provision for credit losses, as well as higher fee income. The Asset Recovery and Collections unit had a record year where we saw in excess of $981 million recovered in loans, credit cards and overdrafts.

Total assets of $175.02 billion were 11% above the December 2020 total of $157.54 billion. Loans and advances, net of provision for loan losses, were $96.89 billion, 10% higher than the December 2020 balance.

Total revenue of $15.56 billion showed an increase of 18% or $2.35 billion over the 2020 financial year. This revenue comprised net interest income, fees and commission income and other fee-earning activities. Net interest income increased by 6%, while net interest margin reduced to 6.81%, down from 7.49% in 2020.

In the core business (deposits & loans), the deposits portfolio grew by 11%, the loan portfolio grew by 6% and the Card spend surpassed budget by 11% or $12 billion and Acquiring Spend surpassed budget by 24% or $2.4 billion.

The lending portfolio increased by $5.1 billion, driven by retail lending activities. The new loan business was largely funded by deposits, which grew by $13.83 billion. Return on assets rose to 1.96%, up from 1.64% in 2020. Return on equity increased from 9.8% in 2020 to 12.6% in 2021.

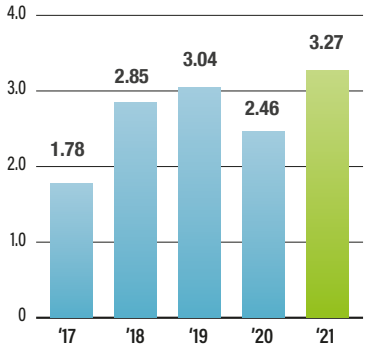
Non-interest income increased by 22% over the prior year. It should be noted that the increase recorded was well supported by fees from our electronic payments segment, which grew 19% over prior year.

Operating costs increased 11% over the prior year. The major drivers in terms of expenses were costs associated with electronic channels, information technology expenses and staff costs.

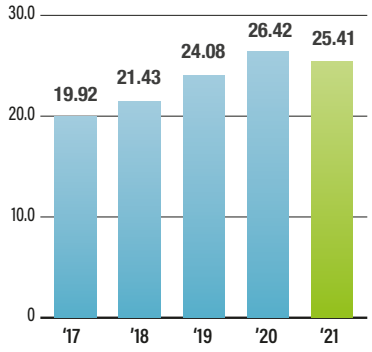
$3.27B Net Profit
A 33% increase compared to 2020

$175.02B Total Assets
11% above December 2020

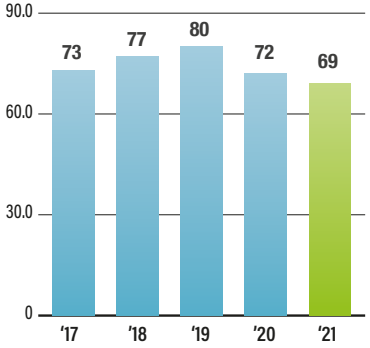
Sagicor Bank Jamaica
Profit
J$ BILLIONS



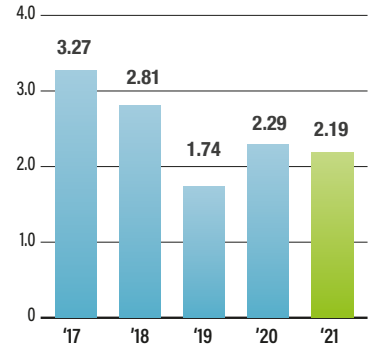
Sagicor Bank Jamaica
Stockholders' Equity
J$ BILLIONS



Sagicor Bank Jamaica
Loans to Deposit Ratio
PERCENTAGE (%)



Sagicor Bank Jamaica
Non-Performing Loans to Total Loans
PERCENTAGE (%)



Asset Management, driven by SIGMA funds, continues to be the leader in both performance and funds under management, commanding a 42% share of the market

Sagicor Bank Key Performance Indicators

Indicators	2021	2020
Profitability		
Return on assets	1.96%	1.64%
Return on equity	12.61%	9.76%
Efficiency		
Operating efficiency	67.38%	72.99%
Net interest margin	6.81%	7.49%
Credit Quality		
Non-performing loans to gross loans	2.19%	2.29%
Provisions to total loans	2.63%	2.00%
Financial Leverage		
Deposits to total assets	77.56%	77.77%
Capital Adequacy	14.06%	13.95%

Commercial Banking Division

High level P&L for 2021 and 2020

	2021 J$M	2020 J$M	% Variance
Revenue	15,560	13,207	17.8%
Expenses	(10,208)	(9,085)	-12.4%
Taxes (Corporation & Other)	(2,084)	(1,663)	-25.3%
Net Profit	**3,268**	**2,459**	**32.9%**

$15.56B Total Revenue

A 18% increase
or $2.35 Billion over 2020

SECTOR PERFORMANCE

INVESTMENT BANKING

Sagicor Investments Jamaica (SIJ) and Sagicor Investments Cayman (SIC) are the investment banking, asset management, trading and wealth management arm of SGJ. In 2021, the segment generated net profit of $3.341 billion, a 20% improvement on prior year. This was a strong performance by the segment, despite the pandemic induced market challenges encountered during the year.

Asset Management, driven by SIGMA funds, continues to be the leader in both performance and funds under management, commanding a 42% share of the market and continuing to offer the most extensive range of fund options. In 2021 six of the SIGMA funds held the top six market positions in terms of performance in the Fixed Income segment. The segment also had the highest performing funds in the US$ and J$ Equity segments, as well as the top 2 funds in the Balanced funds category. Sagicor Investments will continue to provide expert and prudent fund management in line with our strategic focus to build wealth for our clients.

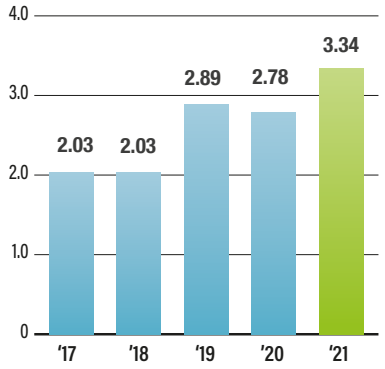
The Capital Markets business rebounded in 2021 recording a significant increase in fee income over prior year. SIJ acted as lead arranger and broker for several deals brought to market during the year, including one of the largest ever Private Placements to date with the completion of phase one of the NFE US$285M bond.

The Treasury and Trading function delivered another strong year of performance, increasing net trading income and exchange gains by 6% over

Sagicor Investments Jamaica

Profit

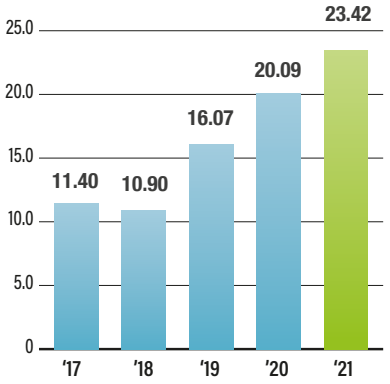
J$ BILLIONS



Sagicor Investments Jamaica

Stockholders' Equity

J$ BILLIONS



+6%

Increase in Net Trading Income and Exchange Gains

TOP 3 Ranking

Value and number of trades on the JSE

$7.34B

↑ 12.8%

Total Revenue increase

+23%

Increase in Non-interest Income over 2020

$3.34B Net Profit

A 20% improvement over 2020

prior year. Sagicor Investments remained a leading player in the stockbrokerage market, attaining top 3 ranking in value and number of Trades executed on the exchange. Sagicor Investments Jamaica also received awards in the categories of Revenue Generation & Market activity, Expansion of Investor and Listed Companies Base and Website at the Jamaica Stock Exchange's Best Practices Awards recognizing performance for 2020.

During the year, the segment implemented several initiatives geared towards improving client experience and efficiencies. The Wealth Management team continued to go the extra mile to deliver excellent service to our clients, finding ways to engage and meet customer needs within the limitations imposed by the pandemic, providing clients with sound advice and guidance during turbulent times. A new service hub was established to ensure timely response to client needs and the team complement was expanded in critical areas such as research and operations.

In 2021, the segment also continued its digital transformation initiatives, implementing an online IPO platform, eInvest, and launched InvestorCore, the first of its kind online educational platform in the Caribbean geared towards educating all Jamaicans about investments. A number of other technology projects were advanced in 2021 and it is expected that implementation of these in 2022 will further improve efficiencies and enhance client experience, which remains a key strategic initiative.

In 2021, Sagicor Investments made strides in its regional expansion initiatives, obtaining regulatory approval from the Cayman Islands Monetary Authority (CIMA) for the opening of Sagicor Investments Cayman; company operations are expected to start in 2022.

In 2021, the segment's total revenue of $7.34 billion increased 13% over the 2020 financial year. This revenue comprised net interest income, fees and commission income, trading income and dividend. Net interest income was 25% higher than 2020 as the company focused on balance sheet growth. Net interest margin increased to 2.48% compared to 2.13% in 2020.

Non-interest income comprised 60% of total revenue, up from 69% in 2020. This source of revenue shows a 23% increase over the prior year, resulting from higher fee and commission income from increased capital market activities and dividends.

Operating costs increased marginally over the prior year primarily from increased public relations and advertising as well as professional fees.

Return on equity was 14% compared to 15% in 2020. The return on allocated assets increased to 3.28% compared to 2.72% in 2020.

Sagicor Investments Key Performance Indicators

Indicators	2021	2020
Profitability		
Return on assets	2.49%	2.72%
Return on equity	14.16%	15.29%
Efficiency		
Operating efficiency	39.29%	37.67%
Net interest margin	2.48%	2.13%
Financial Leverage		
Interest bearing liabilities to total assets	78.71%	77.46%
Capital Adequacy	17.53%	15.18%

Investment Banking Division

High level P&L for 2021 and 2020

	2021 J$M	2020 J$M	% Variance
Revenue	7,336	6,502	12.8%
Expenses	(2,361)	(2,313)	-2.1%
Taxes (including asset tax)	(1,634)	(1,413)	-15.6%
Net Profit	**3,341**	**2,776**	**20.4%**

During the year the segment implemented several initiatives geared towards improving client experience and efficiencies. The Wealth Management team continued to go the extra mile to deliver excellent service to our clients, finding ways to engage and meet the needs of our customers.

SECTOR PERFORMANCE

SAGICOR GROUP TREASURY AND ASSET MANAGEMENT DIVISION

Group Treasury & Asset Management (GTAM) Division has responsibility for the management of the key financial assets across Sagicor Group Jamaica Limited. Its role is geared towards the effective management of these assets engineered to improve profitability through a single oversight of investment decisions for financial assets, with due consideration to risks across all business lines. Its key risk objectives are:

- **Policy and regulatory compliance**
- **Liquidity management**
- **Concentration risk**
- **Financial risk management**
- **Internal controls**

To effectively manage the Group's assets, GTAM includes a matrix structure to allow coordination of the Treasury-related activities of Sagicor Life Jamaica, Sagicor Life Cayman, Sagicor Bank Jamaica, Sagicor Investments Jamaica, Sagicor Investments Cayman and Advantage General Insurance Company.

GTAM's function also incorporates oversight for:

- Real estate management and development including assessment, analysis, project management, sales and leasing, property management and maintenance.
- Sales and administration of mortgages for policyholders, team members and administration for third parties.
- Portfolio management responsibilities for Pension Funds, Collective Investment Schemes (CIS), Investment Banking and Insurance Funds.

The division successfully re-engineered the Group Treasury and Asset Management operational functions that support the management of our financial assets and continues to enhance our processes to improve investment decision-making and efficiency.

Group Treasury and Asset Management Operations coordinates activities related to settlement, liquidity and regulatory risk while providing a robust internal control mechanism for Treasury and Asset Management related activities.

The key financial assets cover various investment portfolios which include pension clients, annuitants, individual policyholders, investment and insurance clients, as well as stockholders.

As at December 31, 2021, the Division's total assets under management was $880.0 billion.

Pension Funds

Sagicor Life Jamaica, as a licensed investment manager, operates three pension investment structures as follows:

Type I Pooled Funds	Self-Directed Funds	Deposit Administration

The net total pension funds under management as at December 31, 2021 stood at $238.6 billion, which represents an 11% increase over 2020's $214.9 billion. We offer our clients the most flexible and diverse range of investment options of local and global stocks and bonds, as well as a diversified real estate portfolio that spans commercial, warehousing and tourism properties across Jamaica and the region. This allows pension fund trustees to efficiently diversify, thereby reducing the overall level of investment risk for their respective pension plans. The structure also facilitates better duration matching of pension liabilities and assets.

The Pooled Funds comprise nine unitised funds, the assets of which are segregated from the assets of SLJ and held under trust arrangement via a wholly owned subsidiary company, Sagicor Pooled Investment Funds (SPIF) Limited. Sagicor manages pension funds on behalf of corporate clients as approved superannuation funds, as well as for individuals through an approved retirement scheme known as 'Sagicor Lifestyle'.

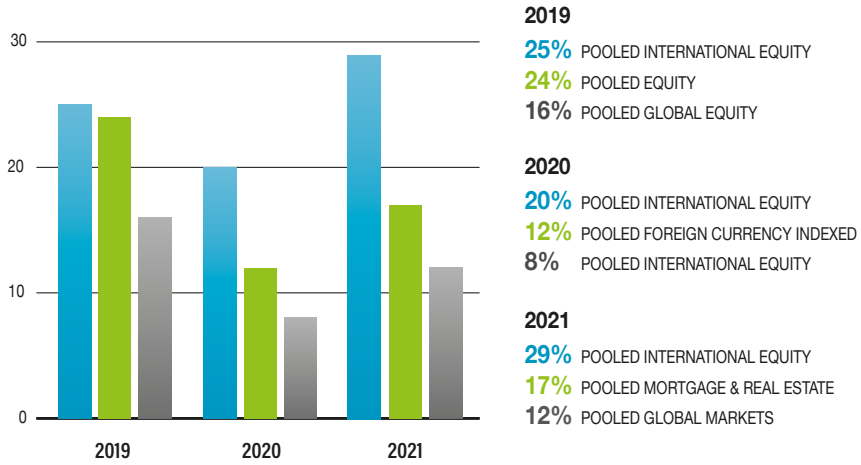
The 12-month performance of our pooled funds occurred within the context of a prolonged global pandemic that adversely impacted all asset classes. Volatility across both the currency and equity markets (locally and globally) were elevated, with a rising local inflationary market.

Despite the challenging economic climate, the Pooled Investment Funds all generated positive returns. The top performing Pooled Fund was the Pooled International Equity Fund, which hedges against local currency devaluation and has exposure to global equities; this generated 12-month returns of 28.5%. This was followed by the Pooled Mortgage & Real Estate Fund and Pooled Global Markets Funds, which also provides a hedge against devaluation; these generated returns of 16.5% and 12.0%, respectively.

Sagicor Group Jamaica

Top 3 Performing Pension Funds 2019 - 2021

PERCENTAGE RETURN (%)



Sagicor has a proven track record of pension fund management spanning over forty-five years, and we continue to deliver strong performance through the experience, dedication and hard work of our team. We are proud of our achievements, which include being Jamaica's top investment manager both in funds under management and performance.

As the leading investment manager in Jamaica, our objective remains to generate real positive long-term investment growth for our clients based on a prudent long-term asset allocation strategy which incorporates the process of diversification.

$238.6B

Net Total Pension Funds Under Management

An 11% increase over 2020

Sagicor Sigma Global Funds

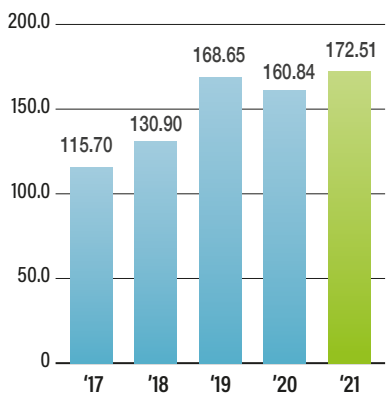
Sagicor Sigma Global Funds maintained its coveted position as the largest collective investment scheme (CIS) in the region. Total net funds under management as at December 31, 2021 stood at $133.72 billion, an 8% increase compared to the prior year's $123.82 billion, reflecting a recovery in fund values following the pandemic.

Despite the financial market challenges and the impact from the pandemic, all Sigma Global Funds generated positive returns for the 12-month period. The Sigma Global Equity (USD & JMD) and Sigma Real Growth were the top performing portfolios providing double-digit returns to investors ranging from 12.2% to 13.9%.

Sagicor Sigma Global Funds

Funds Under Management

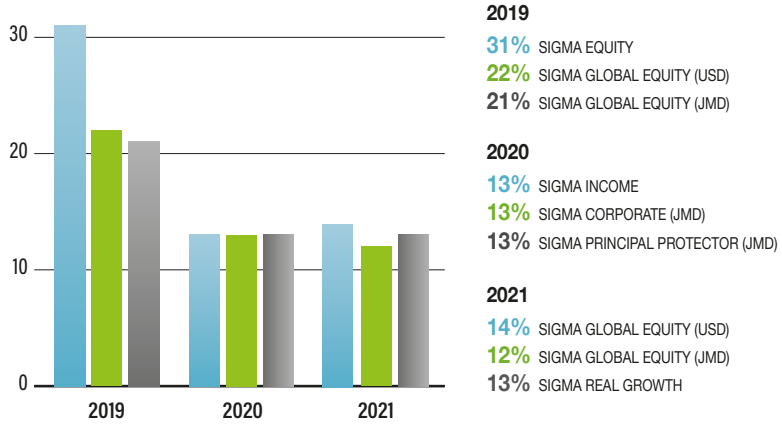
J$ BILLIONS



Sagicor Sigma Global Funds

Top 3 Performing Performing Funds 2019 - 2021

PERCENTAGE RETURN (%)



Real Estate Developments

GTAM manages the activities related to the development of real estate within the Sagicor Group for resale or the generation of rental income. During 2021 the team completed a residential development known as the Azaleas, located in the Kingston 6 area, at a cost of $1.5 billion.

There remains continued focus on identifying and delivering on lucrative real estate projects as real estate continues to provide suitable risk-adjusted returns for our many portfolios under management.

Sagicor Property Services Limited (SPS)

Sagicor Property Services Limited (SPS), our property management subsidiary, provides property management (including property maintenance), leasing, real estate sales and rental services for Group-owned and affiliated as well as third-party properties.

The primary revenue sources for SPS are fee-based income from the various services offered. Total revenues from the core business increased by 4% year over year. This was driven by increase in property management and sales commisssion fees. Other areas of the business, however, were negatively impacted for the majority of the year by the ongoing pandemic, particularly rent and lease commission. Expenses were well managed as evidenced by a 3% decrease against prior year. SPS has adapted to this new environment and, with the implementation of improved processes and procedures, is positioned to do well in 2022.

At the end of 2021, SPS managed approximately 2.5 million square feet of prime commercial and residential real estate across the island, making the company the largest private property manager in Jamaica.

SPS' goal is to leverage all the key business lines to increase its value added to the Group through several strategies. The continued growth in the real estate market offers a significant opportunity for SPS to position itself both for Group-owned and third-party property opportunities.

$1.5B

Invested in Azaleas Development

Sagicor Real Estate X Fund

Sagicor Real Estate X Fund Limited (X Fund), a St. Lucian International Business Company, is the largest publicly traded real estate investment company in Jamaica, listed on the Jamaica Stock Exchange. Sagicor Group Jamaica has a 29.31% ownership stake in X Fund.

The X Fund Group comprises:

- Sagicor Real Estate X Fund Limited (SREXF)
- X Fund Properties Limited (XFP)
- X Fund Properties LLC (XFLLC)
- Jamziv Mobay Portfolio Limited (Jamziv)

During 2020, we held our position as a leading private sector investor in the tourism real estate market through our expanded geographical reach with our engagement with Playa Hotels & Resorts N.V. (Playa). This allowed us to maintain focus on tourism while diversifying our underlying portfolio of assets across the Caribbean and Latin America. In addition, our wholly-owned subsidiary, XFP, disposed of our interest in Jewel Grande Montego Bay (Jewel Grande) during the year.

We continue to maintain direct ownership of the DoubleTree by the Hilton at the entrance to Universal Orlando (DTO) in Florida through our wholly-owned subsidiary, XFLLC. Also, we maintain an investment in the Sigma Real Estate Portfolio, which provides exposure to commercial real estate in Jamaica.

The Group generated net profit attributable to stockholders of $0.40 billion compared to $9.99 billion loss in the prior year. The global outbreak of COVID-19 triggered a sharp decline in tourist arrivals and the demand for leisure activities. Business activities for Jewel Grande and Playa were halted during the earlier part of the year while DTO continued operations but at reduced occupancy levels.

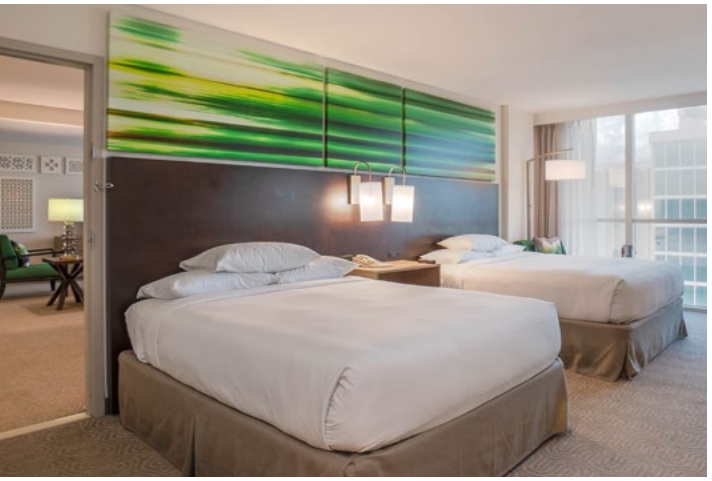
While the Group has demonstrated resilience in this challenging environment, it also had to adjust its business model to outmanoeuvre the effects of COVID-19.

In early January 2021, X Fund disposed of its 20,000,000 ordinary shares in Playa for which it received inflows of US$96 million. The strong inflow of liquidity was redeployed into investment opportunities with a projected positive outcome.

We maintain focus on tourism while diversifying our underlying portfolio of assets across the Caribbean and Latin America.

US$96M

Strong liquidity inflow from disposal of 20M ordinary shares in Playa



Sagicor Insurance Managers

Sagicor Insurance Managers Ltd. (SIM), our Cayman Islands subsidiary which manages Captive Insurance companies, continues to make a positive contribution to the Group's results. Among its client base are private sector companies and the prestigious CCRIF SPC, formerly the Caribbean Catastrophe Risk Insurance Facility, Segregated Portfolio Company.

It is the first multi-country risk pool in the world, which provides Parametric Insurance products to 23 members - 19 Caribbean governments, three Central American governments and one Caribbean Electric Utility Company – specifically through the unique opportunity to purchase disaster risk insurance with the lowest possible pricing. SIM has provided insurance management services to CCRIF SPC since its inception in 2007.

SIM has been at the forefront of initiatives for CCRIF SPC as it expands its service offerings to regional governments.

Current service offerings include Earthquake and Tropical Cyclone policies, Excess Rainfall Product, Electric Utilities Products, Fisheries and plans for new Drought Product - insurance products not readily available in traditional insurance markets. Parametric Insurance coverage has been taken up by Central American countries underwritten by its own segregated portfolio. There are currently three countries in this portfolio.

CCRIF SPC also offers a Technical Assistance Programme to member countries. This includes a Small Grants Programme which supports small disaster risk management projects being implemented at the community level. By this means, CCRIF SPC finances small projects that are conceptualized and managed by non-governmental organizations (NGOs), community-based organizations (CBOs), charity organizations in local communities as well as academic institutions across the Caribbean CCRIF SPC member countries and/or CARICOM member countries. The University of the West Indies is a CCRIF SPC beneficiary under this programme through its UWI Scholarship Programme. This is aimed at enhancing the development of expertise and capacities in the region in the area of Disaster Risk Management.

SIM continues to provide value-added services through partnerships with risk management intermediaries, insurance and reinsurance b

Sagicor Costa Rica

Sagicor Costa Rica, a joint venture with Central America Investors, celebrated its 9th fiscal year as a composite insurance company with sustained profitability, achieving a significant increase in profits before taxes, and creating enhanced e-commerce and service capabilities. The Company has grown its market share, to access new markets and to positively impact its insured members, sponsors and brokers. The 2021 financial performance of the Sagicor CR Team places the company as one of the top performers in the insurance market based on the return over equity.

Sagicor Costa Rica is committed to continuing to innovate and implement initiatives towards creating a healthier society via a healthy leadership and operation and while respecting the limits of the planet.

CAPITAL MANAGEMENT

The Group's objectives when allocating capital are wide-ranging. The capital management processes exist to ensure compliance with capital requirements set by the relevant regulators; provide adequate returns for stockholders and maintain a robust capital base to support development of the various businesses within the Group. The maintenance of adequate capital are critical to ensuring that regulatory requirements, strategic objectives and shareholder expectations are met. Each regulated entity within the Group is required to hold a minimum amount of capital as required by the relevant regulator in the specific jurisdiction. The Group performs its capital management processes, through various Management Committees and Board Committees.

Sagicor Group Jamaica's capital ratios for all its regulated entities were above the required minimums set by regulators.

CAPITAL RATIOS

Regulated Entities	Key Regulatory Ratios	Minimum Statutory Requirements	Dec 31 2021	Dec 31 2020
Sagicor Life Jamaica Limited	Minimum continuing capital and surplus requirements ratio (MCCSR)	150.0%	162.0%	183.1%
Sagicor Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	14.1%	14.0%
Sagicor Investments Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	17.7%	15.2%
Sagicor Life of the Cayman Islands Ltd	Minimum capital requirement (MCR)	125.0%	287.1%	364.0%
Advantage General Insurance Company Limited	Minimum capital test ratio (MCT)	250.0%	318.4%	371.9%

INDUSTRY RATINGS

Presently, financial ratings are only conducted for the largest subsidiary, Sagicor Life Jamaica Limited (SLJ). These ratings provide an independent opinion of SLJ's financial strength as an insurer and its ability to meet its obligations to policyholders.

In November 2021, A. M. Best rating agency affirmed SLJ's Financial Strength Rating (FSR) of B++ (Good) and an Issuer Credit Rating (ICR) of bbb+ with a stable outlook.

SLJ also retained the highest creditworthiness rating of jmAAA on the Jamaica national scale with a stable outlook, from Caribbean Information and Credit Rating Services Limited (CariCRIS).

Sagicor Group Jamaica Limited (SGJ) retained the highest credit rating in Jamaica from Caribbean Information and Credit Rating Services Limited (CariCRIS).

The ratings attributed to SGJ carry a stable outlook and are:

- CariA- (Regional Scale Foreign Currency)
- CariA (Regional Scale Local Currency)
- jmAA+ (Local Scale Foreign Currency)
- jmAAA (Local Scale Local Currency)

The CariCRIS ratings were awarded following a review in March 2021.

A.M. Best - Sagicor Life

B++
Financial Strength Rating

bbb+
Issuer Credit Rating

Stable
Outlook

Cari Cris - Sagicor Life

jmAAA
Jamaica National Scale Highest Credit Worthiness Rating for a Jamaican Company

Stable
Outlook

SUBSEQUENT EVENTS

Subsequent to the year-end on 9 February 2022, the Group entered into a Definitive Agreement for the purchase of 100% of the shares in Alliance Financial Services Limited (AFSL). The deal is subject to due diligence and regulatory approval and we have already commenced the process of applying for a cambio licence and a remittance licence from the Bank of Jamaica.

OPERATIONAL CAPABILITIES AND TECHNOLOGY

Sagicor Group Jamaica's operational capabilities include the mix of team members, financial advisors, brokers, health-care providers, consultants, suppliers and all other entities along the supply and value chains. We carefully manage and synchronize the roles of the entities that contribute to the delivery of our offerings. For those internal, there are a number of ongoing programmes, including envisioning and training. Strong relationships are built with external partners to ensure the best value and convenience for our clients.

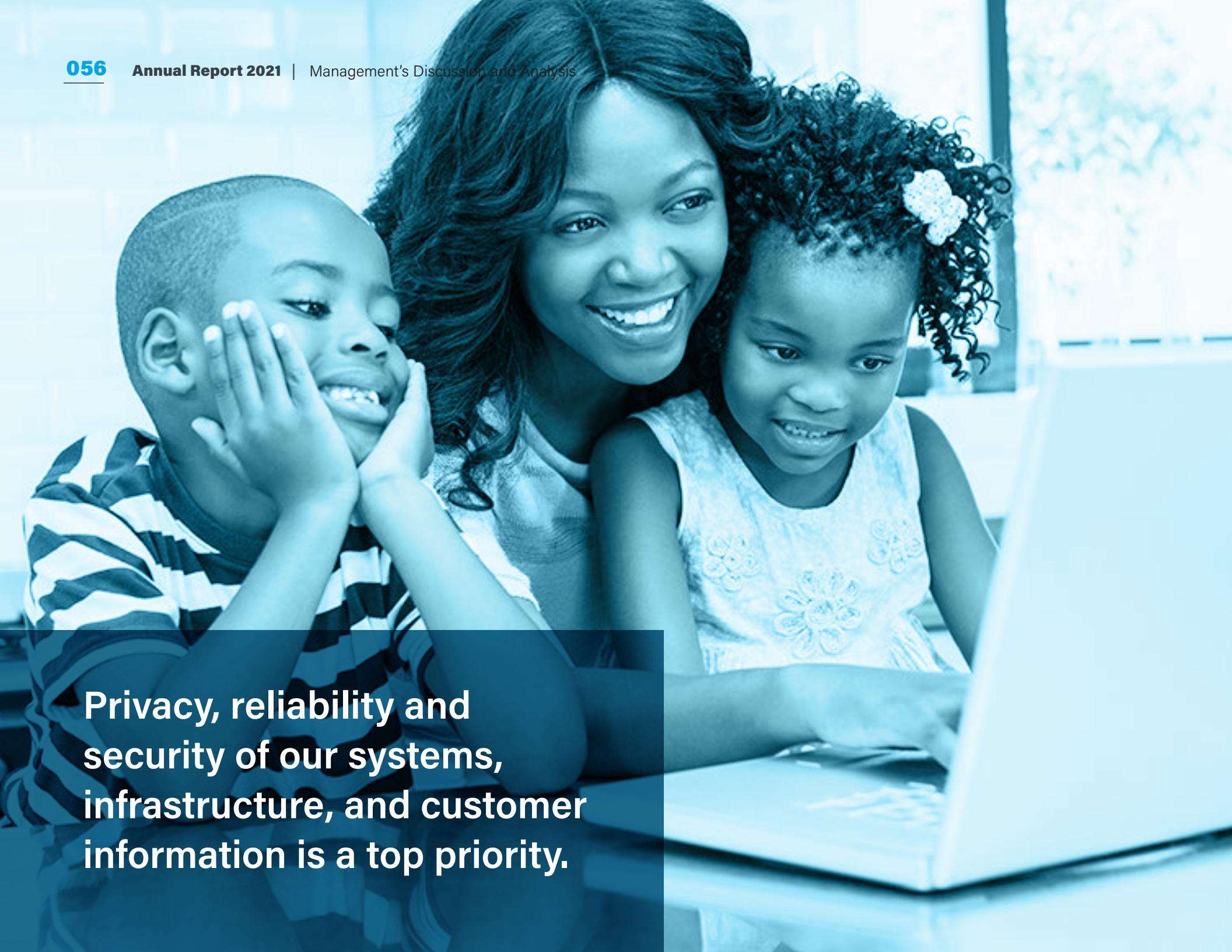
In addition to our people, internal systems, processes and structures are pivotal to the delivery of the promise. We cultivate a competitive environment that spurs innovation and is performance driven. We continuously seek to improve our operations by streamlining workflows, automating processes and leveraging the best available technologies. Indeed, there are a high number of new initiatives each year and the most outstanding are recognised at the Annual Awards gala in March, where we celebrate excellence in achievements.

Operations are governed by best practice frameworks and guidelines. Sagicor believes it has the capacity to achieve the strategies designed and objectives set.

Use of Technology

Sagicor Group recognizes the criticality of technology as an important lever of business, especially in financial services. It is our vision to develop the Group as a leading digital financial services organization in the Caribbean.

We strive to deliver reliable, innovative and cutting-edge technologies for business growth, new capabilities, efficiencies, penetration into new market segments and to offer a superior client experience.



Privacy, reliability and security of our systems, infrastructure, and customer information is a top priority.

To realize our vision of becoming a leading fully integrated financial services player in the Caribbean through:

- Data Analytics and Business Intelligence
- Innovation and Digital Transformation
- Increased focus on resilience, data privacy and protection
- Providing platforms to underserved market segments

Data Privacy and Security

The Group understands its obligations to customers, data subjects, regulators, and various data protection standards bodies. In this regard, the Group treats the privacy, reliability and security of its systems, infrastructure, and customer information as a top priority. We have implemented and continually maintain or improve the requisite policies, standards, procedures, and technologies required to detect and protect against critical system failures, loss of service availability or any material breach of data and/or security.

We value the trust of our clients and we understand that handling their information with care is one of the most important responsibilities. As such, only team members who need to know a customer's information or to perform certain functions are provided with authorized access, which is also monitored.

The Group operates under a detailed and rigorous cybersecurity and data protection scheme designed to protect the confidentiality, integrity, and availability of our customers' information.

The Board of Directors has approved our policy and programmes and is kept informed of their overall progress and status; programmes which are also subject to ongoing examination by auditors and regulators. In addition, we have a strict code of ethics for all employees, requiring confidential treatment of customer information, wherein all employees with access to customer information must complete information protection training annually.

Business Continuity

Sagicor Group Jamaica is committed to maintaining ongoing operations for our various stakeholders. We recognise that certain uncontrollable events may cause interruptions to our normal operations. In preparation for such events, we have developed continuity of operations and response plans to ensure enough resources are available for the recovery of critical business operations. Included in these plans are the following:

- A Corporate Business Continuity Plan (BCP), which includes a Crisis Management Plan (CMP)
- A Corporate Emergency Response Plan (ERP)
- An Information Technology Disaster Recovery Plan (IT DRP), which includes an Incident Response Plan (IRP).

The Corporate Business Continuity Plan (BCP) was developed with input from all business units, critical business partners and approved by the Board of Directors. The BCP ensures the continuity of critical business functions in the event of a recoverable business disruption and helps to minimise the impact on team members, customers and other stakeholders. The BCP seeks to address events such as natural disasters, loss of utilities, loss of services by external providers, organised and/or deliberate disruption, and other organisational threats. The Crisis Management Plan includes the processes that will be taken to respond to a critical situation (physical or non-physical) that could negatively affect profitability, reputation or our ability to operate.

The Corporate Emergency Response Plan (ERP) was developed in synchrony with the BCP and is aimed at protecting employees, visitors, contractors and anyone else in the various facilities through which we operate. The plan assigns roles and responsibilities for the implementation of the plan during an emergency. Establishes communication procedures, equipment, and a primary and alternate Emergency Operations Centre location. The plan also establishes mitigation procedures and protective actions to safeguard the health and safety of personnel.

The Information Technology Disaster Recovery Plan (IT DRP) was developed in congruence with the BCP and encompasses the policies and procedures related to preparing for recovery or continuation of the technology and communications infrastructure after a recoverable disaster or emergency. Our IT infrastructure also includes a high level of redundancy, resilience and data protection features, and alternative computing sites, aimed at ensuring the availability, integrity and confidentiality of the information asset.

To ensure that our continuity of operations and response strategies, policies and procedures are relevant, regular testing and simulation exercises form part of our preparedness strategy, which are used to refine our recovery procedures and inform the evergreening of our policies and plans.

ENTERPRISE RISK MANAGEMENT & COMPLIANCE

Sagicor Group Jamaica Limited's (SGJ) Enterprise Risk Management Framework is aligned to international best practice standards and provides an ongoing mechanism for managing risks across the group.

The ERM framework outlines the process of identifying new and emerging risk exposures by nature or source, prioritizing risks as well as applying the most appropriate responses to each risk. Given the nature of Sagicor's business operations and the wide diversity of products and services offered across various jurisdictions, the Group is exposed to a number of financial and non-financial risks as it pursues its strategic objectives. The structure of risk governance within the group allows for the flow of information among all team members through a coordinated bottom-up and top-down approach. This process reduces the risks to the acceptable minimums outlined in the Risk Appetite and Tolerance Statements of each entity.

Risks are proactively managed and communicated to ensure that the Group achieves the optimal balance between risk and return, in order to maximize stakeholder value and minimize potential adverse effects on its performance, reputation and business relationships. The management of risks is supported by innovative risk tools and a well-defined organizational structure. The structure is depicted by a three lines of accountability model with delegated authorities and clearly articulated roles and responsibilities.

Risk Process

SGJ's risk management process is interactive and iterative, as risk assessment activities are ongoing to ensure that key risks being monitored and reported remain relevant to the Group's business strategies. Key risks and mitigation strategies are identified during this process, and the ownership of these risks are assigned to the relevant executives for management and reporting. In this regard, reports are prepared on a quarterly basis, or more frequently if necessary, for the attention of the Board of Directors and Board Sub-Committees, on the management of financial and non-financial risks. Risk assessment activities are continuous and the Group's Key Risks and Risk Appetite and Tolerance Statements are reviewed annually to ensure that they adequately reflect the Group's current risk profile and remain relevant to the Group's business strategies.

Risk Governance

The Board of Directors is ultimately responsible for risk oversight and management within the Sagicor Group and has a fiduciary responsibility to stakeholders. In dispensing its oversight functions, the Board is supported by several subcommittees that convene regularly and closely monitor the risk exposures of the Group and its subsidiaries against established limits.

Audit Committee

The Audit Committee is a sub-committee of the Board comprising independent directors, and is responsible for:

- Overseeing management's monitoring of internal controls, compliance with Regulations and the Group's policies and procedures, and adequacy of the risk management framework.
- Reviewing the Group's annual and quarterly financial statements, related policies, and assumptions; and
- Reviewing the internal audit function as well as the external auditor's independence, objectivity, and effectiveness.

The Audit Committee is assisted in its oversight role by the Enterprise Risk Management & Group Compliance Department and the Internal Audit Department as the second and third lines of defence, respectively. The Internal Audit Department undertakes both regular and ad hoc reviews on the adequacy of internal controls and risk management processes, the results of which are reported to the Audit Committee and the Board.

Investment & Risk Management Committee

The Risk Management Committee is a Board sub-committee and as part of its mandate, the Committee:

- Oversees the Group's risk management framework and ensures that risk management policies, standards and procedures are in place to effectively manage key risks.
- Approves the investment and risk management policies and limits within which the Group's investment portfolios are managed.
- Evaluates the effectiveness and prudence of senior management in managing the group's key risk exposures.
- Reviews key exposures to financial and non-financial risks, including the amount, nature, characteristics, concentration and quality of the investment and credit portfolios, liquidity, funding and capital management positions and processes.
- Reviews the effectiveness of management's risk responses and risk response tactics to key risks. That is, decisions taken to either accept, avoid, pursue, reduce, share, review business objective or review strategy in response to key risks.

Asset/Liability Management Committees

At the first line of defence/accountability there are established Asset/Liability Management (ALM) Committees in place at the subsidiary and group levels. The Committees:

- Monitor the levels, trends and profile of assets and liabilities.
- Plan, direct and monitor various financial risks, including interest rate risk, liquidity risk, foreign currency risk and credit risk.
- Provide guidance to Treasury with regards to the appropriateness of investments assigned or purchased to support the liabilities of the various lines of business.
- Monitor market variables and make adjustments as needed in the investment and lending portfolios; and
- Monitor any change in strategy given changing macro-economic conditions impacting the Group.

KEY RISKS

Financial Risk

Financial risk can be categorized as any unexpected change in external markets, prices, rates and liquidity. This includes credit risk, market risk and liquidity risk.

The continued impact of COVID-19 during the year ended 2021 resulted in ongoing volatility in financial markets globally. The Group continued with heightened monitoring and additional risk controls which were implemented in 2020 to minimize the adverse impact of the pandemic. Increased monitoring of subsidiaries across the group continued.

Credit Risk

Changes in credit markets, related to either general credit market movements, or the creditworthiness of a specific issuer of a fixed-income security on the company's balance sheet, or of a counterparty to whom credit has been extended. Credit risk is managed within business lines, through the development and maintenance of the various policies and limits, the comprehensive reporting of credit risk exposures, and proactive monitoring of exposures throughout the Group. The Group continues to be vigilant in monitoring of these exposures during 2021 given the effects of COVID-19 on the global economy.

Market Risk

Changes in financial markets, prices, or rates associated with general market movements or a specific asset on the company's balance sheet that may have a negative impact on Sagicor's earnings or capital. Sagicor is exposed to foreign currency fluctuations through its foreign currency-denominated assets and liabilities (both on- and off-balance sheet). The Company manages this risk by adhering to its internal policy limits, actively monitoring changes in the environment and adjusting its positions accordingly.

Interest rate risk is the potential impact on earnings and capital due to changes in interest rates. Interest rate risk arises when principal and interest cash flows (including final maturities), both on- and off-balance sheet, have mismatched repricing dates. Sagicor's exposure is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatched positions. Interest rate risk is managed using duration analysis and estimation of repricing gaps across entities. Duration reflects an instrument's sensitivity to interest rate changes while the repricing gap approximates the potential change in net interest income.

Frequent and active monitoring of the Company's market exposures continued during 2021 by using such measures as stress testing, stop losses and other sensitivity assessments across all entities to minimize losses as a result of the effects of the pandemic and increase in interest rates.

Liquidity Risk

Changes in liquidity supply or demand, which can translate into three different levels of impact: (a) untimely sale of assets at unexpected price/volume; (b) inability to meet contractual obligations; or (c) default. Sagicor is exposed to liquidity risks through the mismatches in the timing of its cash flows and maturity of its assets and liabilities. Sagicor mitigates liquidity risk by maintaining a diversified and stable source of funding, which includes deposits from retail and corporate customers. Sagicor's liquidity position is managed daily by the Treasury department, which ensures adherence to the limits in the Liquidity Risk Policy. The ALCO meets monthly, or more frequently if necessary, to review the management of liquidity risk exposures and reports to the Investment and Risk Management Committee on a periodic basis. During the reporting period, we continued to monitor and report on key liquidity metrics such as: Liquidity Coverage Ratio as stipulated by the Bank of Jamaica and the Liquidity Ratio as stipulated by the Financial Services Commission. These metrics were within the regulatory limits.

Insurance Risk

Insurance Risk refers to potential financial losses due to variations of actual events and the assumptions used in the process of pricing insurance products. This variation may occur as a result of inadequate underwriting, pricing and improper reserves and claims settlement. The Group engages in insurance underwriting through Sagicor Life Jamaica and Advantage General Insurance Company. The risks inherent to the operations are managed with controls carefully selected to match business objectives and risk tolerances. These controls include established underwriting guidelines and other internal controls including, inter alia, as well as frequent reporting to the Board of Directors and various sub-committees of the Board.

International Accounting Standard Board (IASB) has issued a new accounting standard (IFRS 17), which establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. As Sagicor continues its efforts in becoming compliant to this new standard, effective January 1, 2023, the organization will deploy the necessary human and technical resources.

Operational Risk

Losses resulting from inadequate or failed internal processes, people and systems or from external events that disrupt the flow of business operations are seen as operational risks. Operational risk losses can be disastrous and therefore require consistent monitoring and effective management. To this end, Sagicor has implemented policies, processes, and assessment methodologies to ensure that operational risks are appropriately identified and managed with effective controls. In addition, there are business continuity and disaster recovery plans in

place to ensure the continuity of critical business functions and minimization of adverse impacts on clients, team members and other stakeholders in the event of business disruptions. Sagicor's key operational risks include Compliance, Legal & Regulatory risks, Data, Information & Technology risks, Human Resource risks.

Data, Information & Technology Risk

Sagicor treats the reliability and security of its information, technology infrastructure and client database as a top priority. The continuous changes in and access to technology as well as the increases in digitization and cybercrimes have facilitated an increase in the number and sophistication of the threats to Sagicor's technology infrastructure and the security of its data. Noteworthy is the continuous spread of the COVID-19 virus which has caused an increase in the development and deployment of technological solutions. Whilst these improvements have generated greater convenience for our clients, it has certainly increased the sources of attacks, breaches and other compromises.

Sagicor has continually maintained and improved the requisite policies, procedures and technologies required to protect against and report on critical system failures, loss of service availability or any material breach of data security, particularly involving confidential client data. Sagicor operates under a rigorous Information Security Policy and programme designed to protect the security and confidentiality of client, team member and proprietary information. The information security programme is also subject to ongoing examination by auditors and regulators. In addition, there is a strict code of ethics for all team members that requires confidential treatment of all information, as well as mandatory data protection training completed annually. The Group also maintains physical, electronic and procedural safeguards to protect against unauthorized access to information.

Compliance, Legal and Regulatory Risk

This refers to the risk of exposure to legal penalties, financial forfeiture and material loss that an organization faces when it fails to act in accordance with accepted corporate governance standards, the law and regulations, internal policies or prescribed best practices.

As a company that operates within highly regulated industries, Sagicor is expected to meet and maintain high standards in all business dealings and transactions. Failure to adequately address conflicts of interest, regulatory requirements, anti-money laundering and terrorist financing regulations, data privacy laws, ethical practices and other legal requirements may result in penalties, censures and reputational damages. The first line of defence is trained and guided in the management of day-to-day compliance, regulatory and legal risks, while Sagicor's Legal and Compliance teams act as the second line of defence, providing advice and close monitoring of these risks.

In 2021, The Bank of Jamaica informed stakeholders of the tentative implementation timeline for the Basel III Capital Adequacy Framework - July 1, 2022 to June 30, 2023. This is expected to impact capital charge methodologies for credit risk, market risk, and operational risk, as well as the working definition of regulatory capital. The Group has started to take steps to ensure that there is a smooth implementation when this regulation becomes effective.

Human Resource Risk

This includes the risks to the organization and its performance that can be attributed to employees. It includes risks associated with staff performance, productivity, conduct, recruitment, retention, compensation and benefits, succession planning, organized labour activity, codes of conduct, or internal policies. There are documented policies and procedures in place to ensure only individuals who are the right fit for Sagicor and its objectives are hired, retained and compensated accordingly. In addition, Sagicor, through Group HR, maintains a robust succession plan and continuously trains its team members to ensure that the workforce is maintained at the highest standard.

Despite the ongoing impacts of the COVID-19 pandemic to their personal and professional lives, Sagicor's team continued to display resilience and adaptability while they received strong support from the leadership of the Group. The Work-From-Home and Flexi-work initiatives were expanded to lessen the spread of COVID-19 among team members, and to the broader population.

Strategic Risk

This risk relates to unexpected changes in key strategic elements or factors, as a result of improper choice of strategy, non-viable strategy design, and ineffective strategy execution, in relation to but not limited to, the choices of products/ services, distribution channels, target markets, resource allocation, or value proposition. Additionally, poor business decisions, pursuing unsuccessful business plans, or lack of responsiveness to changes in the business environment may increase the strategic risks faced by the Group.

Annually, the leadership of Sagicor engages in robust strategic planning and approval processes to determine the strategic objectives. Additionally, on an ongoing basis the internal and external factors that may impede the achievement or progress of these objectives are identified, assessed and managed by the respective heads of business lines and entities within the Group. The executive management team meets on a monthly basis or as necessary to evaluate the effectiveness of the Group's strategic plan, and where necessary makes amendments.

OUR CORPORATE STRATEGY

Strategic and innovative thinking, strategic planning, financial modelling, performance measurement, performance-driven compensation and benchmarking against the best of class in the world are central to how we manage our business.

Being guided by the Group's vision and strategic objectives, each business unit and operating division conducts detailed SWOT analyses, outlines strategies and develops specific initiatives to address the SWOT and achieve the strategic objectives, always ensuring congruence with the Group vision. These detailed plans are used to build the Group strategic plan with supporting budgets for a three-year planning horizon. Our Board of Directors approves the strategic plans and budgets in December each year.

Amidst the local and global competitive and economic challenges, we at Sagicor will continue to leverage our strengths and capitalize on key opportunities while managing risks and exposures. We also remain committed to developing, implementing and delivering strategic initiatives which will add value to our stockholders, clients and team members.

In 2022, Sagicor Group Jamaica will continue to be guided by five (5) key pillars which facilitate alignment across the Group and will propel growth and increase stockholders' value.

01 DIGITALLY TRANSFORM THE BUSINESS

02 GENERATE AND GROW REVENUE IN NEW WAYS

03 BUILD CLIENT INTIMACY AND LOYALTY THROUGH EFFECTIVE RELATIONSHIPS

04 IMPROVE TEAM MEMBER ENGAGEMENT

05 EXPAND OUR GEOGRAPHICAL FOOTPRINT

OUTLOOK

As Jamaica and the world nears the two-year anniversary of the COVID-19 pandemic, the future remains highly uncertain. The pandemic continues to obscure the global view with recovery seeming fragile, as variants arise, and other geo-political risks escalate. Economic growth has been strong as developed countries open up, however, the supply side has struggled to keep up with resurgent demand, the consequence being a sharp increase in inflation. In January 2022, the International Monetary Fund (IMF) projected the global economy to grow 5.9% in 2021 and 4.4% in 2022, an Omicron influenced 0.5% decline on October's projection, indicating the volatility induced by fears of continued disruption.

The growth in developing countries, such as Jamaica continued to be stymied by the pandemic and inflation. In a survey conducted by the Bank of Jamaica in November 2021, it indicated an expected point-to-point inflation of 8.7% as at December 2021, which was higher than the initial forecast of 4% to 6% over the next two years. In response, the BOJ increased its lending rate to 4%, the highest since 2017. In February 2022, the IMF projected a 4.7% growth in real GDP for Jamaica and 4.3% in 2022, pending the absence of any significant disruptors such as a renewed COVID-19 wave, prolonged inflationary pressures, or natural disasters. The Jamaican dollar has especially struggled over the calendar year, the average rate depreciating by 8.6%, a loss of $12 to the US dollar. On the first day of February 2022, the dollar had already lost $2.51 with an average rate of $156.43 from $153.92 at 31 December 2021.

The Finance and Insurance industry showed promising growth in the third quarter, registering a Gross Domestic Product (GDP) of 2.3% over the prior period comparative quarter according to STATIN. This despite the burden of rising healthcare expenses, including the cost of medicines and hospital admission charges, among other factors in the insurance industry. Claims remain unpredictable, more so with the introduction of new variants and stressors added to individual's lives. Furthermore, a decline in economic activity of households continues to affect the financial sector and the likelihood of non-performing loans, which remained below 3% as at November 2021.

We also note the significant gains in employment and the relative buoyancy in the tourism sector as two positive factors that we expect to contribute to increased consumption and greater stability in the economy.

Sagicor Group Jamaica continues to monitor all of these macro variables in its management of the company and remains conservative in its outlook. The mental and physical well-being of our team, our clients and Jamaica as a whole, are as always at the forefront of what we do and who we are. Providing a multidimensional solution to the preservation of health and mitigation of risk is how we will strive for business continuity.

ACKNOWLEDGEMENT

Our Team Members, Financial Advisors and Brokers are the heart and soul of Sagicor Group Jamaica and we would like to express our deepest gratitude for their continued tremendous positive work ethic in contributing to our customers, especially in these times of uncertainty. To our customers, thank you for the trust and confidence you repose in us; we are Sagicor Strong in our commitment to help you navigate these challenging times. Thank you 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.

CHRISTOPHER ZACCA C.D., J.P.
PRESIDENT & CHIEF EXECUTIVE OFFICER

ANDRE HO LUNG
CHIEF FINANCIAL OFFICER

Honouring Everyday Heroes

CARING
INSPIRING
SERVING

Sagicor Group Jamaica was founded and built on a culture of giving back and throughout its over 50 years of existence, the company has consistently implemented initiatives and programmes that seeks to improve the lives of the people of Jamaica.

In 2021, as a continued display of its commitment to caring, serving, and inspiring the people of Jamaica, the Group recognised and rewarded 50 outstanding Jamaicans who have shown remarkable selflessness throughout challenging times in its inaugural Sagicor Community Heroes Awards ceremony.

The initiative, which was launched in 2020 as part of the Group's golden anniversary, honoured 50 Jamaicans, who were nominated by the public for their selfless service, volunteerism, charity, kindness, courage, and bravery. These inspiring individuals made many sacrifices for the betterment of their fellow Jamaicans, including risking their life to save others, using their own personal and financial resources to help the needy and vulnerable, and opening up their homes to others when they needed it most.

1. Sagicor Community Heroes (L-R) Romario Francis, Tevin Gibbons, Andre Barnaby and Ashauni Granville pose for a quick photo-op after the awards ceremony.
2. Sagicor Group Jamaica team member Ranice Barrett delivers a powerful rendition of Mariah Carey's Hero at the inaugural Sagicor Community Heroes Awards in December 2021.
3. Sagicor Group Jamaica President and CEO Christopher Zacca presents award to Celia Steele, who operates a charity that provides care packages for the homeless.
4. Sagicor Community Hero Laura Lee Leslie gives a thumbs up at the inaugural Community Heroes Awards ceremony in December 2021.
5. 12-year-old Imani-Leigh Hall (second right) the youngest community hero shares a photo-op with Sagicor Executives, (from left) Tara Nunes, CEO, Sagicor Investments Jamaica, Chorvelle Johnson Cunningham, CEO, Sagicor Bank Jamaica, and Christopher Zacca, President and CEO, Sagicor Group Jamaica.

Each awardee received $50,000 along with a special commemorative plaque during the celebratory ceremony, which was held at the Pegasus Hotel in December 2021.

The heroes hailed from all walks of life, from all across Jamaica and included an awardee as young as 12 years-old, and heroes 'young at heart' at over 60 years-old.

The inspiring stories of the 50 Community Heroes are varied but all tell a story of citizens that despite the challenges that they may face offer acts of charity to others and help them to improve their lives.

At Sagicor we are proud of initiatives such as the Community Heroes Awards as they provide an opportunity to highlight the many 'everyday heroes' among us who are playing their part in their communities, which ultimately leads to the betterment of our country, Jamaica.

6. Sagicor Investments Jamaica CEO Tara Nunes presents the award to Kevaughn McNeil for his outstanding contribution to community building.
7. Some of the 50 community heroes who were recognised by Sagicor for their service to their respective communities pose for a photo with Michelle-Ann Letman, Manager, Public Relations and Corporate Social Responsibility, Sagicor Group Jamaica (centre back).
8. Michelle-Ann Letman, Manager, Public Relations and Corporate Social Responsibility, Sagicor Group Jamaica, poses with Sagicor Community Hero awardee Zachary Murray.

Corporate Governance Report

TRANSPARENCY
ACCOUNTABILITY
ETHICAL CONDUCT

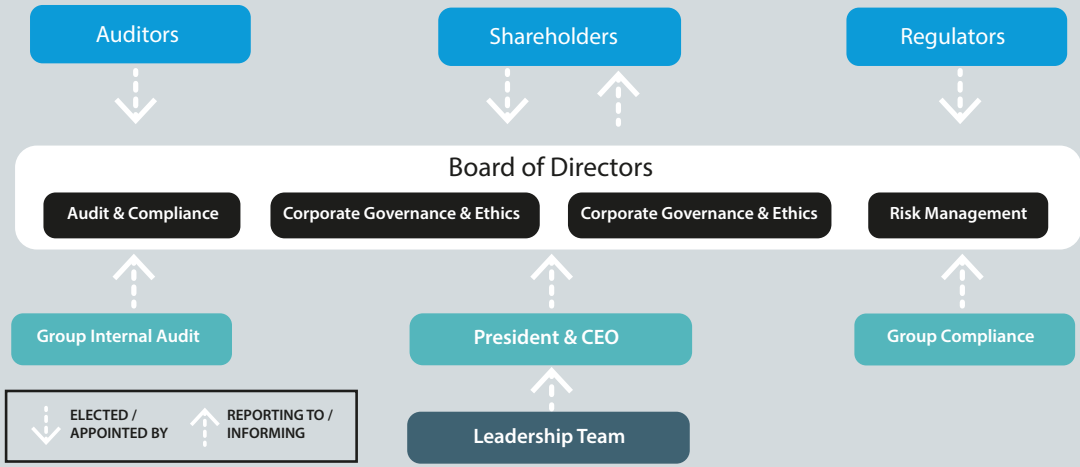
Sagicor Group Jamaica Limited (and its subsidiaries) remains committed to maintaining a high standard of corporate governance by adopting and complying with the principles and guidelines set out in its Corporate Governance Code. This Code is influenced by applicable laws and regulations, and internationally accepted corporate governance best practices, which is available on our website at www.sagicorjamaica.com.

CORPORATE GOVERNANCE FRAMEWORK

Our corporate governance framework ensures effective engagement with our stakeholders and helps us evolve with changing times. It also ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

As a part of our commitment to follow corporate governance best practices, we continuously monitor our performance with the PSOJ's Code of Corporate Governance.

This framework is best illustrated in the diagram below:



Marjorie Fyffe Campbell
Chair - Corporate Governance & Ethics Committee

OUR COMMITMENT TO OUR SHAREHOLDERS

We adhere to the highest standards of corporate governance and ethical conduct. We believe that accountability, transparency, and good decision-making support our business, serve our customers, and create value for our shareholders.

Our shareholders can proactively engage the Board and Management during a question and answer session at the Company's Annual General Meeting and are given clear guidelines before voting at the General Meeting of the shareholders.

The Minutes of the Annual General Meeting (AGM), including questions asked and the responses given, are prepared, and made available to shareholders for review on the Company's website and at the subsequently held AGM. Shareholders may also request a copy of the Minutes by sending an email to SGJ_grouplegal@sagicor.com.

The Company utilises several avenues to communicate with and keep our shareholders informed. Information on company developments, including financial results, are readily provided via the Company's website, social media accounts, through media briefings, as well as print media, radio and television. Significant regulatory developments are communicated via JSE announcements and press releases published in the daily newspapers.

OVERALL BOARD RESPONSIBILITIES AND ACTIVITIES

Strategic Planning

- Approving and administering a consolidated Group Strategic Plan.
- Directing Management in the formulation of the Group's Strategic Plan.
- Reviewing and approving the Group's financial objectives and action plans.
- Reviewing and approving the Group's annual strategic plan, including operating and capital expenditure programmes and plans.

Enterprise Risk Management

- Identifying the Group's inherent risk profile and internal control priorities and ensuring that Management's plans and supervision of such risks are adequate, independent, and objective.
- Approving the Group's policies for identifying, originating, administering, monitoring, and reporting the Group's significant risks.
- Approving major capital expenditures, raising capital, allocation of capital among lines of business, transactions within the Board's reserved power, organizational restructurings, and other major financial activities.

Performance Evaluation

- Evaluating the Board's performance and conducting peer reviews of each Director annually.
- Reviewing and approving annual performance targets for Group President/CEO, and other executive officers.
- Reviewing and approving the process within the Group for identifying high potential officers.
- Completing annual internal and external evaluations of its own performance as a Board and individually as Directors.

Communication

- Reviewing the Group's communications programme, including measures for receiving feedback from stakeholders.
- Ensuring that infrastructure is in place for accurate, timely, and full public disclosure of disclosable events, transactions, and conditions.
- Reviewing due-diligence processes and controls for certifying the Group's financial statements.
- Internal Controls
- Reviewing and approving the Group's Code of Conduct and Management's plans for instilling the right value system in the Company.
- Ensuring the Group's compliance with applicable legislative, regulatory, and internal policy requirements.
- Corporate Governance
- Ensuring the maintenance of corporate governance policies and guidelines and a code of ethics consistent with regulatory and legal requirements, industry best practices, and company needs.
- Establishing the protocols for subsidiary supervision.

BOARD CULTURE

As a Board, we are committed to ensuring that we adhere to best-practice corporate governance principles and apply them in a pragmatic way that adds value to the Group. Continually enhancing our corporate governance practices is central to our aim of ensuring the stability of the Group.

Culture and the fostering of an inclusive performance-based organisation is a key focus for us as part of our wider governance framework. The Board will continue to work to ensure the Group's strategy, operating model and remuneration framework are aligned with our cultural focus. We continue to ensure that the Group's core vision and values are developed and clearly understood by all our stakeholders, particularly our team members. We recognise that the Board must lead by example to promote a culture across the Group that supports the pursuit of teamwork and excellence.

A healthy Board culture protects and generates value for our stakeholders, and the Board is committed to fostering a culture that thrives on ethics, transparency, excellence and performance accountability.

BOARD COMMITTEES

The Board has delegated certain of its authorities to various Board Committees to focus on complex and specialised issues facing the Group. Currently, the Board has four (4) regulatory committees – Audit; Corporate Governance and Ethics; Human Resources and Compensation; and Risk Management. The Board has also appointed a Capital Allocation Committee to monitor how capital is deployed across the Group and is considered vital to the efficient operations of the Group. Each Committee operates under its own Charter which enumerates its purpose, authority and responsibility, and is approved by the Board. These Committees make recommendations and report on a regular basis to the Board, which retains ultimate responsibility for all decisions taken.

Certain Board functions are also delegated to Executive Management through the President and Chief Executive Officer with defined limits of management's power and authority to enable it to

execute and manage the business on a day-to-day basis in line with the approved policies, strategies and applicable laws.

The Board Committees meet periodically (typically on a quarterly basis) to examine issues which fall within their respective mandate. Each Committee Chairman presents a report to the Board on the Committee's activities at the scheduled Board Meetings. Committee members are appointed by the Board of Directors immediately following the Annual General Meeting each year and hold office for three (3) years or until they cease to be Directors. Each Board Committee comprises a majority of independent directors. Members of the Executive Management Team are invited to attend meetings and participate through presentation of discussion documents and development of strategies.

AUDIT COMMITTEE REPORT

For the year ended 31 December 2021

The Audit Committee has responsibility for monitoring the effectiveness of the Company's internal control systems and compliance with applicable regulations and laws. It also oversees the internal and external audit processes. Audit Committee meetings are regularly attended by key members of the management team.

The Committee met six (6) times during the year with close to full attendance at all meetings held.

AUDIT AND ACCOUNTABILITY

External Auditors

The external auditors, PricewaterhouseCoopers (PwC), are appointed by the shareholders at each Annual General Meeting of the Company on the recommendation of the Audit Committee and Board. During the year, the Audit Committee managed the relationship with the Company's external auditors on behalf of the Board and carried out an assessment of the cost effectiveness of the audit process, together with the auditor's independence, approach to audit quality and transparency in making its recommendation.

In order to maintain the independence of the external auditors, the Group has specific guidelines which govern the conduct of non-audit work by the external auditors. This includes the prohibition of external auditors from:

- performing services which would result in the auditing of their own work or advice;
- participating in activities normally undertaken by management;
- acting as an advocate for the Company; or
- creating a mutuality of interest between the auditors and the Company, for example being remunerated through a success fee structure.

Having undertaken a review of the non-audit services provided during the year, the Audit Committee remains confident that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services which they provided to the Group.

Internal Auditors

The Group Internal Audit Department, with oversight from the Audit Committee, annually reviews and assesses the Group's systems of internal controls and regulatory compliance through discussions with management and external auditors.

The Audit Committee considered and reviewed, with management and the Head of Group Internal Audit, the following:

- Annual internal audit plans to ensure that the plans were sufficiently covered;
- Internal controls of the Group;
- Significant internal audit observations and management's responses thereto; and
- Budget and staffing for the internal audit functions.

The External Auditors and the Group Internal Audit Department maintain separate independent auditing and reporting functions.

Signed,
Mr. Peter Clarke
Chairman
SGJ Audit Committee

CORPORATE GOVERNANCE AND ETHICS COMMITTEE REPORT

For the year ended 31 December 2021

THE CORPORATE GOVERNANCE AND ETHICS COMMITTEE MANDATE

The Corporate Governance and Ethics Committee is charged with ensuring compliance with best practice of Corporate Governance and Ethics. The Committee's mandate also includes the management of the process for director succession, nomination and re-election, performance evaluation of the Board, directors' peer review, directors' compensation, related party transactions and issues relating to any potential conflicts of interest.

THE ROLE OF THE BOARD

We believe that an active, well-informed, and independent Board is necessary to ensure the highest standards of corporate governance. It is well recognised that an effective Board is a prerequisite for a strong and effective corporate governance. The Board is at the core of our corporate governance practice and oversees how Management serves and protects the long-term interests of our stakeholders.

In 2021 the Board undertook:

- setting the strategic direction of the Company and overseeing its implementation;
- approving material transactions and capital initiatives;
- approving the enterprise risk management framework (including risk appetite, risk management strategy and control and compliance systems) and monitoring its effectiveness;
- monitoring the performance of management and the business against the approved plans;
- ensuring that the Group's corporate governance framework was strictly adhered to; and
- ensuring that the Group adhered to regulatory and compliance issues pertaining to all the jurisdictions in which it operates.

As of December 31, 2021, with the resignation of Director Timothy Hodgson, the Board is comprised of fourteen (14) directors - thirteen (13) Non-Executive Directors (seven (7) of whom are independent) and one Executive Director (being the President and Group CEO).

President and Group Chief Executive Officer, Mr. Christopher Zacca, serves as the highest-ranking officer of the Group and the only Executive Director on the Board. He is responsible for running the day-to-day operations of the Group, the management of the key strategic objectives and leads the Executive Team. He is also responsible for the Group's strategy development, including opportunities for growth, and implementing policies and strategies across the Group.

OUR CHAIRMAN

The Chairman, Mr. Peter Melhado is responsible for the effective leadership, operation and governance of the Board and its Committees. He ensures that all Directors contribute effectively to the development and implementation of the Company's strategy whilst ensuring that the nature and extent of the significant risks that the Company is willing to embrace in the implementation of its strategy are determined and challenged.

DIRECTOR INDEPENDENCE

We firmly believe that Board independence is essential to bringing objectivity and transparency in the Management and dealings of the Company. The Corporate Governance Policy provides that at least one-third of the Directors should be independent. Currently 50% of the Directors of the Board are independent members. An independent director is nominated as the Chairperson of each of the audit, corporate governance and ethics, human resources and compensation, and risk management committees.

Independence is based on criteria agreed by the Board and outlined in the Group's Corporate Governance Code and in accordance with local laws and regulations. These include:

- A Director who has not within the last three (3) years been an employee or officer in the Sagicor Group.
- A Director who has not received additional remuneration from the Company (apart from a directors' fees) nor participate in the Group's share option or a performance-related pay scheme and is not a member of the Company's pension scheme.
- A Director (or their immediate family) who has not within the last three years had a material business relationship with the Group either as a director or as a shareholder, director or senior executive officer, or an employee of a company that makes payments to, or receives payments from, the Group for property or services in an amount which, in any single fiscal year, exceeds the greater of US$0.5 million, or 2% of such other company's consolidated gross revenues.
- A Director (or their immediate family member) who is not a current or former partner or employer (within the last 3 years) of a firm engaged as an internal or external auditor within the Sagicor Group.
- A Director who does not hold cross-directorships or has significant links with other Company directors through involvement in other companies or bodies (unless the Board can argue a case for independence).
- A Director who does not
  - **(i)** control/ hold investment equal to 15% or more of his/her net worth
  - **(ii)** serve as an officer; or
  - **(iii)** have or been deemed to have a material influence on the management of an entity where the Group beneficially owns 5% or more of any class of equity securities of such entity.

Directors are required to submit to an annual self-assessment of their compliance with these criteria and any conflict of interest requirements.

In 2021 the Directors who met the independence criteria were:

- Dr. the Hon. R. Danny Williams
- Mr. Peter Melhado
- Dr. Jacqueline Coke-Lloyd
- Dr. Marjorie Fyffe Campbell
- Mr. Peter Clarke
- Mr. Stephen McNamara
- Ms. Lisa Lake
- Mr. Timothy Hodgson (resigned December 31, 2021)

DIRECTOR NOMINATION AND APPOINTMENT

The Committee is guided by the Board Composition and Director Independence Policies outlined in the Company's Corporate Governance Manual in assessing candidates for directorship.

Candidates are assessed against six (6) criteria:

- Board Core Competency Requirements
- Director Core Competency Requirements
- Knowledge and Expertise
- Representational Factors
- Time Commitments
- Director Independence

The Committee, among other things, considers the prevailing needs of the Company in terms of its strategic imperatives, external business drivers and the existing talents around the Board table. The Committee must also be mindful of the importance of maintaining an essential mix and balance of talents on the Board to deal with the Company's present and impending challenges.

Once potential candidates are identified, the Committee conducts the relevant interviews, does due diligence checks, and prepares a New Director profile providing information on the assessment criteria. If the Committee deems the independence qualifications and biographical information to be in order, and meets the requirements of the six (6) aforementioned criteria, the Committee will make a recommendation to the full Board for the admission of the candidate as a director pending regulatory approval for a specified term or for a period of no more than three years.

DIRECTOR ORIENTATION AND TRAINING

All new Directors are exposed to a stringent orientation process. Current Directors and senior management provide an overview of the Company's operations, and introduce the organisation structure, services, group structure and subsidiaries, constitution, Board procedures, matters reserved for the Board and major risks and risk management strategy of the Group.

The Board's existing Directors receive periodic training relating to the core business of the Company and its subsidiaries, including the drivers of the business lines and their products. Directors are also kept abreast of trends in the business and regulatory environment and informed of trends in financial reporting. Directors are also required to participate in annual mandatory AML/CFT (Anti Money Laundering & Counter Finance Terrorist Activity) training, as well as training in Data Privacy.

Training programmes attended by directors as arranged by the Group included: -

- **March 26, 2021** – Digitization 101 presented by Mr. Andrew Burke (Vice President, Sagicor Group Jamaica Limited).
- March 26, 2021 - Responsibilities of a Financial Holding Company and Contagion Risk presented by Dr. Damion McIntosh (Consultant).
- **April 13, 2021** – Data Privacy Act and the Impact on Sagicor Group presented by Ms. Jassetta Jones (Assistant Vice President, Sagicor Group Jamaica Limited) and Mr. Andrew Burke (Vice President, Sagicor Group Jamaica Limited).
- **June 25, 2021** – The Role of the Board in Enterprise Risk Management presented by Mr. David Hall (Consultant, DC Consultants & Associates).
- **June 25, 2021** – Trends in ERM presented by Mr. David Hall (Consultant, DC Consultants & Associates).
- **September 24, 2021** – Governance: Audit Related Responsibilities presented by Mrs. Allison Peart (Chartered Accountant, A Peart Advisory Services)
- **October 14, 2021** – The Duties and Responsibilities of the Director presented by Professor Suzanne Goldson (Senior Lecturer and former Deputy Dean of the Faculty of Law, UWI Mona)
- **October 14, 2021** – Trends in Corporate Governance – Environmental, Social and Governance presented by Professor Suzanne Goldson (Senior Lecturer and former Deputy Dean of the Faculty of Law, UWI Mona)
- **October 14, 2021** – The New Work Order – Post COVID-19 presented by Mr. Gavin Goffe (Partner, Myers Fletcher & Gordon, Attorneys-at-Law).

The annual offsite strategic Board/Management Retreat was held virtually on November 17, 2021. This provided an opportunity for an in-depth assessment of the strategic plan and issues impacting the lines of business and a look at the future direction of the Group.

BOARD EXPERTISE AND COMPOSITION

The Board seeks members who combine a broad and relevant spectrum of experience and expertise with a reputation for integrity. Its members have experience in positions with a high degree of responsibility and possess the necessary competencies and knowledge in wide and diverse areas relevant to the business. These include areas of international business, banking, corporate finance, mergers and acquisitions, strategic management, human resources, corporate governance, corporate law, asset management, insurance, property management, information technology, marketing and general management. This breadth of knowledge and expertise provide for diversity of opinions and invaluable support to the Board's decision-making process, which underpins the need for independent and critical thinking in their ability to represent the interests of shareholders. Additionally, Directors are afforded the opportunity through training to build on or to be exposed to other disciplines.

The following diagram illustrates the diverse skill set of the Directors.

SKILLS & EXPERTISE	BOARD MEMBERS															
	Peter K. Melhado	Christopher Zacca	The Hon. R.D. Williams	Dr. Dodridge Miller	Paul Hanworth	Peter Clarke	Jacqueline Coke-Lloyd	Marjorie Fyffe Campbell	Stephen Facey**	Paul Facey**	Stephen Mcnamara	Lisa Lake**	Mahmood Khimji	Gilbert Palter	Timothy Hodgson	TOTAL
GENERAL MANAGEMENT	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	15
INTERNATIONAL BUSINESS		■		■	■		■				■	■	■	■	■	9
FINANCE	■	■		■	■			■	■	■			■	■	■	10
STRATEGIC MANAGEMENT	■	■	■	■	■		■	■	■	■		■	■	■	■	13
CORPORATE LAW				■		■					■					3
BANKING	■		■	■						■			■		■	6
CORPORATE FINANCE (Mergers & Acquisitions)	■	■		■	■	■			■					■	■	8
ASSET MANAGEMENT	■			■		■				■			■	■	■	7
INSURANCE	■		■	■	■									■	■	6
HUMAN RESOURCE MANAGEMENT							■	■						■	■	4
PROPERTY		■	■		■		■	■	■	■	■	■	■			10
INFORMATION TECHNOLOGY				■										■		2
CORPORATE GOVERNANCE							■	■			■					3
MARKETING & PUBLIC RELATIONS							■									1
REGULATORY EXPERIENCE		■													■	1

KEY ■ INDEPENDENT DIRECTOR

APPOINTMENT, TERM, ELECTION & RETIREMENT

The Corporate Governance and Ethics Committee evaluates the Board size and composition annually and may recommend directors for appointment by the shareholders. Directors serve for three (3) years and are eligible for re-election to hold office up to age 72 and on a discretionary basis (per the Company's Articles of Incorporation) may be appointed after the age of 72 for a specified period.

The Company's Articles of Incorporation mandate the retirement of at least one-third of the Directors at the Company's Annual General Meeting (who are liable to retire by rotation) each year and qualifies the retiring Directors for re-appointment by the shareholders.

Directors Peter Clarke, Mahmood Khimji, Lisa Lake and Peter Melhado shall retire by rotation and are eligible for re-election. All four (4) directors are being recommended for re-election by the shareholders having regard to their expertise, core competencies, and performance and their willingness to devote the time required to effectively perform their role as Directors.

BOARD AND COMMITTEE MEETINGS

ATTENDANCE AND ACTIVITIES FOR THE YEAR ENDED 2021

2021 Board and Committee Attendance

	Board	Audit Committee	Investment & Capital Allocation Committee	Risk Management Committee	Corporate Governance & Ethics Committee	Human Resource & Compensation Committee
Hon. R.D. Williams	8/10	-	3/3	-	-	4/4
Dr. Dodridge Miller	10/10	-	3/3	1/2	-	3/4
Stephen B. Facey*	8/10	-	3/3*	-	-	4/4
Paul Hanworth	10/10	5/5	-	2/2	-	-
Marjorie Fyffe Campbell	10/10	5/5	-	-	3/3	4/4
Stephen McNamara	9/10	-	-	-	-	-
Peter K. Melhado	10/10	-	3/3	2/2	3/3	3/4
Jacqueline Coke-Lloyd	10/10	5/5	-	-	2/3	4/4
Paul Facey	10/10	4/5	3/3	-	-	-
Peter Clarke	10/10	5/5	-	2/2	-	-
Christopher Zacca	10/10	-	3/3	2/2	-	-
Lisa Lake	9/10	-	-	2/2	-	-
Timothy Hodgson**	8/10	-	3/3	-	-	-
Mahmood Khimji	8/10	-	-	-	-	-
Gilbert Palter	10/10	-	-	-	-	-

*Mr. Stephen Facey was appointed member of the Investment and Capital Allocation Committee on February 08, 2021.

**Mr. Timothy Hodgson resigned from the Board as at December 31, 2021 and is no longer a member of the Group Investment & Capital Allocation Committee as at December 31, 2021.

The Board Committees meet periodically (typically quarterly) to examine issues that fall within their respective mandate and report on its activities to the Board. Committee members are appointed by the Board of Directors immediately following the Annual General Meeting each year and hold office for three (3) years or until they cease to be Directors.

10 **Formal Board Meetings held during 2021**

BOARD MEETINGS

In 2021, the Board held ten (10) formal meetings. Additional meetings were held to deal with other urgent matters. With the Board being represented by Directors residing in other countries, under the Company's Articles of Incorporation, video/teleconferencing facilities are utilized to enable those Directors to participate.

The critical agenda items which were covered at board meetings during the year included:

- Approval of the year-end Audited Financial Statements;
- Review and approval of the quarterly unaudited financial statements and reports to the stockholders;
- Annual General Meeting preparation;
- Approval of the Company's Budget and Strategic Plan;
- Consideration and approval of interim dividend payments to stockholders;
- Approval of major investment activities including new/amended products and strategic business initiatives;
- Monitor the performance of executive management in the implementation and achievement of strategic objectives and financial performance of the lines of business and subsidiaries of the Group;
- Receive and approve reports/decisions of Board Committees; and
- Consider and approve new Corporate Policies and approved amendments to existing policies.

COMMITTEE MEETINGS

The Board has delegated certain of its authorities to various Board Committees to focus on complex and specialized issues facing the Group. Currently, the Board has five (5) committees – Audit and Compliance; Corporate Governance and Ethics; Human Resources and Compensation; Risk Management; and Investment and Capital Allocation. Each Committee operates under its terms of reference with clearly defined mandates given by the Board. The Investment and Capital Allocation Committee, while not a statutory committee, is constituted to monitor how capital is deployed across the Group and is considered vital to the efficient operations of the Group.

Certain Board functions are also delegated to Executive Management through the President and Chief Executive Officer with defined limits of management's power and authority to enable it to execute and manage the business on a day-to-day basis in line with the approved policies, strategies, and applicable laws.

The Board Committees meet periodically (typically quarterly) to examine issues that fall within their respective mandate and report on its activities to the Board. Committee members are appointed by the Board of Directors immediately following the Annual General Meeting each year and hold office for three (3) years or until they cease to be Directors. All Committees, except the Risk Management Committee, consist entirely of non-executive directors. Members of the Executive Management Team are invited to attend meetings and participate through the presentation of discussion documents and the development of strategies.

COMMITTEE	MEMBERS	KEY RESPONSIBILITIES
Audit and Compliance Committee	Peter Clarke **Chairman** Jacqueline Coke Lloyd Marjorie Fyffe-Campbell Paul Hanworth	• reviewed and recommended the approval of the audited financial statements to the Board • considered and approved inter alia the financial reports of the Company and its subsidiaries and disclosures to the shareholders and regulators • reviewed and assessed the main areas of operational risk management and internal control processes • reviewed the activities of the internal and external auditors and assessed the level of compliance with legal and regulatory requirements. • approved the Annual Audit Plan and the Audit Charter during the period. • considered the management of fraud activities across the Group • recommended the Anti-Fraud framework for approval by the Board. • considered the Company's compliance with local laws and regulations. • reviewed Management's COVID-19 response including the Group's Business Continuity Management plan
Risk Management Committee	Paul Hanworth **Chairman** Peter Clarke Lisa Lake Peter Melhado Dodridge Miller	• considered and approved the Risk Management Charter and the Top Risks which are likely to impact the business and the effectiveness of the risk management framework on a Group-wide basis. • reviewed and approved risk management principles and policies recommended by the risk committees of each subsidiary who are charged to monitor financial, regulatory, and operational risks. • considered the Group's COVID-19 response
Human Resource and Compensation Committee	Peter Melhado **Chairman** Jacqueline Coke-Lloyd Stephen Facey Marjorie Fyffe-Campbell Dodridge Miller R. Danny Williams	• considered and approved the annual and long-term incentive plan for executives and the bonus payment to staff • approved changes to the Charter and reviewed the Pension Fund Performance and amendments to benefits to members • considered issues affecting team members • gave oversight to the union negotiations and issues which are likely to affect the business arising from the exercise • monitored the annual team member Satisfaction Survey • considered amendments to the Pension Plans proposed by Management

COMMITTEE	MEMBERS	KEY RESPONSIBILITIES
Corporate Governance and Ethics Committee	Marjorie Fyffe-Campbell **Chair** Jacqueline Coke-Lloyd Peter Melhado	• reviewed and approved Related Party Transactions • approved the Procurement Policy and Framework (as revised) • reviewed the process for dealing with potential conflicts of interest • reviewed the list of Corporate Policies to ensure that these were being updated periodically • reviewed the Company's procurement process • approved contracts awarded to suppliers and vendors • reviewed JSE Corporate Governance Index to ensure that governance protocols are being adhered to • reviewed and approved amendments to the Risk Management and Internal Audit Charters
Investment & Capital Allocation Committee	Peter Melhado **Chairman** Paul Facey Dodridge Miller R. Danny Williams Christopher Zacca Stephen Facey	• reviewed the Company's capital structure and financial strategies (including debt and equity) issuances, and the current and anticipated financial requirements in relation to the Company's short- and long-term plans) • recommended to the Board, as appropriate, whether or not to approve any of the expenditures, investments, business acquisitions or divestitures it has reviewed, provided that the Board shall not approve any such expenditure, investment, business acquisition or divestiture unless the Committee has recommended such action • recommended that the Board requests management to perform post-audits of major capital expenditures and business acquisitions or divestitures, and review the results of such audits • had oversight of the Company's surplus assets and determined the optimal deployment of such surplus assets

PERFORMANCE EVALUATION

A key function of the Board as a fiduciary of the shareholders is to ensure consistent monitoring and review of its effectiveness as a Board, the effectiveness of its committees, and each Director. The Board works along with the Corporate Governance and Ethics Committee to establish the evaluation criteria for the performance of each Director as well as the overall Board. The evaluation process consists of three elements:

(i) Self Assessment

(ii) Board Assessment

(iii) Peer Assessment

The assessment is a key part of the process of reviewing the functioning and effectiveness of the Board and identifying possible paths for improvement. Each Director is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-making of the directors, Company performance and strategy, and the effectiveness of the whole Board and its various committees. Arising from the exercise, the Board Chairman meets with the Directors and discusses their performance and gaps, if any are highlighted, and action plans established to improve performance.

The evaluation of the President and Chief Executive Officer, Management, and the Company Secretary is also covered under this review process. Action plans and issues are monitored over the following period which included an adjustment to the strategic planning process to allow for more time to deliberate on the strategies presented and the continued focus on the board's agenda to cover certain critical non-standard items.

DIRECTORS' REMUNERATION

The level and structure of fees paid to non-executive directors annually are determined by the Board based on prevailing market conditions while taking into consideration the responsibilities and time commitment required to meet their obligations. These fees are not performance related. Executive directors are not paid fees in respect of their office as a Director of the Company or any of its subsidiaries.

The Directors' fees comprise a basic retainer fee, additional fees for appointment to board committees. Directors who were required to travel out of their country or city of residence to attend board meetings and board committee meetings were reimbursed for any related expense. The Chairperson of each board committee is also paid a higher fee compared with the members of the respective committees given the greater responsibility carried by that office. Directors do not receive any share-based compensation; however, they are encouraged to purchase shares on the open market.

The fee structure for the period ended December 31, 2021, was as follows:

Board/Committee (J$-Gross)	Annual Retainer	Audit	Investment & Capital Allocation	Risk Management	Corporate Governance & Ethics	Human Resource & Compensation
Board Chairman	2,674,113.75					
Members	1,701,708.75					
Committee Chair		1,250,235.00	681,345.00	1,250,235.00	694,575.00	694,575.00
Members		694,575.00	434,230.00	833,490.00	463,050.00	463,050.00

CORPORATE VALUES

Corporate Governance is the task of a company's board to provide entrepreneurial leadership, guidance, and oversight to the company for maximizing shareholder wealth within the bounds of law and community standards of ethical behaviour. The direction and momentum assumed by the Governance process must be driven by a value system that permeates the enterprise to ensure business priority alignment between board and management.

The Sagicor value system is guided by the following policies:

Code of Conduct

The Sagicor Code of Business Conduct and Ethics governs the behaviour of Directors, officers, agents, and employees of the Group. The standards contained in the Code emphasize the deterrence of wrongdoing that could lead to fraud and misconduct, and address the following essential areas:

- Conflicts of interest
- Corporate opportunities
- Confidentiality
- Fair dealing
- Protection and use of company assets
- Compliance with laws
- Rules and regulations, including insider trading laws, and
- Encouraging and reporting of any illegal or unethical behaviour

Ultimate accountability for the Code with regards to the employees rests with the President and CEO with delegated responsibility for its administration to the Chief Compliance Officer, and the Directors, along with the Corporate Governance and Ethics Committee.

Conflict of Interest

Under the Code, the Directors are expected to complete an Internal Disclosure Certificate annually to declare any personal interest he or she may have (whether directly or indirectly) which may have an impact on any matters being considered by the Board. The completed disclosure certificates are submitted to the Corporate Governance and Ethics Committee for further review.

Whistleblower Policy

The Company provides a confidential system to allow employees to anonymously report observed breaches of the Code and other Company guidelines related to fraud, misconduct, bribery, non-compliance with legal or regulatory mandates or questionable accounting or audit practices.

The Company guarantees in its Fraud and other Wrongdoing Policy that it will not permit any reprisal, retaliation, or disciplinary action to be taken against anyone for raising a concern in good faith.

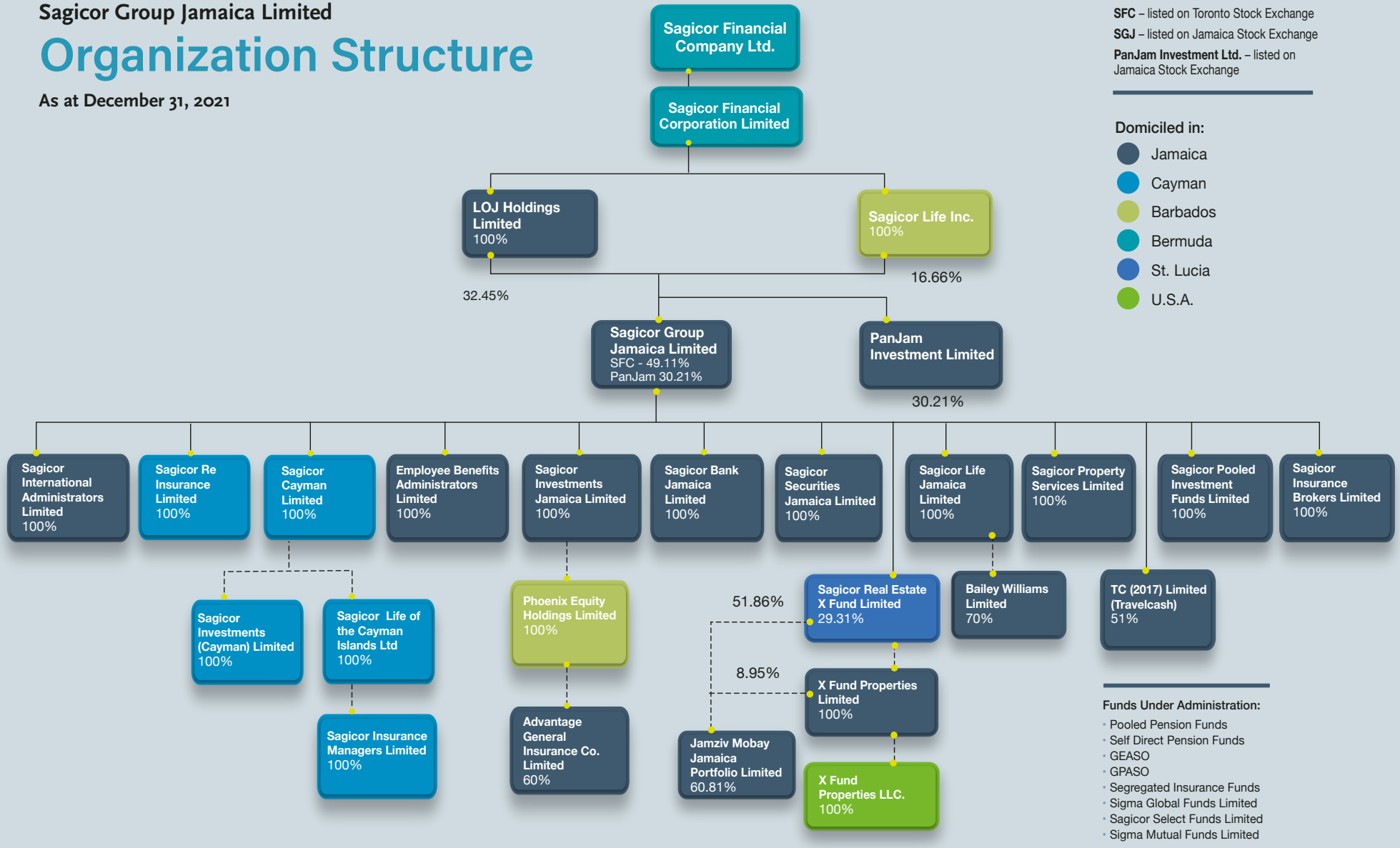
Dr. Marjorie Fyffe Campbell, Ph.D
Chair
Corporate Governance & Ethics Committee

25 March 2022

Sagicor Group Jamaica Limited

Organization Structure

As at December 31, 2021



SFC – listed on Toronto Stock Exchange

SGJ – listed on Jamaica Stock Exchange

PanJam Investment Ltd. – listed on Jamaica Stock Exchange

Domiciled in:

- Jamaica
- Cayman
- Barbados
- Bermuda
- St. Lucia
- U.S.A.

Funds Under Administration:

- Pooled Pension Funds
- Self Direct Pension Funds
- GEASO
- GPASO
- Segregated Insurance Funds
- Sigma Global Funds Limited
- Sagicor Select Funds Limited
- Sigma Mutual Funds Limited

Joint Venture -
Sagicor Costa Rica **SCR S.A. (50%)**

STAYING CONNECTED TO THE COMMUNITIES IN WHICH WE OPERATE

At Sagicor Group Jamaica, through our structured corporate social responsibility initiatives, charitable causes and events, and contributions we remain steadfast in our mission to stay true to our vision - "to be a great company committed to improving the lives of the people in the communities in which we operate."

Our culture of giving back keeps us connected to the people in the communities as we continue to care, inspire, and serve them. We take our commitment seriously and remain dedicated to bettering the lives of our fellow citizens, making our contribution to building a stronger Jamaica.

With locations across the length and breadth of Jamaica, Sagicor's warmth, love and care for people can be felt by all those who interact with us and engage with our brand.

Through the Sagicor Foundation, our core focus remains on health and education, making significant investment in both sectors, which has a long-lasting and positive impact on the lives of many Jamaicans – from the very young to the young at heart. Whether by affording youth with scholarship opportunities or purchasing live-saving medical equipment for some of the country's health-care facilities, we continue to touch many lives.

Sagicor is a proud corporate citizen, and we will continue to be goodwill ambassadors and provide meaningful contributions to our fellow Jamaicans so that our beloved country, Jamaica can realise its fullest potential.

OUR COMMUNITIES

PEOPLE

Montego bay-based Sagicor Life financial advisor Judy Ann McNab Brooks reads with twins Ricardo and Rickaya James, who are students at the Cornwall Gardens Basic School in St James. Cornwall Gardens Basic School was one of three schools upgraded under the Sagicor Foundation's Adopt-A-School Programme in 2021.

FIRST

Corporate Social Responsibility

Committed to improving the lives of the people in the communities in which we operate

$101+

Total 2021
Charitable Donations

In 2021, through the ongoing work of the Sagicor Foundation and the Group's corporate social responsibility initiatives (CSR), the Group continued its mission of Caring, Inspiring and Serving.

With its vision "to be a great company committed to improving the lives of the people in the communities in which it operates" as its guide, the Foundation and the Group is steadfast in its objectives of providing greater access to education for our nation's youth; helping to create a healthy Jamaica by giving practical and tangible donations to the health sector, and supporting community initiatives.

The Foundation remained unwavering in its support of Jamaica's development, giving back primarily to the areas of health and education, while the Group's CSR was heavily focused on supporting the nation's COVID-19 relief efforts.

MILLION

Participants in the 2021 Sagicor Sigma Invitational Run.

SAGICOR SIGMA CORPORATE RUN

For the first time in the history of the Sagicor Sigma Corporate Run, due to the restrictions of the COVID-19 pandemic, the 23rd staging of the event was re-imagined, and instead of the usual 25,000 strong participation that is customary, a special in-person Invitational Run was held with approximately 90 participants in keeping with the COVID-19 health and safety protocols.

There was also a virtual run element, which allowed participants from anywhere to participate during the Sigma Run period.

Sigma Run raised over $49 million dollars for its two beneficiaries – the Port Antonio and Annotto Bay Hospitals in north-eastern Jamaica. The funds were used to procure medical equipment for the hospitals.

During the year, the official handing-over of medical equipment procured for the 2020 Sigma Run beneficiaries – the Bustamante Hospital for Children, the Savanna-la-Mar Hospital and the Clifton Boys' Home was also completed.

1

$49 MILLION

Raised during Sagicor Sigma Run 2021

COVID-19 SUPPORT

Throughout the year, the Sagicor Foundation and the Group provided significant support to COVID-19 related initiatives, donating personal protective equipment (PPE) and hand sanitizers to numerous institutions and groups. Through a partnership with Boss furniture, Sagicor Foundation donated new beds to the St Joseph's Hospital which assisted significantly with the increase in capacity at the hospital to accept COVID-19 patients. The Foundation also donated US$12,000 towards the development of a Field Hospital for COVID-19 patients at the University Hospital of the West Indies.

$US12,000

Donated towards development of field hospital for COVID-19 patients

1. From L-R: Mark Chisholm, Executive Vice President, Sagicor Life; professional athlete and 2021 Sigma Run Patron Briana Williams; Chorvelle Johnson Cunningham, CEO of Sagicor Bank; Marsha Lee, CEO, Annotto Bay Hospital; and Althea Gardner, CEO, Port Antonio Hospital celebrate the funds raised for the 2021 Sagicor Sigma Corporate Run.
2. Cathy Allen (centre), Senior Vice President & Corporate Actuary at Sagicor Group Jamaica, congratulates the overall winners in the Sagicor Sigma Run Invitational event, Jozanne Harris (left) and distance runner Kevroy Venson.
3. (L-R) Sister Michelle Roper Carty, Senior Nurse, and Dr Natalie Whylie, acting CEO, at the Kingston Public Hospital bump elbows with Megan Tapper, Olympic 100m hurdler and 2022 Sagicor Sigma Run patron, and Karen Richard, Assistant Vice President – Investment Client Services, Sagicor Investments. The Sagicor representatives handed over gift baskets and grocery vouchers as a Christmas gift to the hospital on behalf of the Sagicor Foundation.
4. Debra Hall-Parkinson (right), Consultant Pediatrician at the Bustamante Hospital for Children, shows one of the incubators that were procured by proceeds from the 2020 Sagicor Sigma Run to Mischa McLeod-Hines, Vice President, Capital Markets, Sagicor Investments, during the handing over ceremony in 2021.
5. (L-R) Sagicor Life Jamaica Executive Vice President, Employee Benefits Division, Willard Brown, presents a cheque valued at US $12,000 to University Hospital of the West Indies (UHWI) Medical Chief of Staff Dr Carl Bruce and CEO Kevin Allen, and Minister of Health and Wellness Dr Christopher Tufton. Sagicor made the donation to help with the building of the UHWI Field Hospital.

AID FOR MEDICAL STUDENTS

Medical doctors in training and Physical Therapy students at the University of the West Indies (UWI) and received a donation of PPE from the Sagicor Foundation to support their practicum studies. These students formed part of the nation's overall COVID-19 response team, as they supported the recovery process for many patients who suffered from musculoskeletal ailments associated with the virus.

VACCINATION DRIVE

In support and partnership with the Private Sector Vaccine Initiative (PSVI), the Group hosted a vaccination drive at its New Kingston Head Office in 2021 which saw over 1100 people getting vaccinated against the COVID-19 virus. The drive was held on August 27 and September 2.

6. St Joseph's Hospital CEO Leon Dixon (left) converses with Boss Furniture Chairman and Co-Founder Omar Azan (centre) and Sagicor Foundation Executive Director Alysia White during the handing over of 30 new specialised beds for the hospital. The donation was a joint effort between Boss Furniture and Sagicor Foundation.
7. Clinton Hunter, Assistant Vice President, Retail Banking at Sagicor Bank (right), hands over a basket with personal protective equipment to Samara Dewar (centre), President, and Davia Guthrie, first Vice President, of the University of the West Indies Physical Therapy Students' Association on behalf of the Sagicor Foundation.
8. Nurse Christine Nash administers the vaccine to Maria Vassell during the Sagicor/PSVI 'Vax Day' initiative.
9. Meila McKitty Plummer, Sagicor Life Corporate Circle Branch Manager presents a symbolic cheque to the late Michael Frazer, who was receiving the cheque in his capacity as Vice President of the Jamaica Cancer Society. The cheque was presented at the Sagicor Foundation sponsored Keeping Abreast fundraising 'Conversation and Concert' event.

BREAST CANCER AWARENESS

In observance of Breast Cancer Awareness month in October, the company launched its #CheckThemOut campaign to raise awareness about breast cancer among Jamaicans. The campaign encouraged women and men to get screened early for the condition. As is customary, the Sagicor Foundation was the title sponsor for the Jamaica Cancer Society's annual Keeping Abreast fundraising event in October. The hybrid 'Conversation and Concert' event was streamed live on both Sagicor's and the Jamaica Cancer Society's social media platforms for viewers to enjoy, as well as participate by donating to the Cancer Society.

VULNERABLE GROUPS

Donations in cash and kind were made to several charitable organisations throughout the year. Some of these donations included cash support of $250,000 to the Preemie Foundation of Jamaica towards the purchase of oxygen concentrator machines for the care of premature babies; care packages towards a Sickle Cell drive for patients; essential items to the Mustard Seed Communities from Sagicor Investments, and US$1500 to youth advocacy group - Hear the Children's Cry.

CHRISTMAS CHEER TO HOSPITALS

In the spirit of the yuletide season, the Sagicor Foundation donated Christmas trees to several hospitals as well as provided goodies for the health care workers. The Kingston Public Hospital received a Christmas tree, grocery vouchers and gift packages for its staff. Christmas trees and gifts were donated to the Bustamante Hospital for children, while Christmas trees were donated to the Annotto Bay and Port Antonio Hospital.

$250,000 Donated to Preemie Foundation of Jamaica

$US1,500 Donated to youth advocacy group - Hear the Children's Cry

EDUCATION

ADOPT-A-SCHOOL PROGRAMME

The Sagicor Foundation's Adopt-A-school Programme continued to focus on enhancing early childhood education in Jamaica by making infrastructural upgrades to improve the learning environments and compliance with the standards of the Early Childhood Commission. In 2021 major renovation works were completed at the Sligoville Early Childhood Development Centre in St. Catherine and the Cornwall Gardens Basic School in St. James, while the Beeston Spring Early Childhood Institution in Westmoreland got a complete overhaul with a new building. The renovation work was at an investment of approximately $20 million. The official handing over of the new schools were done in October. The schools also benefited from donations of furniture, computers, and other learning materials. Treats were also held for the children during the academic year.

The nomination and selection processes for the 2022 Adopt-A-School programme were completed in 2021. From a pool of over 140 submissions, three rural basic schools were selected for the programme. The schools are Charles Town Basic School, Charles Town, Portland; Bermaddy Basic School, Linstead, St. Catherine, and John Anglin Basic School, Warsop, Trelawny.

10. •Carla Drummond, Branch Manager, Sagicor Bank, Savanna-la-mar, reads with a student from the Beeston Spring Early Childhood Institution in Westmoreland during the official Adopt-A-School handing over ceremony.

11. •Mischa McLeod-Hines, Vice President, Capital Markets, Sagicor Investments, readies to catch this student of the Sligoville Early Childhood Development Centre as she makes her way down the new slide in the playground that was installed by the Sagicor Foundation under the Adopt-A-School Programme in 2021.

12. Judy Ann McNab-Brooks, Financial Advisor at Sagicor Life Montego Bay branch, presents a student at the Cornwall Gardens Basic School in St. James, with a goody bag during the official Adopt-A-School handing over ceremony.

$20MILLION

Renovation work to upgrade schools through Adopt-A-School

SAGICOR FOUNDATION SCHOLARSHIP PROGRAMME

In 2021 the Sagicor Foundation invested approximately $30 million in its Scholarship Programme. The scholarship programme provides financial support to students at the tertiary and secondary levels. Fifty-five new scholarships were awarded to support the academic journeys of 39 tertiary students and 16 secondary students. In addition to the new scholarships, 116 scholarship renewals were done.

SUPPORT FOR ONLINE LEARNING

As educators and students adjusted to online learning due to the disruption in face-to-face classes because of the pandemic, the Sagicor Foundation provided much needed support to numerous institutions who were without the necessary resources to facilitate virtual teaching. The Foundation provided tablet, desktop and laptop computers to teachers and students to help to bridge the digital divide that many were facing. During 2021, over 100 tablet computers were donated, along with several laptop and desktop computers. York Castle High School, Youth Education Association, Clifton Basic School, and the Shortwood Teachers' College were among the recipients of electronic devices from the Foundation.

SUPPORT FOR BACK-TO-SCHOOL INITIATIVES

As part of its back-to-school initiative, the Sagicor Foundation donated backpacks, books, charts, book vouchers, and other school supplies to students at the early childhood, primary, secondary, and tertiary levels. These items were primarily donated through church-based and community-led ventures, as well as directly through educational institutions.

CHILD'S MONTH

In recognition of Child's Month in May 2021, the Sagicor Foundation supported several initiatives that celebrated and recognised children. The Foundation made a cash donation to the National Child's Month Committee in support of activities for period. In celebration of Teacher's Day, the Foundation launched its 'My Teacher, My Hero' initiative via its social media platforms which saw students nominating a teacher who went above and beyond the call of duty to ensure students stayed on track with their studies during the pandemic. The selected teachers along with the students who nominated them were gifted with tokens by the Foundation. Several other institutions received gifts for their teachers and students during the months as well.

13. Doreen Pindling-Williams (right), Branch Manager, Sagicor Bank Ocho Rios, presents one of 10 tablets to Petrena Whilby (second right), grade 10 student at the York Castle High School, while (from left) Sherine Allen-Cole, senior teacher at the school, and student Tyrese Rose look on.
14. Kerisha Smith (2nd right), Wealth Advisor, Sagicor Investments Jamaica, presents tablets to members of the Youth Education Association (YEA) – a non-profit organisation that assists students educationally by providing equipment and tutoring services.
15. Clement Ellington (left), Branch Manager, Sagicor Bank Duke and Tower Street, presents a symbolic cheque to executive members of the National Child Month Committee, (from left) Nicole Patrick Shaw, Second Vice Chair, and Avery Nelson, Assistant Treasurer.
16. Sagicor Life Financial Advisor, Kadeen Stern-Francis (right) presents a gift basket to an awardee at a Sagicor Foundation-Sponsored Child's Month celebratory project organized by the True United Sisters Foundation to highlight and reward high achievers in St. Catherine who excelled academically despite their challenges.

SUPPORT FOR GIRLS' EDUCATION

As part of its ongoing support for education, Sagicor Foundation donated $200,000 to the Jamaican chapter of the United Nation's Women's Guild (UNWG) to provide scholarships for high school students under the organization's scholarship programme. The women's organisation assists girls from underprivileged circumstances, which enables them to attend school regularly by sponsoring meals and transportation. Affiliated with the UNWG headquartered in New York, the passionate group of Jamaican women, seek to enrich the lives of individuals around them, and the Sagicor Foundation has consistently sponsored their scholarship programme.

COMMUNITY OUTREACH

COMMUNITY HEROES' AWARDS

A major activity for the Group during 2021 was the hosting of the inaugural Sagicor Community Heroes Awards ceremony, which was held in December. The event celebrated and recognized fifty (50) Jamaican unsung heroes who were nominated by members of their various communities for their selfless service and acts of kindness. Each recipient received a special commemorative plaque and fifty-thousand dollars. The Sagicor Community Heroes Awards was launched in 2020 in honour of the Group's 50th anniversary celebration.

Sagicor Client Experience 2021

Building a Culture of World-Class Customer Service

In an age where digital innovation has defined our modus operandi, and the pandemic has accelerated the digital agenda at an even more rapid rate, our client experience will be our main differentiator. With over 51 years of experience under our belt, now more than ever we have renewed our commitment not only to be the experts on wise financial thinking but to consistently put our clients at the core of everything we do. We are who we are because of our clients, and stakeholders and continue to provide service inspired by our vision.

45.9%

Net Promoter Score®

Net Promoter Score®

We have been enriched by your feedback, which throughout the year has helped us to grow, resulting in us achieving an exceptional Net Promoter Score® (NPS) for 2021 of 45.9%. This is in line with world standards and proves that we continue to be one of the most highly recommended financial institutions in Jamaica. As we strategize for your continued success as our shareholders, know that you will always be our priority.

The year 2021 continued to present unique challenges due to the COVID-19 pandemic, but as a company we have remained resilient and forward thinking. It became more important than ever that we provide solutions to meet your expectations with the ever-changing financial landscape. There is a digital revolution taking place and Sagicor remains committed to being at the forefront with viable products and exceptional world-class service because “only when our clients win, we win”. We have transformed the way we serve our clients through our various business units and our

Contact Centre to ensure that they can reach us seamlessly regardless of the touchpoint. During the year, we resolved, via our phone, online chat and email channels over 393,000 client queries. Our Client Contact Centre continues to poise itself to provide a means of convenience and immediate assistance for our valued clients.

eConnect®

The year saw us embarking on several strategies to fulfil our promise to you to provide you with innovative solutions to enhance the efficiency of our service. We know how important it is for you to connect with us and for your ease and convenience we rolled out our eConnect® virtual appointment solution, which allows clients to schedule an appointment and interact with a Client Service Representative whether they are on the go or from the comfort of their home using an online platform. This initiative is a part of the solutions being offered by Sagicor Life's Individual Life Division and is a concept that seeks to bring a more seamless avenue for clients to get the information they need at their convenience.

The Individual Life Team also launched another first-to-market initiative in 2021, Tele-underwriting. Tele-underwriting seeks to reduce the time taken for assessment of coverage by engaging the client directly regarding their life and health insurance applications. We continue to recognize how valuable time is to our clients and have taken steps to ensure they have the added expediency of bypassing lines and meeting with us when it is convenient for them to do so.

393,000

Client Contact Centre Queries

1. Clinton Hunter, Assistant Vice President – Retail Banking, Sagicor Bank, presents a client with a gift to celebrate International Women's Day.

+$21B

Paid Out in Health Claims

+3M

Health and Group Life Claims Submitted

Approved Retirement Scheme

Our Pension Services Division has also continued the trend of digital transformation, revolutionizing the Approved Retirement Scheme (ARS) application by making it a fully automated process as of October 2021. Now added to the eLife® portal, clients have the opportunity to plan for their retirement electronically without having to come in branch. This is indeed another first of its kind innovation in Jamaica as we seek to reiterate the importance of preparing for this stage in one's life. The platform aims to encourage more persons to increase their pension coverage, which is an issue of national imperative. Acting on your invaluable feedback, we have also commenced the automation of benefits processing in order to reduce our turnaround times and improve your experience with us.

Wellness Hub

Here at Sagicor we promote and believe in wellness. Not only do we have you covered financially but we have developed the online Wellness Hub launched by our Group Insurance Services geared towards fostering physical, mental and holistic wellness. The hub incorporates resources to encourage good habits, with your health and success in mind. Sagicor Connect is one of the features of the hub, introduced prior, and it continued to thrive throughout 2021 with ongoing enhancements to provide an electronic avenue for enrolment for life and health insurance as well as claims submission. Having paid out in excess of $21 billion from over 3 million health and group life claims submitted, Group Insurance Services has exhibited yet another strong performance whilst ensuring that clients are provided with timely responses and reduced turnaround times.

Investor Core

As a part of its commitment to provide wise financial guidance, Sagicor Investments would have launched Investor Core, which is a free online investment resource centre. Coupled with our eInvest platform, which allows for the online application for IPOs, we have sought to make investing easy and accessible. Your financial security is key, and we want to ensure that you are equipped to make the right decision to build your wealth for your future.

2

3

Bank-on-Wheels

Sagicor Bank continues to live the mission of bringing our solutions to the communities in which we operate, especially the underserved banking population. This was made possible by the Bank-on-Wheels initiative, a mobile banking solution geared towards clients who are not in close proximity to our branches. At a time when there were restrictions to our freedom of movement in a bid to protect each other, it was a welcomed initiative by our clients who continue to make significant use of the service. We recognized as well that the pandemic did not diminish the Jamaican entrepreneurial spirit with a record number of businesses being registered in 2021 as reported by the Jamaica Business Development Corporation (JBDC). To reassure our clients that we are in their corner, the SME Resource Centre was established February 2021. For us at Sagicor it is not only about providing the products that will benefit our clients but providing even more opportunities and resource to help them to win in all areas of their life.

Sagicor Group knows that to be a game-changer, we must deliver exceptional service to our clients and provide client experience that is of world-class standard. We must also provide convenient, user-friendly communication channels for our clients to stay in touch with us and have their concerns heard and issues resolved quickly – these are paramount to our success and keeping our clients happy.

We will continue to employ various measures to ensure that we are always in alignment with our clients' service needs and to identify and resolve any gaps that exist. As your financial partner, we look forward to your continued support as we recommit to delivering excellence in service to all clients and stakeholders.

2. Terron Dewar, marketing manager for Sagicor Life Jamaica, assists client Julian Ivey with scanning the QR code which directs her to the Sagicor Wellness Hub that was launched in August 2021.
3. Sagicor Life Financial Advisor Maurice McLeod (right) gifts life insurance client Ricardo Williams with a basket in celebation father's day.
4. Sagicor Bank CEO Chorvelle Johnson Cunningham presents a gift to Sagicor Bank Client Lorraine Rainford in celebration of International Women's Day 2021.
5. 'Super mom' Julie-Ann Keane was one of the four Sagicor clients who were feted and selected to be featured in a special video series to celebrate mother's day.

BEYOND ALL LI

SUCCESS DEMANDS SINGLENESS OF PURPOSE

Our Strategic Path Forward In 2022 | Our People • Our Purpose • Our Passion

MTS

Group Human Resources

Resilience, Agility and Antifragility were the themes that guided Group Human Resources and Corporate Services throughout 2021.

52,038

Training Hours Completed During 2021

2021 at a Glance

The challenges of the COVID-19 pandemic persisted, but we persevered in our efforts to keep the team safe, while innovating, improving and maintaining high levels of productivity.

Group HR aligned its strategic plans to support the business' direction amid the changing operational landscape, with key objectives for the year being:

- Digitally transforming and managing the workforce through Flexible Work Options;
- Facilitating and encouraging Resilient Leadership through upskilling of people leaders;
- Competitive positioning to attract & retain talent;
- Rebooting our rich 'People First' Culture.

These objectives were relentlessly pursued throughout 2021. The department also focused on improving processes and procedures to provide efficiencies for all stakeholders, while aligning the organizational structure to position Sagicor as one of the best places for team members to not only work, but also to grow and develop personally and professionally, both now and in the future.

COVID-19 Response

The Business Resumption Plan was developed in 2020 to propel "Living and Flourishing through COVID-19". Our actions regarding COVID-19 have continued under the direction and leadership of our President and CEO, Christopher Zacca, with a specific focus on supporting the Sagicor Group through the following mandates:

Panelists at the Sagicor Group breakfast learning series "Beyond All Limits - #BEYONDWOMAN', which was held in March 2021 in celebration of international Women's Day: (From Left to Right) Frankene Brooks, Supervisor, Group Client Contact Centre; Alysia White, Vice President, Group Marketing; Wendy Wallace, Financial Advisor, Sagicor Life; Carla Dunbar, Family Therapist; and Coretta Foster, Vice President, Group Human Resources.

1. Keep all Team Members safe and well informed;
2. Manage and allocate resources wisely;
3. Support employees in getting work done, productively and in good spirits;
4. Rethink the operating model and ways of working in the new normal;
5. Ensure business continuity;
6. Comply with new rules & regulations, and report accordingly.

Of note in 2021 was the implementation of the use of Contactless Temperature Machines, as well as a Positive Case Management activity log. This log gave us a view of the impact of positive COVID-19 cases across the Group.

The protocols developed continued to steer the Group through 2021 and into 2022 as they remained in force in support of maintaining and ensuring a safe & healthy environment for the Sagicor team.

COVID-19 Vaccination Initiative

Our Group President & CEO, who also serves as the Chairman of the Private Sector Vaccine Initiative, saw the initiative as Sagicor's contribution and response to achieving herd immunity, which is paramount to mitigating the worldwide social and economic impact of COVID-19.

As a result, in partnership with the Private Sector Vaccination Initiative (PSVI), we delivered a COVID-19 vaccination programme for our team members, family, and friends. as part of our strategy to mitigate the spread of the virus.

The Flexible Work Arrangement Policy was developed and implemented in 2021, coupled with the Work from Home Policy, implemented in 2019.

The initiative spanned two (2) days – Friday, August 27 & Thursday, September 2, 2021 – and allowed team members the option to register themselves along with four others (family or friends) to receive their COVID-19 vaccine (first or second dose). Three (3) vaccines were made available: Pfizer, AstraZeneca and Johnson & Johnson, thereby giving team members the ability to choose. One thousand and seventy-eight (1,078) individuals were inoculated and when dissected, included 237 team members and 841 non team members.

As of December 2021, the vaccination rate across the Group was approximately 67%, inclusive of fully and partially vaccinated team members.

Our next steps include the drafting of a Vaccination Policy & Procedural Document to guide vaccination requirements across SGJ. As we move into 2022, we will initiate consultations with all stakeholders with a view to increasing the vaccination rate across the Group.

Work from Home and Flexible Work Arrangements

The Flexible Work Arrangement Policy was developed and implemented in 2021. Coupled with the Work from Home Policy, implemented in 2019, the Policy addresses and guides full-time and rotational arrangements which include Flextime Options, Flexible Working Time and Compressed or Extended Work Week. Expansion of these arrangements will be a focus for 2022 as we promote greater work-life integration and positive team engagement.

In 2021, the Group maintained a minimum of 34% of the team formally working from home.

Team Engagement & Wellness Activities

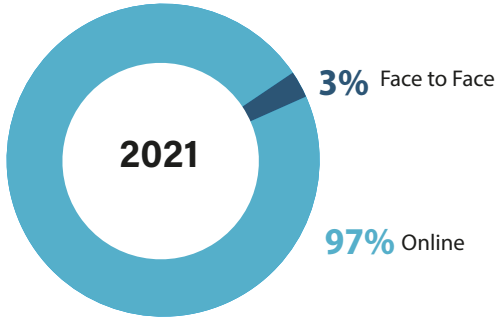
In recognition of the full impact of the pandemic on the Team, targeted Team Engagement & Wellness Activities continued with a focus on Mental Health, Parenting, Coping Strategies, Managing Relationships & Financial Management.

Learning & Development, Change & Talent Management Initiatives

Learning and Development continued to be a strong area of focus for the Group Human Resources Department throughout 2021, with a total of 52,038 training hours completed for the year. This represents a 19% increase over 2020, with 22,776 participants completing training in over 60 courses.

Due to the continued effects of COVID-19, such as spikes in the number of cases, as well as the introduction of new variants, most of our training courses were hosted online, to ensure the safety and well-being of all team members.

Training Sessions Hosted



The effects of the pandemic encouraged us to introduce innovative and creative ways to continue with the professional growth of our team members. As such the following strategies were leveraged in delivering group-wide Learning and Development initiatives:

- e-Learning Instructor-led sessions – These were held using online platforms such as Microsoft Teams, Zoom and WebX. The duration of the sessions was also strategically adjusted to 2- to 3-hour online sessions instead of 7-hour face-to-face sessions;
- Online learning – Team members were offered free and paid for courses on online platforms such as Udemy, Allison and EdX;
- Gamification - Gamification is one strategy we used to motivate engagement and increase participation in training. The main application used was Kahoot (an online game-based learning platform), which allowed us to integrate fun and engaging game-based activities into our training sessions. Using Kahoot helped us to transform content that may be considered dull and boring into interesting learning experiences by encouraging friendly competition.

Additionally, participants were awarded points both for completing their training sessions and for participating in these gaming sessions. The team members then had the opportunity to redeem their training points at our e-store.

- Learning & Development E-store - As an incentive for attending and completing training sessions, team members were awarded points on a tiered basis. Training points ranged from 100 to 500, depending on the complexity of the training (some sessions had a test which the team member must pass before the training can be considered complete) and the number of days the training was conducted (for example, Teller Training which runs for an entire week). Team members could accumulate their points and redeem branded Sagicor items such as mugs, water bottles, notebooks, umbrellas and lunch bags from the online store.
- Upskill in Technology – This became a critical strategy as more team members worked remotely. Team members were exposed to more training sessions geared toward improving their technological expertise.

Development Programmes:

SagicorLEAD Leadership Development Programme

SagicorLEAD Cohort 2 continued with 17 participants from across the Group. The programme will conclude after an extended period. The cohort was exposed to a variety of initiatives aimed at providing leadership exposure and developing critical thinking and management skills. This included book discussions with senior leaders (The Alchemist by Paulo Coelho and the Go-Giver by Bob Burg), Dale Carnegie's Resilience in Leadership training, among other external seminars and conferences, as well as on-the-job cross-training.

Rated M – Development Programme for male team members.

Our male team members were invited and engaged in customized training sessions based on expressed needs and desired skills. The theme for the Rated M learning sessions was "Leading by Example" and the following sessions were offered for our Sagicor Men:

- Men & Parenting
- Health & Wellness
- Building Better Relationships Across Genders
- Personal Branding
- Managing Personal Finances During the Pandemic

Beyond Woman Series – Development Programme for female team members.

We kicked off the Beyond Woman series on March 3rd with a number of panel discussions on topics such as:

- Moving Mountains – Being Resilient
- Rumour Has It – Debunking Myths and Sayings about Women
- Empower Her – Empowerment of Women
- Slay – All about Women and Style, Fashion, Friendship
- Beyond All Limits – How the Beyond Woman Strives to Achieve her Goals

Throughout the year, the following sessions were also specially designed for our Sagicor Women:

- Living After Loss
- Managing Motherhood and Career
- Moving from Hopeless to Hopeful
- Moving Mountains

People Leaders Development

We continued to develop our People Leaders and to provide critical upskilling through the following courses:

- HR 101
- Dale Carnegie's Resilience in Leadership
- Leadership Level Up

In addition to these targeted development programmes, 2021 saw the introduction of several training courses that were strategically tailored for the Group. These courses were:

Client Experience: Elevate Beyond Service

The world of customer service is constantly evolving based on our clients' expectations and influencers. As such, the mindset of our team members must also evolve to meet the needs of our clients. Team Members were challenged and trained on the differences between client service and client experience, the importance of establishing themselves as a personal brand and how to discover the unstated needs of the client.

Building Resilience for Life

This course created an opportunity for team members to learn tips and strategies for

Sagicor has embarked on a journey to become data-centric, and as such, it is pivotal that team members become familiar with the importance of data as an asset, the importance of data quality and data privacy regulations.

strengthening resiliency and allowed members to identify their stressors and develop effective stress-related responses.

Sagicor Reboot #Just Culture

Organizational culture is like the personality of Sagicor. It is therefore important that all Sagicorians know what this culture is. This course allowed team members to redefine and concretize the People First culture by recognizing what drives Sagicor at its core – #PeopleFirst. Another activity that we aligned with our People First Culture sessions was the Leader-Led Podcasts. For this activity, team members heard from our Group President and CEO - Christopher Zacca and the Senior Vice President for GHR and Corporate Services - Karl Williams, who used the opportunity to define and discuss the People First culture with team members. Another podcast captured two Executive Vice Presidents - Mark Chisholm and Willard Brown - discussing the Importance of Empowerment to the Sagicor Culture. The third podcast included Executive Vice President for Sagicor Investments - Sean Newman; CEO for Sagicor Bank - Chorvelle Johnson Cunningham; and Sharma Taylor, our Vice President, Group Legal & Corporate Secretarial who discussed the Power of Resilience in a People First culture.

Team members were able to better understand the People First culture and to also connect with their leaders in a more relaxed fashion.

Data is Everybody's Business

Sagicor has embarked on a journey to become data-centric, and as such, it is pivotal that team members become familiar with the importance of data as an asset, the importance of data quality and data privacy regulations. Team members were given the opportunity to share data-related concerns and receive recommendations on the way forward for Data Management in Sagicor.

Enterprise Risk Management – Risk Awareness Culture

Enterprise Risk Management (ERM) is a plan-based business strategy that aims to identify, assess, and prepare for any dangers, hazards, and other potentials for disaster — both physical and figurative — that may interfere with an organization's operations and objectives. This course introduced important components of this strategy to give a better understanding of Risk Management, how it can benefit team members' day-to-day operations and where they fall in the process.

Mental Health Series

Living through a pandemic and losing loved ones was the reality of 2021. We therefore used the month of May - designated as Mental Health Month – as well as October and November to give team members the opportunity to attend various mental wellness sessions with attending psychologists. This was done through a series titled "The Virtual Couch" where conversations focused on how team members can take care of themselves and their mental health, especially in these trying times.

A Learning December to Remember – A Team Member Personal Development Series

One of the four promises Group HR makes to all team members is to provide a place to grow as a person, and this training series tackled just that. With COVID-19 being a harsh reality that we all must face, we understood that the Christmas season would have looked different than normal. As a result, the training sessions were dedicated to helping our team members go through the Christmas season in the most joyous way possible, reducing financial, emotional and physical stress.

Using Christmas-related themes, we executed the following sessions:

- 'Tis the Season to be Safe – Keeping Yourself and Your Family Safe During this Time
- Christmas is Here, Self-care – Self-Care is Important for All
- What a Year: Let's Draw Family Near – The Importance of Family, especially at Christmas
- Christmas on a Budget
- Learn from Ole time Christmas

Cross Training

To supplement the extensive learning and development opportunities provided across the Group, Cross training continues to be encouraged across the group as a way for team members to explore their areas of career interest, and pursue professional growth opportunities.

The programme continued in full swing for 2021, however, there were some instances where applications had to be placed on hold due to spikes in COVID-19 cases and the resulting restrictions. We continue to monitor these occurrences and adjust accordingly.

As at the end of 2021, Cross Training statistics for the 41 applications received throughout the year were as follows:

Cross Training Status	Total	Percentage
Successful applications	28	68.3%
Successful applications on hold due to department COVID-19 restrictions	3	7.3%
Applications not actioned due to COVID-19 restrictions	10	24.4%

Succession Planning

Targeted knowledge transfer is an imperative of the Human Resource Department, as we look toward Human Resource business continuity. With this in mind, robust succession planning has been put in place and continues to be assessed annually. For 2021, succession plans for all senior leadership positions are in place and successors engaged for development activities.

Talent Management Initiatives

SGJ Pro-Millennial Mentorship Society

The Pro-Millennial Mentorship Society continues to host meaningful and creative programmes to engage and inspire our young professionals to uncover their full potential, as they aim to become future leaders. Currently, the society has a total membership of 246 persons, with active participation from 112 members.

The society is supported by a strong executive team who, with the support of Group HR, organizes and executes meaningful personal and professional development, as well as social outreach and fund-raising activities.

For 2021, the Pro-Millennial Mentorship Society hosted the following events:

Month	Event	Description/Comments
January	**Adrenaline**	Pump up session to motivate members to push toward their goals. Presenters were PR Manager - Michelle-Ann Letman and Fitness Instructor - Tareeq Blackwood.
April	**Budget Bites: Gourmet Cook-Off**	Cook-Off session to highlight different types of healthy meals that can be created on a low budget. The event featured professional chef - Jermaine Wedderburn and 2 members from the society - Tahlia Hyman-Fyffe and Chantel Taylor. The event was also streamed live via Sagicor Group's Instagram platform and featured in the Gleaner, courtesy of Group Marketing.
May	**Upskilling the Millennial Way**	Interactive learning session to provide members with the opportunity to explore a new skill. The focus for the session was the formulation of hair growth oil and candle moulding. Presenters were Ashay Blake and Tahlia Hyman-Fyffe.
June	**Let's Talk Presence and Purpose**	Engaging Ted Talk session to provide members with strategies that they can implement to enhance their personal brand and live their true purpose. Presenters: Vice President - Group Marketing- Alysia Moulton-White and Senators Branch Manager - Christopher Lawe
June	**Sugar Rush**	Cake Sale fund-raiser with part proceeds toward Strathmore Gardens post Children's Day treat. 254 slices of cakes were sold, producing a 90% profit.
June	**Virtual Post-Children's Day Treat**	Virtual Movie Day and Kids Treat with Strathmore Gardens Children's Home. Two educational movies were selected to align with the different age ranges present at the home. Snacks and refreshments were purchased and delivered to the home.
July	**Summer Sizzle Lyme**	Online Social to allow members to pause, relax and unwind from a stressful day. The session consisted of entertainment, games, giveaways, and other interactive activities.
August	**Week of Activities**	Inspirational quotes aligning with the core tenets were shared with the members of the society, along with corresponding activities which provided them with the opportunity to win prizes.
October	**Virtual Pinning Ceremony**	Team members meeting the membership criteria were inducted as members in the Society.
November	**Fish Fry Fund-raiser**	This event was well supported by the members of the Sagicor team. Part proceeds to be used for a treat for the children at the Strathmore Garden's Child Care Facility.

Team Member Engagement

Team engagement continues to be an integral part of our DNA and even though 2021, like 2020, was dubbed another extraordinary year, Group HR continued to flourish during the pandemic. We presented a plethora of team engagement activities, catering to a wider cross-section of the team, allowing for greater participation and involvement - all delivered hybrid and virtual.

Having an engaged team is something we take seriously and, as such, we continued to host numerous initiatives and programmes. Some have been staple calendar events for years, new ones were introduced, and we also brought back some favourites, particularly for our new team members. The list of activities held during 2021 included the following:

- Our hybrid "Blast Off 2021" event kicked off the year in January. This annual event usually sets the tone for the rest of the year with our Leadership Team unifying team members around the company's common goals for the year.
- SIGMA Corporate Run - This took place in February and the team continued to raise funds for our 2021 beneficiaries. Our team's commitment, efforts and continued support, collectively and individually, illustrated that "... together we can do so much".
- Our Virtual Lunch and Learn Sessions discussing topics surrounding health issues as well as team member benefits. For example, sessions were hosted surrounding Prostate Cancer as well as pension and mortgage benefits.
- Lockdown Pars – A series of virtual parties hosted during the lockdown weekends that the country underwent to control the spread of COVID-19.
- Our "Make A Wish" Promotion – This was launched in June and presented a unique opportunity for team members to make a wish for a deserving colleague and submit it as part of our 51st Anniversary celebrations. Wishes submitted were captured under the following categories: Health, Education, Auto, Real Estate and Personal. Our Group Selection Committee reviewed the submissions and chose the winners from this promotion.
- "Let's Make a Difference" Campaign - Two (2) dedicated days in August and September where the company partnered with the Private Sector Vaccine Initiative (PSVI) to host a vaccination drive for team members, their family and friends.
- #Vax&Win Promotion – Fully vaccinated or partially vaccinated team members were able to win prizes (gift vouchers, Sagicor-branded items) during the promotional period in the month of September by registering and submitting a copy of their vax card. Three (3) lucky team members won $100,000 via our #Vax&Win Sweepstakes.

$100,000

Won in prizes via our **#Vax&Win Sweepstakes**

- Our annual S.T.A.R.S (Showcasing Talent and Recognizing Staff) Week hosted during the month of December was a special week of activities dedicated to team members. Team members can always expect engaging, fun, and entertaining activities fully focused on getting them involved while showcasing their talents. Our week of activities included:

  - **SageLive!** – Our very own Morning Show produced by team members for team members. The show started at 8:00 am daily and featured team members participating in interviews on various topics and various fun and engaging activities. Additionally, we promoted team member's businesses during our Business Showcase.

  - **Church & Thanksgiving Service**

    The spiritual life of team members was also celebrated during our hybrid Thanksgiving Service as we celebrated thirty-seven (37) years of S.T.A.R.S Week, showcasing performances by our very own Sagicor Praise Team & Island Kings. Reverend Astor Carlyle from the Webster Memorial United Church shared an inspiring message under the theme "Beyond All Limits: Striving for Excellence".

  - **Long Service Awards Ceremony – Beyond Stars!**

    We celebrated and recognized 208 team members who were awarded for their continued dedication and contribution to the organization. The success and growth of the Group is the direct result of their combined efforts. Team members were celebrated from 5 years up to 40 years of service with the company.

  - **Charity Fair**

    The wider community also benefits as our various events help to not only expose the talents of our team, but to also raise money for charity. This year's beneficiary was the Golden Age Home, Cluster A. A "Drumful Competition" was launched across the Sagicor Group encouraging team members to give generously. Additionally, we hosted a Charity Games Fair where team members contributed to and participated in a variety of games to win prizes while also getting a chance to dip into our Sagicor Grab Bag.

  - **STAR Games**

    Our take on the popular Netflix Show "Squid Games" saw teams from departments/branches competing to win cash and prizes. They participated in a series of activities with eliminations after each round. The competition started mid-November with 28 teams and after 4 rounds & 5 challenges, the final two (2) teams competed in the finale of STAR Games 2021.

1. S.T.A.R.S. Week 2021: Monique Brown - HR Relationship Officer, announcing the winners of the "Make a Wish" promotion
2. S.T.A.R.S. Week 2021: From left: Johanna Samuels, Assistant Manager – Learning & Development, presenting a prize to "Make a Wish" promotion winner, Opia Dockery - Benefits Processing Associate

1

2

3. S.T.A.R.S. Week 2021: From left: Michelle Distant, HR Relationship Manager, presenting a prize to "Make a Wish" promotion winners – Mark Dias-Chambers, Supervisor - Validation and Research Unit and Shawna-Kay Dias-Chambers, Business Support Officer.
4. Sage Live! Hosts: From left: Walter Grant Jr. – Revenue Solutions Assistant, Amita Webb – Wealth Advisor and Shane Bennett – Social and Digital Marketing Officer.
5. Sage Live! Business Showcase: From left: Sage Live! Host, Olicia Sylvester, Assistant Manager – Capital Markets, showcasing the Nae-Nae Essentials line of candles from Shanee Barnes - Client Services Associate.
6. Sagicor Group Jamaica President and CEO Christopher Zacca is sandwiched by Sagicor Life financial advisors Selena Chin-Coffie (left) and Nicholene Taylor at the 2021 Sagicor Group Corporate Awards, which was held under the theme 'Galactic Gold'.
7. S.T.A.R.S. Week Church & Thanksgiving Service: Reverend Astor Carlyle from the Webster Memorial United Church delivering his message under the theme "Beyond All Limits: Striving for Excellence".
8. STAR Games: From left: Host Stephen Levy, Manager – Group Analytics & Revenue Solutions, flanked by the winning SME Business Banking team: Christopher Jackson – Client Services Associate, Roxane Gordon – Business Banking Officer, Dowega Hylton – Business Banking Officer and Roemane Gordon – Business Banking Officer.

   Centre: STAR Games Pink Soldier, Daneilia Francis – HR Relationship Officer.

   From right: Host, Loyeann White – Revenue Solutions Administrator flanked by the Group Client Experience team: Andre Latchman, Manager – Group Client Experience, Tamanta Lee – Client Experience Associate, Curtis Brown - Client Experience Associate and Tiseanna Farquharson - Client Experience Associate.

- **The Battle v2.0**

  Another highly anticipated event was our version of "Versus" where Executive team members represented different genres and artistes to see who would win the "Clash of the Executives". This 2nd staging of the event was again a resounding success! A total of 5 battles were executed and the event was hosted by the ever vibrant and bubbly MC Jenny Jenny.

- **Virtual Team Party**

  We ended an awesome week with our virtual Team Party, which is usually the climactic event that closes out the calendar year.

  Sagicor continues to retain its focus on team engagement and we are committed to continuing the journey of bringing team members together, celebrating who we are, and doing things together for fun!

8. The Battle – Return of the Execs. Best of the '90's and early 2000s Dancehall:
   From left: Damion Hylton, Senior Vice President – Retail & Payments collecting the winning prize from Karl Williams, Senior Vice President – Group Human Resources & Corporate Services, along with Aldane Milton, Assistant Vice President – Application Services.
9. The Battle – Return of the Execs. Vendetta vs Unruly: From left: Mark Chisholm, Executive Vice President – Individual Life Division, presenting prizes to Maurice McDonald, Branch Manager – Spanish Town Branch (representing as Alkaline) and Otis Hamilton, Unit Manager – Senators Branch (representing as Popcaan).
10. The Battle – Return of the Execs: From left: Chorvelle Johnson-Cunningham, CEO – Sagicor Bank Jamaica Limited and Alysia Moulton-White, Vice President – Group Marketing; penultimate performers for The Battle v2.0.
11. The Battle – Return of the Execs. Freestyle Battle: From left: Jillian McCalla, Manager – Group Client Contact Centre and Taschelle Tulloch, Manager - Business Support.
10. The Battle – Return of the Execs. Dancehall Queen vs. Dancehall Princess: From left: Loeri Robinson, Unit Manager – Holborn Branch (representing as Spice) and Shelly-Ann Morgan, Manager – Investment Client Services (representing as Shenseea).

Team Member Satisfaction

Maintaining a work environment that is fit and friendly was a continued priority for Group HR in 2021, in keeping with the promises that we make to our team members.

To assess the impact of efforts in this regard, we administered the LOMA team member opinion survey. This survey was last administered in 2019, and was temporarily replaced by a Pulse survey in 2020, as COVID-19 inspired a change in efforts to measure employee satisfaction, in keeping with the sudden and unprecedented changes experienced by all.

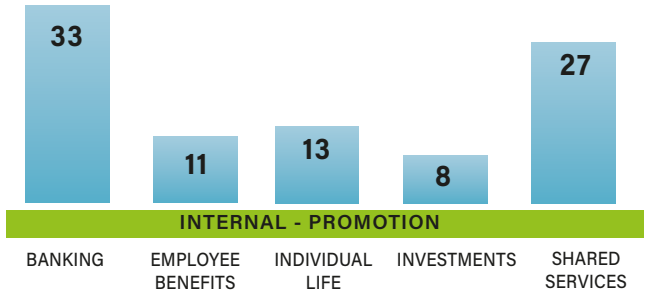
The 2021 LOMA score was 78.5%; an improvement over the rating in 2019 which was 78.4%.

78.5%

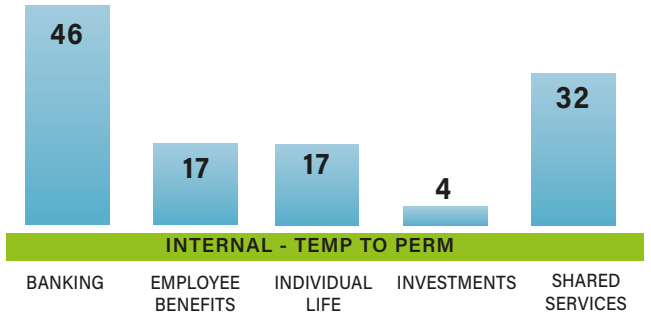
2021 LOMA score

An improvement over the 2019 rating of 78.4%

Promotions per Division
# of Hires



Appointments to Staff per Division
# of Hires



Talent Acquisition

Group HR continues to maintain a robust Talent Acquisition programme, focused on sourcing and onboarding top talent, and providing internal team members with continued opportunities for movement and development.

A total of 737 positions were filled as at December 31, 2021. 48% (355 positions) of the total vacancies filled were permanent positions, of which 71% (252 positions) were filled internally. Consequently, we have exceeded our 70% internal fill mandate.

A total of 92 Promotions and 116 Appointments to Staff were earned by our team members. Most promotions were in the Banking Division and most of the appointments to staff were also in the Banking Division, with a further breakdown provided in the charts above.

Recruits that would have served a probationary period and have since been assessed scored an average confirmation score of Exceeds Expectations (Performance is consistently above established performance standards for the position).

Despite the effects of the COVID-19 pandemic, Group HR remained resilient in its talent acquisition efforts, and worked closely with hiring managers to fill vacancies. Comparison of recruiting statistics for 2020 and 2021 can be found below:

Recruiting Statistics Comparison	
December 31, 2021	**December 31, 2020**
737 positions filled	423 positions filled
71% Internal Fill Rate	74% Internal Fill Rate
92 Promotions	75 Promotions
116 Appointments to Staff	83 Appointments to Staff

Recruitment Marketing / Outreach / Youth Development

21 entry-level positions were filled through our HEART Trainee programme.

The department was also able to successfully execute/ participate in six (6) marketing/outreach events this year:

- **UWI Mock Interviews** – February 18, 2021
- **TalentBox Jamaica & CareerJA** - Virtual Job Fair – February 23, 2021
- **Talent Acquisition & HR Services 101** – March 30, 2021
- **Secure The Job Ja - Virtual Job Fair** – October 26, 2021
- **SGJ Career Readiness Session**, Mona High School – November 10, 2021
- **UWI Department of Mathematics Career Fair** – November 26, 2021

Human Resources Systems / Innovations

The **Onboarding Module** of our Success Factors HRIS was successfully launched. This new module creates a welcoming and supportive onboarding environment for new hires; provides checklists, goal plans, and other guidance to all parties involved in new hire onboarding; fast-tracks new-hire processes with step-by-step wizards, intuitive dashboards, and built-in electronic forms that can be accessed from any device; and streamlines onboarding for new hires and cross-boarding for internal transfers.

Succession Planning & Development Modules were successfully configured and are production ready for 2022. These modules will help SGJ objectively assess Team Member Potential and Identify, Develop and Retain the talent we need to achieve business goals. The Succession Org Chart gives quick visibility into our talent gaps, including key indicators such as risk of loss, impact of loss, and bench strength.

GHR Services Portal - Phase one is production ready for 2022. A Team Member Request and Services Management system that will facilitate the submission of requests such as Job Letters and allow for GHR to easily assign and monitor these requests. Team members will also be able to login and see the status of their request and to whom it's assigned.

Senior Management Appointments

The following senior management appointments occurred throughout 2021 which resulted in changes or additions to succession positions for critical roles:

Team Member	New Role
Tara Nunes	CEO – Sagicor Investments Jamaica Limited
Damion Hylton	Senior Vice President – Retail and Payments
Alysia Moulton-White	Vice President – Group Marketing
Mischa McLeod-Hines	Vice President – Capital Markets
Omar Brown	Vice President – Treasury (Sagicor Bank)
Jacqueline Brown Barnes	Vice President – Group Insurance Services
Sharma Taylor	Vice President – General Counsel and Corporate Secretary
Neville Oddman	Assistant Vice President – Card Operations
Bryan Johnson	Assistant Vice President – Network Infrastructure Support
Opal Donaldson	Assistant Vice President - Group Analytics and Revenue Solutions
Vinette Notice	Assistant Vice President - Credit Risk

Senior Leadership Retirement

Janice Grant Taffe, Senior Vice President, General Counsel & Corporate Secretary retired effective July 31, 2021, after more than thirty (30) years of service to Sagicor Group Jamaica. Mrs. Taffe will continue to act as the Company Secretary for Sagicor Group Jamaica Limited and its Subsidiaries.

Jeffrey Chevannes, Vice President - Credit Risk & Centralized Collateral & Securities retired effective January 31, 2021. Mr. Chevannes continues to support the Credit Risk Department in the capacity of contractor.

Corporate Services

Sage Hub

One of Group HR's major strategic objectives for 2021 was the transformation of work options and workspaces. The Sage Hub was one of the initiatives spearheaded to meet this objective.

Previously, the organization did not have a dedicated learning centre where development activities could be effectively executed. The training team utilized a dedicated room on both head office buildings, conference rooms at available hotels, and meeting rooms across the Group. A dedicated space, fully digitally equipped, was assessed as being critical for continuation of the development of the team, especially since the current pandemic has pushed most activities to online execution.

The Sage Hub is located on the 4th floor, south wing, 28 Barbados Avenue, Kingston 5 and provides a multi-faceted space that will serve various purposes. It presents a workspace which is digitally designed to advance learning and provide workplace flexibility. It will be used for a blended learning approach where we will provide virtual and face-to-face instructor-led sessions. This is a dedicated space where trainers can effectively train simultaneously without disturbing each other, and the space will be opened to the team members who have no access to the technology needed to execute training online.

As we continue our investment in the team through online training platforms such as Udemy, EdX and Pluralsight, Sage Hub will further facilitate an environment designed for this kind of engagement. Team members will have the opportunity to get away from their work area and complete their online training in this dedicated technically equipped space.

The space will also be used for those critical team member examinations such as AHIP, LOMA and OMEGA which require face-to-face invigilation to maintain our partners' examination standards.

Document Management

Our Document Management Software – PC Docs – reached its end of life in 2021. In preparation for this, we strategically embarked on a document conversion project, and successfully completed PC Docs conversion of over 8 million documents to SharePoint Online.

The SharePoint Document Archive has now replaced PC Docs as the new document repository, with all affected departments and stakeholders across the group trained in the use of this new system, as at the end of 2021.

As we move towards digitization and digitally transforming the workforce and the way we do work, Corporate Services also completed its project for Group HR, which enables the Department to electronically access files and documents for all team members of Sagicor Life.

This project continues into 2022, with Sagicor Bank team member files to be digitized and added to the SharePoint Document Archive.

2022 – Peak Everything!

The past two (2) pandemic years have proved our resilience as one Sagicor Group. By aligning our strategic plans to support the business' direction amid the changing operational landscape, we have successfully implemented and managed varying initiatives and solutions that have supported our individual and group-wide victories. With the past now in our 'rear view', we look ahead via the 'windscreen' at a continued strategic path toward "Peaking Everything" in 2022 – Our People, Our Purpose, and Our Passion.

Team Member of the Year Finalists

Daneilia Francis

Daneilia Francis is a Human Resources Relationship Officer with Sagicor Group Jamaica, which means she plays an integral role in the engagement experience for team members. With a strong belief in excellence, Daneilia consistently tries her best to give 100% every day with every task and interaction – as diverse as they may be. One day she's a HR Pro and the next a Producer/Creative Director of a show to boost team spirit, all while getting the job done. As a registered farmer – a beekeeper – outside of her 9-5, Daneilia produces and supplies honey products to companies and individuals. The self-proclaimed feminist believes in and advocates for women's rights and empowerment, with her mantra being inspired by pop star-turned-entrepreneur and Barbados national hero Robyn Rihanna Fenty, who says "Never a Failure, Always a Lesson".

Jermaine Stewart

Jermaine Stewart is a Pre-Underwriting Officer with the New Business Division at Sagicor Life. With nine years and multiple promotions under his belt at Sagicor, Jermaine has been instrumental in the development of key innovations such as the eLife platform. Passionate in his beliefs, he lives by the mantra 'Labor Omnia Vincit' which means 'Work conquers all'. His advice to young professionals is "Let your work be covered with excellence. Seize every opportunity to improve yourself professionally and don't be afraid to let your brilliance shine through." When he is off the clock, Jermaine enjoys watching sports and planning and executing activities at Church.

Jevonne Campbell

Jevonne Campbell is a Collections Support Associate at Sagicor Bank in the Asset Recoveries and Collection Unit. With the computer and engineering skills of Tony Stark (Iron Man, Avengers) he enjoys training team members at all levels in all things 'tech'.

Jevonne has been working at Sagicor for over two years, and he lives by the philosophy 'Work hard in silence; let success make the noise.' In his down time, Jevonne enjoys going to the cinema or relaxing at home, watching action or comedy movies.

Brandon Grant

Brandon Grant is a Records Management Clerk in the Facilities and Records Management Division of Sagicor Group Jamaica. A stickler for time management, Brandon believes it is an important skill to have, in order to get the job done, and done well. His philosophy is the motto of Meadowbrook High School 'Ita Splendeat Lux Vestra' which translates to 'Let your light so shine'. Brandon shared that this motto has taught him that no matter what you do, you should do it to the best of your abilities. When he is not going above and beyond to meet his goals, Brandon enjoys chilling with friends and family and exercising.

Philip Bond

Philip Bond is the Assistant Manager of Business Development in the Employee Benefits Division and has been working at Sagicor for eight years. Philip enjoys home-cooked meals, playing tennis and watching sports. Philip lives by the philosophy 'Diversity elevates creativity.' When he is not problem-solving and managing the projects and initiatives for his department, you can catch Philip spending time with his family, taking a weekend out to the country, or watching James Bond movies in chronological order.

Tajay Brown

Tajay Brown is an SME Business Banker at Sagicor Bank and has been working with the Group for four years. Tajay enjoys managing business relationships and helping to make the dreams of his clients come true. He presently lives by three philosophies: Sabali (Patience); Nisi Dominus Frustra (Without God, it is in Vain); and 'Be fearless in the pursuit of what sets your soul on fire'. When he is not working or representing his department or company in football, Tajay likes to volunteer for social outreach initiatives.

FROM CENTRE LEFT TO RIGHT: Daneilia Francis, HR Relationship Officer; Jermaine Stewart, Pre-Underwriting Officer; Jevonne Campbell, Collections Support Associate; Brandon Grant, Records Management Clerk; Philip Bond, Assistant Manager, Business Development; Tajay Brown, SME Business Banker.

Team Member of the Year

Philip Bond

Assistant Manager of Business Development
Pension Services
Sagicor's Employee Benefits Administrator

Steve Jobs famously said that "innovation distinguishes between a leader and a follower", and for 30-year-old Philip Bond, Sagicor Group Jamaica's 2021 Team Member of the Year (TMOY), innovation is at the heart of what he does.

The speed at which technology advances is extremely exciting and we're striving to improve the present as well as view the possibilities for the future," *- Philip Bond -*

Bond who is the Assistant Manager of Business Development, Pension Services for Sagicor's Employee Benefits Administrator Limited subsidiary, believes that problem-solving and innovation are critical to growth and maintaining a competitive advantage. Resourceful to his core, he manages projects and initiatives for the department with a big take on advancing the business' digital agenda.

"The speed at which technology advances is extremely exciting and we're striving to improve the present as well as view the possibilities for the future," Bond said.

It was this drive and curiosity that led him and his team to create and execute the Pension Automated Benefit System (2021) which, fast forward a year later would earn the team a nomination for Best Business Efficiency Initiative at the Sagicor Group Corporate Awards held in April 2022.

Learn & Grow

Bond credits his upbringing for his penchant for knowledge and learning. A sports fanatic, the Campion College alum, shared that he is a former national Tennis Champion who always had a passion for winning.

The number one lawn tennis player in Jamaica in his age group at the time, he had the opportunity to train at one of the world's best tennis academies in the world, Saddlebrook Tennis Resort in Florida; the team was so impressed by him that he was offered a place at their academy. Much like any star tennis player, he has the mindset to do enough to reach the next stage of life.

"My childhood was filled with a lot of love and learning. I was so passionate about understanding the world and everything in it from a young age," he said.

Falling in Love with Self

Always a high achiever, as a teen, his main focus was domination in tennis. But, as Bond recalls during his Whittier College years in Los Angeles, his mindset changed to truly fall back in love with learning and being the best version of himself. Bond studied Business Administration at Whittier but locally at Hillel Academy for 6th form, he studied Math, Computer Science and Sociology at the CAPE level.

He knew he always wanted to make a difference in the world of work; however, it was not until he became a business development officer that he was able to truly utilize all of his strengths to make an even bigger impact than before.

Sharp and meticulous, like the famous spy with whom he shares a surname with, Philip seeks to do things the correct way and to the best of his ability. This he took to heart when he started his journey with Sagicor in 2013.

Fresh from college, he began with high hopes to bring innovation to his role. This he says has never waned.

Always seeking to do more, since his Sagicor journey, Philip has made advancements in line with the company's strategic objectives, and in 2021, his team delivered two ground-breaking innovations that streamlined the pensions process, saving immeasurable wait-time for the client experience and Group HR with increased cost savings for the company.

"My love for business, psychology and technology allows me to think the way I do as they are all expertly connected while creating a combination that has powerful ideologies at the heart of them all".

Philip says he is excited about the many possibilities technology allows his team to explore to make Sagicor a truly world-class digital company.

TREAT THE
PLANET AS
IF WE PLAN
TO STAY

Sagicor Group Jamaica remains a responsible and conscientious corporate citizen determined to minimize its impact on the environment. In 2021 the Group continued to implement its "Go Green" initiatives to reduce waste and protect the environment.

For its 23rd staging of the Sagicor Sigma Corporate Run, the Sagicor Foundation maintained its partnership with Recycling Partners of Jamaica Limited to collect plastic bottles used by race participants. Collection bins were strategically placed along the Sigma route with a 'Green' Project Team collecting and retrieving bottles.

In an effort to reduce the emission of fossil fuels, reduce fuel consumption and decrease pollution, internally, the Group continues to manage its carbon footprint by implementing energy-saving initiatives while promoting a culture of recycling and waste management. Some of these initiatives include the outfitting of offices with the highly effective, energy-efficient light-emitting-diode (LED) bulbs for energy efficiency and optimisation. These lights lower waste production and uses significantly less energy than incandescent lights. To support the reduction of waste the company continued to equip offices with automatic shut-off air conditioners and motion sensor lights as well as touchless automatic faucet motion sensor taps in office bathrooms.

In keeping with the company's focus on health, team members are also encouraged to utilize refillable water bottles throughout out the day instead of plastic cups, which drastically reduces waste. There is also the 'Think Before you Print' initiative whereby team members are encouraged to minimize printing of documents, and in cases where printing must be done, that the paper be recycled where possible. The Group Human Resources team has also updated the intranet platform which allows for team members to apply for and make submissions electronically for various requests.

Additionally, the Group continued its 'paperless' thrust for clients by implementing various digital and online solutions. Various electronic channels are available to clients which minimizes the need to print paper or come in an office physically to do business. Online solutions for clients include e-banking, transact services (via email request), Client Web, My Voluntary, My Sagicor, eConnect, eLife and eInvest.

Sagicor Group Jamaica continues to recognize the importance of protecting the environment and remains committed to our environmental responsibility to contribute to a safer, cleaner, and healthier planet.

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General Manager

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Mark Chisholm
President & CEO

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Fernando Viquez
Deputy Manager

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Brenda-Lee Martin
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Executive Director

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Barbados

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BAILEY WILLIAMS LIMITED
10 Leonard Road
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Half Way Tree P.O.
St Andrew

Corporate Data

DIRECTORS:

Dr. the Hon. R.D. Williams
O.J., C.D., LL.D. (Hon.), J.P.
Director Emeritus

Peter K. Melhado
Chairman

Christopher Zacca
C.D., J.P.
President & CEO

Peter Clarke

Dr. Jacqueline Coke-Lloyd

Paul A.B. Facey

Stephen B. Facey

Dr. Marjorie Fyffe Campbell

Paul Hanworth

Timothy Hodgson
(Resigned 31/12/2021)

Mahmood Khimji

Lisa Lake

Stephen McNamara

Dr. Dodridge Miller

Gilbert Palter

EXECUTIVE TEAM:

Christopher Zacca
President & CEO

Andre Ho Lung
Executive Vice President,
Finance and Group CFO

Sharma Taylor
Vice President, General Counsel &
Corporate Secretary

Donnette Scarlett
Senior Vice President,
Treasury & Asset Management,
Sagicor Life Jamaica Ltd.

Tara Nunes
Senior Vice President & CEO
Sagicor Investments Jamaica Limited

Mark Chisholm
Executive Vice President,
Individual Insurance Division

Willard Brown
Executive Vice President,
Employee Benefits Division

Karl Williams
Senior Vice President,
Group Corporate Services

Mark Clarke
Vice President - Group Infrastructure
& Technical Services

Andrew Burke
Vice President,
Innovation, Assurance & Projects

Alysia White
Vice President - Group Marketing

Catherine Allen
Senior Vice President - Appointed Actuary

Chorvelle Johnson Cunningham
CEO
Sagicor Bank Jamaica Limited

Mark Thompson
Chief Executive Officer
Advantage General Insurance Company

Sean Newman
Executive Vice President &
Chief Investment Officer
Sagicor Group Jamaica

Corporate Secretary:

Janice A.M. Grant Taffe

Appointed Actuary:

Janet Sharp

Auditors:

PricewaterhouseCoopers

Bankers:

Sagicor Bank Jamaica Limited
Scotiabank Jamaica Limited
National Commercial Bank
(Jamaica) Limited
Cayman National Bank Ltd.

Attorneys:

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Nunes, Scholefield, Deleon & Company
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St. Andrew

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21 East Street
Kingston
St. Andrew
DunnCox
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Vice Presidents

EMPLOYEE BENEFITS

Nicola Leo-Rhynie
Vice President
EBD Marketing

Jacqueline Brown-Barnes
Vice President
Group Insurance Services

EMPLOYEE BENEFITS ADMINISTRATOR

Latoya Mayhew-Kerr
General Manager
Employee Benefits Administrators Ltd.

INDIVIDUAL INSURANCE

Audrey Flowers-Clarke
Vice President
Insurance Operations

SAGICOR INVESTMENTS JAMAICA LIMITED

Mischa McLeod-Hines
Vice President
Capital Markets

SAGICOR BANK JAMAICA LTD.

Michael Willacy
Vice President
Corporate, SME & Retail Banking

Damian Hylton
Senior Vice President
Retail & Payments

Jeffrey Chevannes
Vice President
Credit Risk & Centralized Collateral & Securities

Omar Brown
Vice President
Treasury *

* as at April 1, 2022, Omar Brown is the CEO of Alliance Financial Services, a subsidiary of Sagicor Group Jamaica.

Sabrina Cooper
Vice President
Card & Payments

SHARED SERVICES

Mark Clarke
Vice President
Group Infrastructure & Technical Services

Sharma Taylor
Vice President
General Counsel & Corporate Secretary

Alysia Moulton White
Vice President
Group Marketing

Andrew Burke
Vice President
Innovation, Assurance & Projects

Merrick Plummer
Vice President
Group Analytics & Revenue Solutions

Jacqueline Donaldson
Vice President
Corporate Services

Coretta Foster
Vice President
Group Human Resources

Brenda-Lee Martin
Chief Executive Officer
Sagicor Real Estate X Fund
Vice President - Asset Management

Nadani Chung
Vice President
Finance

Assistant Vice Presidents

SAGICOR BANK JAMAICA LTD.

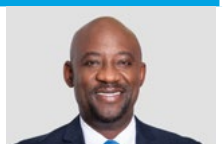
Annette Osborne
Assistant Vice President
Operations

Vinette Notice
Assistant Vice President
Credit Risk

Neville Oddman
Assistant Vice President
Card Operations

Danyu Dacres
Assistant Vice President
Business Re-engineering &
Operations Efficiency

Kevin Chin-Sue
Assistant Vice President
Cards & Payments



Clinton Hunter
Assistant Vice President
Retail Banking

EMPLOYEE BENEFITS DIVISION LTD.

Megan Irvine
Assistant Vice President
Pensions & Annuities

Neil Kellyman
Assistant Vice President
Pension Investments

EMPLOYEE BENEFITS ADMINISTRATOR LTD.

Corrinne Bellamy
Assistant Vice President
EBA Actuarial Services

SAGICOR INVESTMENTS JAMAICA LTD.

Karen Richards
Assistant Vice President
Investment Client Services

Bianca Nam
Assistant Vice President
Wealth Management

Roger McKenzie
Assistant Vice President
Treasury & Trading

INDIVIDUAL INSURANCE

Andrea Taylor
Assistant Vice President
New Business, Underwriting,
& Paramed

Philbert Perry
Assistant Vice President
Sales & Distribution

SHARED SERVICES

Caren Scott-Dixon
Head of Enterprise Risk
Management & Group
Compliance

Camisha Sinanon
Assistant Vice President
Group Corporate
Accounting

Alice Campbell
Assistant Vice President
Talent Acquisition & HR
Services

Jacinth Kelly
Assistant Vice President
Group Insurance Accounting

Charmaine Leckie
Assistant Vice President
Group Internal Audit

Lorna Jamieson-Bond
Assistant Vice President
Group Management
Accounting

Yvonne Pandohie
Assistant Vice President
Finance: Banking

Andrea Chung
Assistant Vice President
Group Project
Management Office

Grace Royal Bassaragh
Assistant Vice President
Legal Counsel

Jassetta Jones
Assistant Vice President
Group Legal Services

Camille Witter
Assistant Vice President
Insurance Pricing and
Product Management

Christopher King
Assistant Vice President
Corporate Actuarial

Faith Vincent
Assistant Vice President
Treasury & Investment
Operations

Lorie-Ann Turner
Assistant Vice President
Treasury & Asset
Management Operations

Aldane Milton
Assistant Vice President
Application Services

Branch Managers

SAGICOR LIFE JAMAICA LTD.

Mark Lindsay
Branch Manager
Senators

Odine Dacosta
Branch Manager
Half Way Tree

Flora "Dale" Greaves-Smith
Senior Branch Manager
Mandeville

Michael Forbes
Branch Manager
New Kingston

Dave Hill
General Manager
Sagicor Insurance Brokers Limited

Leslie Francis
Branch Manager
Knutsford

Dalton Thompson
Branch Manager
Belmont Dukes

Ramoth Watson
Branch Manager
Ocho Rios

Maurice McDonald
Branch Manager
Spanish Town

Christopher Lawe
Senior Branch Manager
Holborn

Melia McKitty Plummer
Branch Manager
Corporate Circle

Patrick Sinclair
Senior Branch Manager
Montego Bay

Derrick Lewis
Branch Manager
Liguanea

Tatiana Brown
Country Manager
Sagicor Life of the Cayman Islands

Norman Wilson
Sales Manager

CAYMAN ISLANDS

SAGICOR BANK JAMAICA LTD.

Loven McCook
Regional Manager
Retail Banking (South)

Omoi Green
Branch Manager
Montego Bay-Fairview

Marvia Brown
Branch Manager
Dominica Drive

Clement Ellington
Branch Manager
Duke & Tower Street

Glenroy Morgan
Branch Manager
Half Way Tree

Claudette Ramdanie
Branch Manager
Hope Road

Tricia Moulton
Branch Manager
Liguanea & Manor Park

Kavon Walker
Branch Manager
Mandeville

Natalie Buddan
Branch Manager
May Pen

Wendy Ansine Bernard
Branch Manager
Montego Bay-Sagicor Commercial Centre

Doreen Pindling Williams
Branch Manager
Ocho Rios

Nursita Gray Barriffe
Branch Manager
Tropical Plaza

Vilma Barrett Gunter
Branch Manager
Black River

Joyce Gordon
Branch Manager
Portmore (Acting)

Carla Drummond
Branch Manager
Savanna-la-Mar

Laurel Webster
Branch Manager
Up Park Camp

SAGICOR INVESTMENTS LTD.

Carlos Gordon
Regional Manager
Investment Client Services (Central)

Stephanie Vassell
Regional Manager
Investment Client Services (West)

Kimberley Garbutt
Regional Manager,
Investment Client Services (North)

Shelly-Ann Morgan
Manager,
Investment Client Services (KMA)

Anthony Howard
Manager,
Investment Client Services (KMA)

Financial Statements

Year Ended 31 December 2021

TRUST
ACCOUNTABILITY
PURPOSEFUL
GROWTH

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31 December 2021

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APPOINTED ACTUARY'S REPORT
TO THE SHAREHOLDERS
AND POLICYHOLDERS

I have valued the policy actuarial liabilities of Sagicor Life Jamaica Limited and Sagicor Life of the Cayman Islands Ltd. for the consolidated statement of financial position at 31 December 2021, and the change in the consolidated income statement for the year then ended, in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods.

The valuations of the Sagicor Life Jamaica Limited and the Sagicor Life of the Cayman Islands Ltd. business were conducted using the Policy Premium Method assuming best-estimate assumptions together with margins for adverse deviations in accordance with the Actuarial Regulations, 2001. The valuation has been carried out in accordance with the International Financial Reporting Standard 4, Insurance Contracts and the results satisfy the liability adequacy tests as required by this standard. The valuation also complies with the Caribbean Actuarial Association's Practice Standards for Long-term Insurance Business (APS2) and for General Actuarial Practice (APS0).

In my opinion, the amount of the policy actuarial liabilities makes appropriate provision for all policyholder obligations and the financial statements fairly represent the results of the valuation.

JANET SHARP, FSA, MAAA, CERA
APPOINTED ACTUARY FOR SAGICOR LIFE JAMAICA LIMITED AND
SAGICOR LIFE OF THE CAYMAN ISLANDS LTD

25 FEBRUARY 2022

INSURANCE | INVESTMENTS | BANKING | REAL ESTATE | RETIREMENT

DIRECTORS | Mr. Peter K. Melhado (Chairman) | Mr. Christopher W. Zacca, C.D., JP. (President & CEO) | Mr. Peter Clarke | Mrs. Jacqueline Coke Lloyd JP. Mr. Paul A.B. Facey | Mr. Stephen Facey, C.D. | Dr. Marjorie Fyffe Campbell | Mr. Paul Hanworth | Mr. Mahmood Khimji | Dr. Dodridge D. Miller Dr. Stephen McNamara, C.B.E | Dr. the Hon. R. Danny Williams O.J., C.D. | Mrs. Janice Grant Taffe (Company Secretary)

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Independent auditor's report

To the Members of Sagicor Group Jamaica Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Sagicor Group Jamaica Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2021, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- The Consolidated statement of financial position as at 31 December 2021;
- The Consolidated income statement for the year then ended;
- The Consolidated statement of comprehensive income for the year then ended;
- The Consolidated statement of changes in equity for the year then ended;
- The Consolidated statement of cash flows for the year then ended;
- The Company statement of financial position as at 31 December 2021;
- The Company statement of comprehensive income for the year then ended;
- The Company statement of changes in equity for the year then ended;
- The Company statement of cash flows for the year then ended; and
- The notes to the financial statements, which include significant accounting policies 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 consolidated and stand-alone 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.

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T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

L.A. McKnight B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell.

Independence
We are independent of the Group 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.

Our audit approach

Audit scope
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

The context of our audit is set by the Group's major occurrences and business activities for 2021. It was noted that there was a slight improvement in the results of the operations and positive impacts on fair value gains on investments and recoverable amounts on certain of the Group's assets. There are no new Key Audit Matters (KAMs) this year.

We determined the scope of our audit by first considering the internal organisation of the Group and then identifying the components of the audit that have the most significant impact on the financial statements. The Group comprised 21 reporting components of which we selected 12, which represent the principal business units within the Group and are located in Jamaica, the Cayman Islands and Costa Rica. Full scope audits were performed for 9 components, while audits of one or more financial statements line items were performed for 3 components. The audit work performed covered 94% of the Group's total assets and 94% of total revenue. For one reporting component located in Jamaica we used a component auditor from a non-PwC firm, familiar with the local laws and regulations to perform this audit work. Throughout the audit we had regular meetings and correspondence with management and component auditor teams to follow up on progress of work for all components. The Group engagement team reviewed workpapers relating to the audit approach and findings of a sample of the component auditors.

The Group's businesses are organised into four primary business segments being Individual Lines, Employee Benefits, Commercial Banking, Investment Banking as well as Other. Geographically, the segments are Jamaica, Cayman Islands, United States of America and Other (Costa Rica and St. Lucia).

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Actuarial methodologies and assumptions used in the valuation of life and health insurance contract liabilities and annuity insurance contracts (Group) *See notes 2 (q-r), 3 b (i) and 32 to the financial statements for disclosures of related accounting policies and balances.* As at 31 December 2021, total reserves for life and health insurance and annuity contracts account for $97.9 billion or 25% of total liabilities of the Group. We focused on this area as it involves significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of long-term policyholder liabilities. Management considers the following as key inputs used to estimate life and health insurance contract liabilities: • Economic assumptions, such as investment return and associated discount rates, and • Operating assumptions such as mortality and persistency (including consideration of policyholder behaviour). Management uses qualified internal actuaries to assist in determining these assumptions and in valuing the actuarial liabilities. Management's experts did not make an explicit assumption for deaths related to COVID-19 as COVID-19 is deemed to be a shock event.	Our approach to addressing the matter, with the assistance of our actuarial expert, involved the following procedures, amongst others: • Updated our understanding for any changes impacting the assumptions, with a focus on mortality, contract lapses, investment return and associated discount rate, and operating expenses, all of which are based on entity experience or published industry studies. • Evaluated the methodologies and assumptions utilized by management's actuaries considering industry and component specific facts and circumstances. • Tested the policy master file for completeness and accuracy of the underlying data utilized by management as inputs to the actuarial valuation. • Tested a sample of contracts to assess whether contract features corresponded to the data file as part of our reliability of data tests. • Challenged management's assertion that COVID-19 is a shock event by examining the current mortality rate for COVID-19 and by considering perspectives on mortality improvements, based on medical advances as published. The results of our procedures indicated that significant estimates and assumptions used by management were not unreasonable, and that the methodologies used were actuarially established, accepted and appropriate in the circumstance and consistent with prior years.

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Key audit matter	How our audit addressed the key audit matter
Valuation of claims payable and incurred but not reported (IBNR) claims for property & casualty contracts (Group) *See notes 2 (q-r), 3 (b) (i) and 34 to the financial statements for management's disclosures of related accounting policies, judgements and estimates.* As at 31 December 2021, total incurred but not reported reserves account for $3.3 billion or 0.84% of total liabilities of the Group. The methodologies and assumptions utilized to develop IBNR reserves involve a significant degree of judgement. The liabilities are based on the best-estimate ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. There is generally less information available in relation to these claims, which can result in variability between initial estimates and final settlement. A range of methods may be used to determine these provisions. We focused on this area because, underlying these methods are a number of explicit and implicit assumptions relating to the expected settlement amount and settlement patterns of claims and the values determined are subject to complex calculations.	Our approach to addressing the matter, with the assistance of our actuarial expert, involved the following procedures, amongst others: • We tested the completeness, accuracy and reliability of the underlying data utilized by management, and their external actuarial experts to support the actuarial valuation. • Tested a sample of claims payable by agreeing to supporting documents including claim adjudication results and approvals and assessors' reports. • Performed a methods and assumptions analysis of the actuarial valuation prepared by the Group's actuary. • Evaluated the assumptions used by management and assessed the methodologies used for appropriateness and consistency with established actuarial practice and methodologies used in the prior year. The results of our procedures indicated that significant estimates and assumptions used by management were not unreasonable, and that the methodologies used were actuarially established, accepted and appropriate in the circumstance and consistent with prior years.

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Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments' – Probabilities of Default, Forward Looking Assumptions & Significant Increase in Credit Risk (Group) *See notes 2 (f), 3 (b) (iv), 8 and 10 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As of 31 December 2021, loans and leases, net of provision for credit losses, totalled $96.9 billion on the Group's consolidated statement of financial position. The Group's debt securities measured at fair value through other comprehensive income (FVTOCI) and investments measured at amortised cost, primarily consisting of debt securities, totalled $284.7 billion. Overall, the above exposures represent 72% of total assets in aggregate. The impairment provision recorded under the IFRS 9 expected credit loss (ECL) model amounted to $1.6 billion for loans and leases and $0.61 billion for debt securities. The IFRS 9 ECL impairment model takes into account reasonable and supportable forward-looking information as well as probabilities of default (PDs). PDs represent the likelihood of a borrower defaulting on its obligation over the next twelve months or over the remaining lifetime of the obligation. The twelve month and the lifetime PDs are determined differently for loans and leases and debt securities.	Our approach to addressing the matter involved the following procedures, amongst others: • Updated our understanding of management's ECL model including any changes to source data and assumptions and tested the mathematical integrity of the model. • Evaluated the design and tested the operating effectiveness of the relevant controls for the forward looking information and SICR in the ECL determination by discussions with management, inspection of the evaluation, review and approval of key assumptions, judgements and forward-looking assumptions prior to them being incorporated within the ECL model. • Evaluated, with the assistance of our specialists, for both loans and leases and debt securities, the appropriateness of management's judgements pertaining to forward looking information, including macro-economic factors and the basis of the multiple economic scenarios used. We sensitised the various inputs and assumptions as part of our reasonableness tests. • Evaluated the reasonableness of management's judgements pertaining to PD, SICR and forward looking information, including macro-economic factors, impacting the weighting of the scenarios due to the impact of COVID-19. Loans and leases: • Tested the completeness and accuracy of the historical data used on a sample basis by agreeing the details of the customer payment profile to source documents. • Tested the staging of a sample of loans by reference to the number of days outstanding on the loan. • Tested the critical data fields used in the ECL model for the PD determination, such as default date, effective interest rate, write-off data, and loan type by tracing data back to source documents.

Key audit matter	How our audit addressed the key audit matter
For loans and leases, management-determined PDs are developed based on the Group's specific historical default rates for each industry classification. In performing historical analyses, management identified economic variables impacting credit risk and ECLs for each portfolio. Various scenarios were identified, and weightings assigned using macro-economic factors as well as management's experience and judgement. For debt securities, including sovereign and corporate investment securities, PDs are developed with reference to external data collated by Standard & Poor's (S&P) with specific adjustments for industry and country specific risks, where necessary. Management also performs scenario analyses to determine the impact of future economic conditions on PDs in the countries and industries where the Group holds debt securities. A macro-economic indicator is determined, which is statistically linked to the credit risk of the sovereign exposure and/or corporate exposure. We focused on this area because of the complexity of the techniques used to determine PDs and the number of significant judgements made by management regarding possible future economic scenarios.	Debt Securities: • Tested the reliability of source data used to determine the PD in the model by corroborating the data to external public information, where available. • Tested the critical data fields used in the ECL model for the PD determination, such as the credit rating and date of default if any, and type of debt security by tracing data back to source documents. SICR (Loans and leases and debt securities) • For debt securities only, tested, on a sample basis, the accuracy of the initial credit risk and the credit risk at the reporting date using rating agency definitions of 'investment grade' and evaluated the appropriateness of the Group stage migration applied to borrowers. • Performed an independent qualitative assessment for a sample of borrowers to determine whether there was any adverse public information affecting the criteria used to perform the staging. Changes to weighting scenarios for forward looking information: • Evaluated the reasonableness of the increase in the weighting used for the worst case scenario by agreeing the forward looking economic information to external sources published or pronounced by reputable third parties. • Sensitized the probability weightings used in the ECL calculation. The results of our procedures indicated that the assumptions used by management for determining the probabilities of default, significant increase in credit risk and forward looking information were not unreasonable.

Key audit matter	How our audit addressed the key audit matter

Goodwill impairment (Group)
See notes 2 (m) (i), 3 (b) (vi) and 17 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.
 	
The total carrying value of goodwill is $3 billion or 0.6% of total assets as at 31 December 2021. The Group recorded a goodwill impairment charge of $0.6 billion in arriving at net profit for the year ended 31 December 2021.
 	
Management performed goodwill impairment assessments using the Fair Value Less Costs to Sell approach (FVLCS) to derive the recoverable amount of the life insurance industry related Cash Generating Units (CGUs) and the Value-in-Use approach (VIU) to derive the recoverable amount for the non-life insurance industry related CGUs, as these are considered the higher value model in each of these components. The VIU approach is based on discounted cash flows and FVLCS is based on the capitalized earnings approach. In performing these assessments, management were assisted by valuation experts where required.
 	
We focused on this area as the determination of the carrying value of the goodwill requires management judgement and estimation, and the assessment remains sensitive to reasonably possible changes in key assumptions being:
 	
• earnings multiples (FVLCS method);
• earnings growth rates (VIU method); and
• discount rates (VIU method).
	Our approach to addressing the matter involved the following procedures, amongst others:
	
	• Updated our understanding of management's approaches to performing their annual impairment assessments. These were consistent with the prior year.
	
	• Evaluated management's future cash flow forecasts and updated our understanding of the process by which they were developed. Compared previous forecasts to actual results to assess the performance of the business and the extent to which reliance can be placed on management's ability to forecast. Confirmed that the forecasts used in the valuation models were consistent with the Board approved business plan, and that the key assumptions were subject to oversight from the Board of Directors.
	
	• Tested the assumptions (including the impact of COVID-19) and methodologies used, in particular those relating to the earnings multiple, earnings growth rate and discount rate as follows. We were assisted by our valuation experts in executing the procedures:
	
	  ○ Evaluated these assumptions with reference to valuations and performance forecasts of similar companies;
	  ○ Determined the levels of reduction in average earnings and forecast cash flows that would be required to eliminate the existing headroom and show signs of impairment;
	  ○ Compared the key assumptions to externally derived data where available, including industry betas, equity and market risk premiums, risk free rates, macro-economic indicators and industry growth rates; and
	  ○ Applied sensitivities in evaluating the Directors' assessment of the planned growth rate in cash flows.
	
	• Tested the valuation model calculations for mathematical accuracy.
	
	Based on the work performed, management's assumptions and recorded impairment charge were, in our view, not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

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

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone 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 consolidated and stand-alone 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 consolidated and stand-alone 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 Group and 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 Group or 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 consolidated and stand-alone 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 Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Garfield Reece.

PricewaterhouseCoopers

Chartered Accountants
1 March 2022
Kingston, Jamaica

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Cash resources	6	23,383,971	21,852,129
Cash reserve at Central Bank	7	11,084,907	10,511,693
Financial investments	8	238,745,309	210,404,308
Premium due and unpaid	9	4,419,045	4,135,280
Loans and leases, after allowance for credit losses	10	96,889,917	91,161,436
Pledged assets	11	93,636,126	87,142,938
Investment properties	12	1,220,324	1,389,305
Investment in joint venture	13	1,329,797	683,234
Investment in associated company	15	-	15,844,876
Intangible assets	17	5,872,442	6,657,681
Property, plant and equipment	18	20,782,133	18,400,856
Right-of-use assets	44	2,155,117	2,488,231
Reinsurance contracts	34	3,689,080	3,400,819
Retirement benefit assets	19	472,179	1,187,248
Deferred income taxes	20	1,980,237	1,005,526
Taxation recoverable	21	4,186,609	2,438,233
Other assets	22	18,143,511	11,990,780
TOTAL ASSETS		**527,990,704**	**490,694,573**

The accompanying notes on pages 135 – 228 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Stockholders' Equity Attributable to:			
Stockholders' of the Company			
Share capital	24	8,816,093	8,991,044
Other equity reserves	25	8,671,998	11,207,518
Capital redemption reserve		3,121,572	3,121,572
Special investment reserve		531,675	496,446
Loan loss reserve		(488,668)	(1,347,635)
Retained earnings reserve		5,327,140	4,565,904
Retained earnings		88,843,812	79,349,157
		114,823,622	106,384,006
Non-Controlling Interests	55	19,956,091	20,462,993
Total Equity		**134,779,713**	**126,846,999**
Liabilities			
Deposit and security liabilities	29	221,851,641	207,358,482
Loans payable	30	9,284,518	10,689,746
Deferred income taxes	20	2,169,101	2,493,349
Taxation payable		703,344	1,687,589
Retirement benefit obligations	19	5,780,581	3,706,366
Lease liabilities	44	2,521,790	2,780,860
Other liabilities	31	20,395,035	15,434,188
Policyholders' Funds			
Life and health insurance contracts liabilities	32	97,996,749	90,777,722
Investment contracts liabilities	33	19,356,485	17,430,421
Property and casualty insurance contracts and other policy liabilities	34	13,151,747	11,488,851
		130,504,981	119,696,994
Total Liabilities		**393,210,991**	**363,847,574**
TOTAL EQUITY AND LIABILITIES		**527,990,704**	**490,694,573**

Approved for issue by the Board of Directors on 25 February 2022 and signed on its behalf by:

Péter Melhado Chairman

Christopher Zacca Director

The accompanying notes on pages 135 – 228 form an integral part of these financial statements

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Revenue:			
Gross premium revenue	36	57,927,956	54,831,777
Insurance premium ceded to reinsurers	36	(5,143,366)	(4,452,618)
Net premium revenue	36	52,784,590	50,379,159
Interest income earned from financial assets measured at amortised cost and FVTOCI	37	23,720,382	22,749,903
Net gain on de-recognition of financial assets measured at amortised cost	37	3,292,396	1,172,382
Net gain on de-recognition of financial assets measured at FVTOCI	37	2,663,679	3,076,669
Income earned and capital net gains/(losses) from assets measured at FVTPL and other investment income	37	3,652,326	(2,022,302)
Investment income	37	33,328,783	24,976,652
Interest expense	37	(5,121,852)	(5,027,695)
Credit impairment losses	37/8	(245,288)	(1,694,349)
Net investment income	37	27,961,643	18,254,608
Hotel revenue	38	4,418,749	2,427,344
Fees and other income	39	17,395,697	13,511,711
Total revenue, net of reinsurance, interest expense and credit losses		102,560,679	**84,572,822**
Benefits:			
Insurance benefits incurred		36,429,580	34,068,218
Insurance benefits reinsured		(1,376,292)	(1,323,112)
Net insurance benefits	40	35,053,288	32,745,106
Net movement in actuarial liabilities	32(b)	4,279,198	(4,058,410)
Expenses:			
Administration expenses	41	24,421,497	21,794,562
Commissions and sales expenses	42	7,556,465	6,922,150
Hotel expenses	38	3,367,407	2,086,482
Depreciation and amortisation	17/18	2,719,286	2,870,006
Other taxes and levies	43(a)	830,767	746,827
		38,895,422	34,420,027
		78,227,908	**63,106,723**
Share of profit from joint venture	13	607,764	310,860
Impairment charge on Goodwill	17	(614,400)	(1,231,913)
Loss on disposal/dilution of interest in associate	15	(233,088)	(391,296)
Impairment loss on associate	15	-	(4,508,146)
Share of loss from associate	15	-	(5,467,297)
Profit before Taxation		**24,093,047**	**10,178,307**
Taxation	43(a)	(6,449,959)	(5,693,527)
NET PROFIT		**17,643,088**	**4,484,780**
Attributable to:			
Stockholders of the parent company	28/45	17,395,431	13,780,163
Non-controlling interests	55	247,657	(9,295,383)
		17,643,088	**4,484,780**
Earnings per stock unit for profit attributable to the stockholders of the parent company during the year:			
Basic and fully diluted	45	4.46	3.53

The accompanying notes on pages 135 – 228 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Net profit for the year		**17,643,088**	**4,484,780**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Fair value reserve:			
Unrealised net (losses)/gains on securities designated as FVTOCI		(2,397,323)	6,367,726
Share of joint venture and associate unrealized gains/(losses) on securities designated as FVTOCI		32,733	(15,626)
		(2,364,590)	6,352,100
Currency translation -			
Currency translation of foreign subsidiaries		2,168,923	1,789,222
Currency translation of associate and joint venture		6,066	2,141,734
Retranslation of foreign operations recycled on sale/ dilution of associate		(2,534,160)	(74,042)
		(359,171)	3,856,914
Gains recycled to the income statement on sale and maturity of FVTOCI securities		(1,726,068)	(2,881,119)
Provision for expected credit losses on securities designated as FVTOCI		32,450	451,314
Expected credit losses recycled to the income statement on sale and maturity of FVTOCI securities		(539,455)	(39,103)
Change in actuarial liabilities recognised in other comprehensive income	32 (b)	121,612	(742,148)
Share of fair value losses on interest rate swap recycled on sale/dilution of associate company	15	526,436	24,237
Share of fair value losses on interest rate swap of associate company		-	(140,616)
		(1,585,025)	(3,327,435)
Items that will not be subsequently reclassified to profit or loss			
Owner Occupied Property (OOP)			
Unrealised gains/(losses) on OOP		1,745,785	(1,758,219)
Share of unrealised losses on OOP of associate and joint venture		-	(245,447)
		1,745,785	(2,003,666)
Unrealised (losses)/gains on FVTOCI equities			(21,144)
Re-measurements of retirement benefits obligations	19	(1,934,186)	73,122
Re-measurements of retirement benefits obligations of associate		-	(2,799)
Total other comprehensive income recognised directly in stockholders' equity, net of taxes		(4,497,187)	4,927,092
Total Comprehensive Income		**13,145,901**	**9,411,872**
Attributable to:			
Stockholders of the parent company		12,992,803	18,354,711
Non-controlling interests		153,098	(8,942,839)
		13,145,901	**9,411,872**

Items in the statement above are stated net of taxes. The income tax relating to each component of other comprehensive income is disclosed in Note 43(c).

The accompanying notes on pages 135 – 228 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Reserves (Note 25)	Capital Redemption Reserve	Special Investment Reserve	Loan Loss Reserve	Retained Earnings Reserve	Retained Earnings	Equity Owners' Total	Non-controlling Interests Total	Grand Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at January 1, 2021		**8,991,044**	**11,207,518**	**3,121,572**	**496,446**	**(1,347,635)**	**4,565,904**	**79,349,157**	**106,384,006**	**20,462,993**	**126,846,999**
Profit for the year		-	-	-	-	-	-	17,395,431	17,395,431	247,657	17,643,088
Other comprehensive income, net of taxation		-	(2,518,114)	-	-	-	-	(1,884,514)	(4,402,628)	(94,559)	(4,497,187)
Total comprehensive income for the year		-	(2,518,114)	-	-	-	-	15,510,917	12,992,803	153,098	13,145,901
Transactions with owners -											
Employee stock option plan									-		-
- value of services provided	25	-	31,122	-	-	-	-	-	31,122	-	31,122
- options exercised/expired	25	-	(20,768)	-	-	-	-	-	(20,768)	-	(20,768)
Dividends	27	-	-	-	-	-	-	(4,331,349)	(4,331,349)	(660,000)	(4,991,349)
Treasury shares	26	(174,951)	-	-	-	-	-	(57,241)	(232,192)	-	(232,192)
Total transactions with owners		(174,951)	10,354	-	-	-	-	(4,388,590)	(4,553,187)	(660,000)	(5,213,187)
Transfers between reserves -											
To special investment reserve	2(o)	-	-	-	35,229			(35,229)	-	-	-
To retained earnings	2(o)	-	(27,760)	-	-	-	-	27,760	-	-	-
From loan loss reserves		-	-	-	-	858,967	-	(858,967)	-	-	-
To retained earnings reserves		-	-	-	-		761,236	(761,236)	-	-	-
Total transfers between reserves		-	(27,760)	-	35,229	858,967	761,236	(1,627,672)	-	-	-
Balance at December 31, 2021		**8,816,093**	**8,671,998**	**3,121,572**	**531,675**	**(488,668)**	**5,327,140**	**88,843,812**	**114,823,622**	**19,956,091**	**134,779,713**

The accompanying notes on pages 135 – 228 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Reserves (Note 25)	Capital Redemption Reserve	Special Investment Reserve	Loan Loss Reserve	Retained Earnings Reserve	Retained Earnings	Equity Owners' Total	Non-controlling Interests Total	Grand Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at January 1, 2020		8,848,274	6,886,530	3,121,572	463,413	(850,784)	3,949,667	68,832,882	91,251,554	29,672,714	120,924,268
Profit for the year		-	-	-	-	-	-	13,780,163	13,780,163	(9,295,383)	4,484,780
Other comprehensive income, net of taxation		-	4,462,563	-	-	-	-	111,985	4,574,548	352,544	4,927,092
Total comprehensive income for the year		-	4,462,563	-	-	-	-	13,892,148	18,354,711	(8,942,839)	9,411,872
Transactions with owners -											
Employee stock option plan											
- value of services provided	25	-	26,015	-	-	-	-	-	26,015	-	26,015
- options exercised/expired	25	-	(8,210)	-	-	-	-	-	(8,210)	-	(8,210)
Dividends	27	-	-	-	-	-	-	(3,304,558)	(3,304,558)	(251,549)	(3,556,107)
Treasury shares	26	142,770	-	-	-	-	-	(78,276)	64,494	-	64,494
Acquisition of Advantage General Insurance		-	-	-	-	-	-	-	-	(15,333)	(15,333)
Total transactions with owners		142,770	17,805	-	-	-	-	(3,382,834)	(3,222,259)	(266,882)	(3,489,141)
Transfers between reserves -											
To special investment reserve	2(o)	-	-	-	33,033	-	-	(33,033)	-	-	-
To retained earnings	2(o)	-	(159,380)	-	-	-	-	159,380	-	-	-
From loan loss reserves		-	-	-	-	(496,851)	-	496,851	-	-	-
To retained earnings reserves		-	-	-	-	-	616,237	(616,237)	-	-	-
Total transfers between reserves		-	(159,380)	-	33,033	(496,851)	616,237	6,961	-	-	-
Balance at December 31, 2020		8,991,044	11,207,518	3,121,572	496,446	(1,347,635)	4,565,904	79,349,157	106,384,006	20,462,993	126,846,999

The accompanying notes on pages 135 – 228 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Net profit		**17,643,088**	**4,484,780**
Adjustments for:			
Items not affecting cash and changes to policyholders' funds:			
Adjustments to reconcile net profit to net cash provided by operating activities	46a	(27,358,676)	(12,941,826)
Interest and dividends received		25,639,706	24,863,848
Interest paid		(5,016,176)	(5,097,414)
Income and asset taxes paid		(7,875,003)	(5,128,554)
Net cash generated from operating activities		**3,032,939**	**6,180,834**
Cash Flows from Investing Activities			
Proceeds from disposal of associated company	15	13,604,064	-
Proceeds from disposal of Investment Property, net	12	193,381	1,641,079
Acquisition of Property, plant and equipment	46c	(496,745)	(1,041,576)
Proceeds from disposal of property, plant and equipment		-	137,542
Purchase of intangible assets, net	17	(390,564)	(308,160)
Net cash generated from investing activities		**12,910,136**	**428,885**
Cash Flows from Financing Activities			
Deposits and securities liabilities excluding structured products	46b	4,866,676	18,298,952
Loan payable		(2,065,939)	(4,340,055)
Finance lease repayment		(525,324)	(469,842)
(Purchase)/disposal of treasury shares, net		(232,192)	64,494
Dividend paid to minority interests		(660,000)	(251,549)
Dividends paid to stockholders	27	(4,331,349)	(562,930)
Net cash (used in) generated from financing activities		**(2,948,128)**	**12,739,070**
Effect of exchange rate on cash and cash equivalents		1,653,173	681,659
Increase in cash and cash equivalents		14,648,120	20,030,448
Cash and cash equivalents at beginning of year		37,235,976	**17,205,528**
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**51,884,096**	**37,235,976**

The accompanying notes on pages 135 – 228 form an integral part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
Year ended 31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS:			
Cash resources	6	431,177	233,623
Financial investments	8	902,992	676,120
Pledged assets	11	439,997	557,800
Investment in subsidiaries	16	71,860,326	72,444,299
Investment in joint venture	13	414,267	414,267
Intangible assets	17	143,383	228,453
Property, plant and equipment	18	95,304	144,289
Deferred income taxes	20	225,674	222,825
Taxation recoverable	21	58,329	51,539
Other assets	22	929,810	819,030
TOTAL ASSETS		75,501,259	75,792,245
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Stockholders' Equity Attributable to Stockholders' of the Company			
Share capital	24	8,816,093	8,991,044
Equity reserves		28,413,677	28,300,910
Retained earnings		21,849,241	19,037,318
		59,079,011	56,329,272
Liabilities:			
Promissory notes	29	12,003,246	15,685,639
Other liabilities	31	4,419,002	3,777,334
Total Liabilities		**16,422,248**	**19,462,973**
TOTAL EQUITY AND LIABILITIES		**75,501,259**	**75,792,245**

Approved for issue by the Board of Directors on 25 February 2022 and signed on its behalf by:

Peter Melhado Chairman **Christopher Zacca** Director

The accompanying notes on pages 135 – 228 form an integral part of these financial statements

COMPANY STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Revenue:			
Investment income	37	8,309,377	1,878,236
Interest and net investment expense	37	(309,709)	(345,008)
Net Investment Income	37	7,999,668	1,533,228
Management fees	39	43,215	226,275
Other income	39	54,983	37,909
Total revenue, net of interest and other investment expense		**8,097,866**	**1,797,412**
Expenses:			
Administration expenses	41	813,138	620,940
Depreciation	18	57,272	89,094
Amortisation of intangible assets	17	85,070	250,420
		955,480	**960,454**
Profit before Taxation:		7,142,386	836,958
Taxation	43(a)	886	73,193
NET PROFIT		7,143,272	**910,151**
Other Comprehensive Income, net of taxes:			
Unrealised gains on FVTOCI		(5,872)	92
Total Comprehensive Income		**7,137,400**	**910,243**

The accompanying notes on pages 135 – 228 form an integral part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Reserves (Note 25)	Retained Earnings	Grand Total
		$'000	$'000	$'000	$'000
Balance at 31 December 2019		8,848,274	28,283,013	21,431,725	58,563,012
Profit for the year		-	-	910,151	910,151
Other comprehensive income, net of taxation		-	92	-	92
Total comprehensive income for the year		-	92	910,151	910,243
Dividends paid to owners of parent	27	-	-	(3,304,558)	(3,304,558)
Transfer of treasury shares	26	397,682	-	-	397,682
Purchase of treasury shares	26	(254,912)	-	-	(254,912)
Employee stock options		-	17,805	-	17,805
		142,770	17,805	(3,304,558)	(3,143,983)
Balance at 31 December 2020		8,991,044	28,300,910	19,037,318	56,329,272
Profit for the year		-	-	7,143,272	7,143,272
Other comprehensive income, net of taxation		-	(5,872)	-	(5,872)
Total comprehensive income for the year		-	(5,872)	7,143,272	7,137,400
Dividends paid to owners of parent	27	-	-	(4,331,349)	(4,331,349)
Transfer of treasury shares	26	208,827	-	-	208,827
Transfer to retained earnings			108,285		108,285
Purchase of treasury shares	26	(383,778)	-	-	(383,778)
Employee stock options	26	-	10,354	-	10,354
		(174,951)	112,767	2,811,923	2,749,739
Balance at 31 December 2021		**8,816,093**	**28,413,677**	**21,849,241**	**59,079,011**

The accompanying notes on pages 135 – 228 form an integral part of these financial statements

COMPANY STATEMENT OF CASH FLOWS
Year ended 31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021	2020
		$'000	$'000
Net profit		**7,143,272**	**910,151**
Adjustments for:			
Items not affecting cash and changes to policyholders' funds:			
Adjustments to reconcile net profit to net cash provided by operating activities	46	(7,702,417)	(1,859,273)
Interest and dividend received		8,305,015	1,872,489
Interest paid		(297,306)	(28,378)
Net cash generated from operating activities		**7,448,564**	**894,989**
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	18	(8,375)	(22,434)
Cash received on reorganisation		14,370	-
Purchase of intangible assets	18	-	(24,989)
Net cash generated from/(used in) investing activities		**5,995**	**(47,423)**
Cash Flows from Financing Activities			
Securities liabilities		(3,023,377)	-
(Purchase)/disposal of treasury shares		(174,951)	142,767
Dividends paid to stockholders	32	(4,331,349)	(562,930)
Net cash used in financing activities		**(7,529,677)**	**(420,163)**
Effect of exchange rate on cash and cash equivalents		-	6,459
(decrease)/Increase in cash and cash equivalents		(75,118)	433,862
Cash and cash equivalents at beginning of year		**849,257**	**415,395**
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**774,139**	**849,257**

The accompanying notes on pages 135 – 228 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(a) Sagicor Group Jamaica Limited (SGJ, the company) is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. It is 32.45% (2020 – 32.45%) owned by LOJ Holdings Limited (LOJH) which is also incorporated and domiciled in Jamaica and 16.66% owned by Sagicor Life Inc. (SLI) which is domiciled in Barbados. Both LOJH and SLI are wholly owned by Sagicor Financial Company Limited (Sagicor), the ultimate parent company, which is incorporated and domiciled in Bermuda. Sagicor has an overall interest of 49.11% (2020 – 49.11%) in the company. The other significant shareholder in SGJ is PanJam Investment Limited with a 30.21% (2020 – 30.22%) holding.

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

(b) The company, its subsidiaries, joint venture and associate all have co-terminous year ends. The company's subsidiaries, joint venture and associate, which together with the company are referred to as "the Group", are as follows:

Subsidiaries, Joint Venture and Associate	Principal Activities	Incorporated In	Holdings
• Sagicor Life Jamaica Limited	Life insurance, health insurance annuities, retirement products, pension administration and investment services	Jamaica	100%
• Bailey Williams Limited	Real estate development	Jamaica	70%
• Sagicor Investments Jamaica Limited	Investment banking	Jamaica	100%
• Phoenix Equity Holdings Limited	Holding Company	Barbados	100%
• Advantage General Insurance Company Limited	General insurance	Jamaica	60%
• Sagicor Bank Jamaica Limited	Commercial banking	Jamaica	100%
• Grupo Sagicor G.S., G.A. and subsidiary	Group insurance and general insurance	Costa Rica	50%
• Sagicor Re Insurance Ltd.	Property and casualty insurance (captive)	Grand Cayman	100%
• Employee Benefits Administrator Limited	Pension administration services	Jamaica	100%
• Sagicor Property Services Limited	Property management, real estate sales and rentals	Jamaica	100%
• Sagicor Pooled Investment Funds Limited	Pension fund management	Jamaica	100%
• Sagicor Insurance Brokers Limited	Insurance brokerage	Jamaica	100%
• Sagicor International Administrators Limited	Group insurance administration	Jamaica	100%
• Sagicor Real Estate X Fund Limited (i)	Real estate investment	St. Lucia	29.31%
• X Fund Properties Limited	Hospitality and real estate investment	Jamaica	100%
• X Fund Properties LLC	Hospitality	USA	100%
• Jamziv MoBay Jamaica Portfolio Limited (JAMZIV)	Holding Company	Jamaica	60.81%
• Travel Cash Jamaica Limited	Microfinance	Jamaica	51%
• Sagicor Cayman Limited	Holding Company	Grand Cayman	100%
• Sagicor Investments (Cayman) Ltd.	Investment banking	Grand Cayman	100%
• Sagicor Life of the Cayman Islands Ltd.	Life insurance	Grand Cayman	100%
• Sagicor Insurance Managers Limited	Captives management	Grand Cayman	100%

(i) Sagicor Real Estate X Fund Limited owns 51.86% of Jamziv Montego Bay Portfolio Jamaica Limited, (Jamziv Jamaica Limited) and X Fund Properties Limited owns 8.95%. Together Sagicor X Fund Group owns 60.81% of Jamziv Jamaica Limited, which in turn held 14.87% of Playa which was subsequently fully disposed of in January 2021.

(ii) Sagicor Securities Jamaica Limited, a wholly owned subsidiary of Sagicor Group Jamaica Limited was wound up on May 1, 2021. Refer to note 16.

All other shareholdings remained the same as prior year.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of 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 and comply with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and have been prepared under the historical cost convention as modified by the revaluation of fair value through other comprehensive income (FVTOCI) 'securities, derivatives, investment property, certain property, plant and equipment, defined benefit pension plans where plan assets are measured at fair value and financial assets and liabilities at fair value through profit or loss (FVTPL).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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 Group has assessed the relevance of all such new interpretations and amendments, and has adopted the following, which are relevant to its operations.

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions, (effective for annual periods beginning on or after 1 June 2020). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. There was no impact to the Group on adoption of this amendment.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

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 Group has not early adopted. The Group 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:

IFRS 17, 'Insurance contracts', (effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4 which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The standard requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of discount probability–weighted cash flows, an explicit risk adjustment, and a contract service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. This IFRS provides a common global insurance accounting standard leading to consistency in recognition, measurement, presentation and disclosure. The standard applies to annual periods beginning on or after 1 January 2023.

IFRS 17 requires a number of key changes compared with current accounting policies for insurance. Under IFRS 17 the estimated future profit will be included in the measurement of the insurance contract liability as the contractual service margin ('CSM') and this will be gradually recognised in revenue as services are provided over the duration of the insurance contract. Directly attributable costs will be incorporated in the CSM and, as recognised, will be presented as a deduction to reported revenue. This will result in a reduction in reported operating expenses. While the profit over the life of an individual contract will be largely unchanged, its emergence will be later under IFRS 17. IFRS 17 requires the increased use of current market values in the measurement of insurance assets and liabilities. Additionally, the treatment of the CSM liability will reduce both tangible and overall equity, however the Group expects that the CSM will be considered as equity for the purposes of measuring regulatory solvency.

The Group is in the process of implementing IFRS 17, and industry practice and interpretation of the standard continue to develop. Additionally, the impact on the forecast future returns of the Group's insurance business is dependent on the growth, duration and composition of the insurance contract portfolio. Therefore, the likely financial impact of this implementation remains uncertain.

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after 1 January 2022). 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 Group is currently assessing the impact of future adoption of the new standard on its financial statements.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in the income statement. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim 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 will be no impact to the Group 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). These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Group is currently assessing the impact of future adoption of the amendment on its financial statements.

Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient, (effective for annual periods beginning on or after 1 April 2021). On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. There will be no impact to the Company on adoption of this amendment.

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation

Subsidiaries
Subsidiaries are entities over which the Group has control. The Group has control over an entity when the Group is exposed to the variable returns from its ownership interest in the entity and when the Group can affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group, and subsidiaries are de-consolidated from the date on which control ceases.

All material intra-group balances, transactions and gains are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group uses the acquisition method of accounting when control over entities and insurance businesses is obtained by the Group. The cost of an acquisition is measured as the fair value of the identifiable assets given, the equity instruments issued and the liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. Acquisition-related costs are expensed as incurred.

The excess of the cost of the acquisition, the non-controlling interest recognised and the fair value of any previously held equity interest in the acquiree, over the fair value of the net identifiable assets acquired is recorded as goodwill. If there is no excess and there is a shortfall, the Group reassesses the net identifiable assets acquired. If after reassessment, a shortfall remains, the acquisition is deemed to be a bargain purchase and the shortfall is recognised in income as a gain on acquisition (negative goodwill). Any non-controlling interest balances represent the equity in a subsidiary not attributable to the Group's interests.

On an acquisition by acquisition basis, the Group recognises at the date of acquisition the components of any non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's net identifiable assets. The latter option is only available if the non-controlling interest component is entitled to a proportionate share of net identifiable assets of the acquiree in the event of liquidation.

Non- controlling interest balances are increased/decreased by the non-controlling interest's proportionate share of changes in equity after the date of acquisition. Investments in subsidiaries are stated in the company's financial statements at cost less impairment.

(i) Change in ownership interests in subsidiaries without change in control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(ii) Associates and Joint Ventures
The investments in associated companies where significant influence exists, are included in these consolidated financial statements under the equity method of accounting. Investments in associated companies and joint ventures are originally recorded at cost and include intangible assets identified on acquisition. The Group recognises in income its share of associate and joint venture companies' post acquisition income and its share of the amortisation and impairment of intangible assets which were identified on acquisition. Unrealised gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. The Group recognises in other comprehensive income, its share of post acquisition other comprehensive income.

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(iii) Pension and investment funds

Insurers have issued deposit administration and units linked contracts in which full return of the assets supporting these contracts accrues directly to the contract-holders. As these contracts are not operated under separate legal trusts, they have been consolidated in these financial statements.

The Group also manages a number of segregated pension funds, mutual funds and unit trusts. These funds are segregated and investment returns on these accrue directly to the unit-holders. The assets, liabilities and activity of these funds are not included in these consolidated financial statements unless the Group is acting as principal and has significant exposure to variable returns.

(iv) Employees share ownership plans (ESOP)

The Group operates two ESOP Trusts which acquire SGJ shares on the open market. The Trusts hold the shares on behalf of employees. Until transfer to employees, shares held by the Trusts are accounted for as treasury shares. All dividends received by the Trusts are applied towards the future purchase of Sagicor Group Jamaica Limited shares.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Group's President and CEO.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is the company's functional currency.

(ii) Transactions and balances

Transactions denominated in a foreign currency or transactions 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 financial instruments 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 Group trades in foreign currency.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in the income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments and when part of shadow accounting. 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 FVTOCI 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 the carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial instruments, such as equities held at FVTPL, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as FVTOCI financial assets, are included in the fair value reserve in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of stockholders' equity in the currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations is taken to stockholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and balances at Central Banks (excluding statutory reserves), bank balances, investment securities, reverse repurchase agreements and bank overdrafts.

(f) Financial assets

(i) Classification of financial assets

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 FVTOCI 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 FVTOCI or at FVTPL. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provision of the instrument. Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Classification of debt instruments

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories.

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

(i) Classification of financial assets (continued)

Classification of debt instruments (continued)
Measured at amortised cost
Debt instruments 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 (SPPI), such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

Measured at FVTOCI
Financial assets that are held for collection of contractual cash flows and for selling the assets, where cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVTOCI. Movement in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instruments carrying value, which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity, through OCI, to profit or loss and recognised as part of net investment income. Interest income from these financial assets is included in interest income using the effective interest rate method.

Measured at FVTPL
Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. Interest income on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised and presented in the profit o loss within "Income earned and capital gains from assets measured at FVTPL and other investment income' in the period earned. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

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. Derivatives are also classified as held for trading unless designated as hedges. Assets held for trading are measured at FVTPL.

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

- The past experience on how the cash flows of these assets were collected;
- How the asset's performance is evaluated and reported to key management;
- How risks are assessed and managed and how managers are compensated;
- How the Group intends to generate profits from holding a portfolio of assets; and
- The historical and future expectations of asset sales within a portfolio.

SPPI
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows are SPPI. In making this assessment, the Group 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 asset is classified and measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

(i) Unit linked funds fair value model
The Group's liabilities include unit linked funds which are components of insurance contracts issued or unit linked investment contracts issued with terms that the full investment return earned on the backing assets accrue to the contract-holders. As these liabilities are accounted for at FVTPL, the financial assets backing these liabilities are consequently classified as and measured at FVTPL. This eliminates any accounting mismatch. The time to maturity of the short term deposits and securities purchased under resale agreements result in the carrying amount approximating to fair value.

(ii) Embedded derivatives
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

(iii) Impairment of financial assets measured at amortised cost and FVTOCI
IFRS 9 requires the recognition of expected credit losses ("ECL") on financial assets measured at amortised cost and FVTOCI and off-statement of financial position loan commitments and financial guarantees.

At initial recognition, an 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').

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 SICR are in 'stage 2'; and financial assets for which there is objective evidence of impairment and are therefore 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 Group 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 delinquency, an adverse change in the 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.

(iv) Purchased or originated credit-impaired assets
Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. Theses financial assets are credit-impaired on initial recognition. The Group calculates the credit adjusted effective interest rate, which is calculated based on the fair value at origination of the financial asset instead of its gross carrying amount and incorporates the impact of ECLs in estimated future cash flows. This rate is used to calculate interest revenue and amortised cost. Their ECL is always measured on a lifetime basis, but they do not carry a day-1 loss.

(v) Definition of default
The Group determines that a financial instrument is in default, 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.

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

(vi) 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.

(vii) 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; and
- 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

ECLs 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. The Group has calculated these inputs based on the estimated forward looking economic and 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. For ECL provisions modelled on a collective basis, provisioning is done based on groupings of exposures 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 periodically during the year. 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.

One key difference between Stage 1 and Stage 2 ECL is the respective PD horizon. Stage 1 and Stage 2 ECLs also incorporate different exposures at default which is based on the amortizing schedule for non-revolving assets. 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 exposures, however, these processes have been updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. An ECL estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating ECL. The measurement of ECLs for each stage and the assessment of SICR 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.

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2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

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

Measurement (continued)

For a revolving commitment, the Group 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 ECLs 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 requires 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 ECL calculation has forecasts of the relevant macroeconomic variables – including, but not limited to, unemployment rates and gross domestic product, for a period up to three years, subsequently reverting to long-run averages. Management's estimation of ECL in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Management's base case scenario is based on macroeconomic forecasts that are publicly available. Upside and downside scenarios are set relative to management's base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios occurs on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted according to our best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on a quarterly basis. The base scenario reflects the most likely outcome and is assigned with the highest weighting.

The weightings assigned to each economic scenario were as follows:

	Base	Upside	Downside
December 31, 2020:			
Sagicor Group Jamaica - Investments portfolios	80%	10%	10%
Sagicor Group Jamaica – Other lending portfolios	75%	10%	15%
Sagicor Group Jamaica – Tourism & Entertainment lending portfolios	65%	10%	25%
December 31, 2021:			
Sagicor Group Jamaica - investments portfolios	80%	10%	10%
Sagicor Group Jamaica – Other lending portfolios	75%	10%	15%
Sagicor Group Jamaica – Tourism & Entertainment lending portfolios	65%	10%	25%

Impairment on financial assets measured at amortised cost and FVTOCI are recognised in profit or loss. For FVTOCI debt instruments, an amount equal to the impairment recognised in profit or loss, is also recognised in OCI. Unrealised gains and losses arising from changes in fair value on FVTOCI assets are recognized in OCI. When a FVTOCI debt instrument is sold, the cumulative gain or loss and the cumulative provision for ECL previously recognised in OCI are reclassified to profit or loss as part of net gain on de-recognition of financial assets measured at FVTOCI.

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets(continued)

(viii) Interest income and interest earned on assets measured at FVTPL

Interest income is earned based on the interest rate before allowances. Interest earned on assets measured at FVTPL 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 interest rate.

(ix) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay; or
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan; or
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate; or
- Change in the currency the loan is denominated in; or
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the group derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk. At this point the Group will assess if the asset is POCI.

(g) Investment properties

Investment property consists of freehold land and freehold properties which are held for rental income and/or capital appreciation.

Investment property is recorded initially at cost. In subsequent financial years, investment property is recorded at fair values determined by independent valuers, with the appreciation or depreciation in value being taken to investment income. Transfers to or from investment property are recorded when there is a change in use of the property. Transfers to owner-occupied property or to real estate developed for resale are recorded at the fair value at the date of change in use. Transfers from owner-occupied property are recorded at their fair value at the date of change in use.

Investment property may include property of which a portion is held for rental to third parties and the other portion is occupied by the Group. In such circumstances, the property is accounted for as an investment property if the Group's occupancy level is not significant in relation to the total available occupancy. Otherwise, it is accounted for as owner-occupied. Rental income is recognised on an accrual basis.

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2. Summary of Significant Accounting Policies (Continued)

(h) Leases

(i) The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 6 months to 8 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. Where these exist, the Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

I. where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
II. uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Sagicor Life Jamaica Limited, which does not have recent third party financing; and
III. makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

i. the amount of the initial measurement of lease liability;
ii. any lease payments made at or before the commencement date less any lease incentives received
iii. any initial direct costs; and
iv. restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2. Summary of Significant Accounting Policies (Continued)

(h) Leases (continued)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of land and buildings, management has included various extension options in the lease liability, as relocating from existing locations would be onerous.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(i) Acceptances, guarantees, indemnities, letter of credit and undertakings

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:
(i) The amount of the loss allowance; and
(ii) The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contract that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the ECLs on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, the ECLs are recognised as a provision.

(j) Provision for credit losses determined under the Bank of Jamaica regulatory requirements

The effect of the provision for credit losses determined under the Bank of Jamaica regulatory requirements is to preserve capital. No amounts are booked to the income statement in respect of regulatory provisions. Provisions calculated based on regulatory requirements that exceed the amounts required under IFRS are transferred from retained earnings to a non-distributable loan loss reserve in stockholders' equity.

The provision for credit losses determined under the Bank of Jamaica regulatory requirements comprises a "specific provision", a "special provision" and a "general provision". The specific and special provisions are determined based on each specific loan for which problems have been identified. The general provision is considered to be prudential in nature and is established to absorb portfolio losses.

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2. Summary of Significant Accounting Policies (Continued)

(j) Provision for credit losses determined under the Bank of Jamaica regulatory requirements (continued)

The specific provision is established for the estimated net loss for all non-performing loans and performing loans that meet specified criteria. Loans are considered to be non-performing where a principal or interest payment is contractually 90 days or more in arrears. At the time of classification as non-performing, any interest that is contractually due but in arrears is reversed from the income statement and interest is thereafter recognised in the income statement on the cash basis only. The estimated net loss is defined as the net exposure remaining after deducting the estimated net realisable value of the collateral (as defined by and determined by the regulations) from the outstanding principal balance of the loan. The regulations quantify the specific provision at ranges from 20% to 100% of the estimated net loss of each non-performing loan depending on the length of time the loan has been in arrears. In addition, where a non-performing loan is fully secured but the collateral is unrealised for a period of 12 months, a provision of 50% of the amounts outstanding should be made. Where the collateral is unrealised for a further 6 months (with limited exceptions which allow for up to a further 15 months) a full provision is made. The regulations further require that the specific provision for each loan should not be less than 1% of the amounts outstanding.

In respect of loans that are considered sub-standard for reasons other than being non-performing, a special provision is established for the greater of 1% of the amounts outstanding or 20% of the estimated net loss. A general provision is established for all loans (other than loans for which specific and special provisions were established) at 1% of the amounts outstanding.

(k) Property, plant and equipment

Freehold land and buildings owned and used by the Group are treated as owner-occupied properties. These properties are stated at their fair values based on valuations by external valuers, less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation.

Increases in the carrying amounts arising from the revaluation of owner-occupied properties are included in the owner-occupied properties fair value reserve. Decreases that offset previous increases of the same asset are charged against the owner-occupied properties fair value reserve. All other reductions are taken directly to the income statement.

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. Annual depreciation rates are as follows:

Freehold buildings	2.5%
Leasehold improvements	Period of lease, not to exceed ten years
Computer equipment	20 - 33⅓%
Furniture	10%
Other equipment	15- 50%
Motor vehicles	20%
Land is not depreciated	

2. Summary of Significant Accounting Policies (Continued)

(k) Property, plant and equipment (continued)
Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the profit or loss when the expenditure is incurred. On disposal of revalued assets, the revaluation amounts are transferred to retained earnings.

(l) Real estate developed for sale
Construction in progress for resale is classified as real estate held for resale and are accounted for in accordance with IAS 2, Inventory. They are valued at the lower of cost and net realisable value. Gains and losses realised on the sale of real estate are included in revenue at the time of sale.

(m) Intangible assets

(i) Goodwill
Goodwill arises on the acquisition of subsidiaries or associates and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, as, in the case of a bargain purchase, the difference is recognised as negative goodwill directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

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

(iii) 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.

(iv) Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their expected useful life of three years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development team's employee costs and an appropriate portion of relevant overheads. All other costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

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 grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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2. Summary of Significant Accounting Policies (Continued)

(n) Employee benefits
The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(i) Pension obligations
A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The Group pays contributions to privately administered pension plans on a contractual basis. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are charged to the income statement in the period to which they relate.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define 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, together with adjustments for past service costs. 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 sovereign 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 charged or credited to OCI in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

(ii) Other post-retirement benefit obligations
The Group provides supplementary health, dental and life insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based 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 the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(iii) Annual leave
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year-end date.

2. Summary of Significant Accounting Policies (Continued)

(n) Employee benefits (continued)

(iv) Share-based compensation
The Group operates equity-settled, share-based compensation plans namely; Long-term Incentive Plan (LTI) and Staff Share Purchase Plan (SSPP).

Share options
Senior Executives of the Group participate in a Long-term Incentive Plan (LTI) for Share Options. Shares are purchased on the market and held in trust by the LTI Trust until they are transferred to Executives. 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 Group 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 equity reserve for share based compensation over the remaining vesting period. Proceeds received net of any directly attributable transaction costs are paid to the trust on transfer of share options being exercised. Any cost to the Group beyond the exercise price of the options is reported in equity as provided for under IFRS 2.

Share grants
Senior Executives of the Group participate in a Long-term Incentive Plan for stock grants. Grants earned have a vesting period of four years after which they will expire. The market value of the shares issued at grant date is recognised as an expense in the measurement year to which the grants relate.

Share purchase plan
Non – Executive employees of the Group are eligible to purchase shares in the Sagicor Group Jamaica Limited at a discount under a share purchase plan.

(v) Bonus Plans
Annual Incentives Plan for Bonus
Senior Executives of the Group participate in an Annual Incentive plan for bonus which is paid on company and individual performance against a balanced score card.

Productivity bonus
The Group recognises a liability and an expense for productivity bonuses as profit-sharing, paid to Non- Executive administrative staff based on a formula that takes into consideration the net profit for the period. The Group recognises a provision where contractually obliged or where past practice has created a constructive obligation.

(vi) Termination benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary separation. Benefits falling due more than twelve months after the year end date are discounted to present value.

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2. Summary of Significant Accounting Policies (Continued)

(o) Share capital, reserves and transfers
Share Capital
Shares are classified as equity when there is no obligation to transfer cash or other assets.

(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) Mandatorily redeemable preference shares are classified as liabilities.

(iii) Dividends on ordinary shares are recognised in stockholders' equity in the period in which they are approved by the company's Board of Directors.

Dividends for the year that are declared after the year end date are dealt with in the subsequent events note.

(iv) Treasury Stock
Sagicor Group Jamaica Limited shares held by Group member companies or the Long-term Incentive Trust (LTI) and Staff Share Purchase Trust (SSPP) are carried as treasury stock on consolidation and reported in stockholders' equity.

(v) Reserve and transfers
Special investment reserve
Unrealised gains on investment properties are recorded in the income statement under IFRS. Regulatory reserve requirements are met through the following:

- Net unrealised gains brought forward at the beginning of each year are transferred to the special Investment reserve from retained earnings at 10%.
- Net unrealised gains earned during the year are transferred from retained earnings to the special investment reserve at 10%.

Transfers to retained earnings
Unrealised gains on certain quoted equities were recorded in the investment and fair value reserves under IFRS. Regulatory reserve requirements are met by transferring the following:

- Net unrealised gains brought forward at the beginning of each year are transferred from the investment and fair value reserves to retained earnings at 25%.
- Net unrealised gains earned during the year are transferred from the investment and fair value reserves to the retained earnings at 25%.

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2. Summary of Significant Accounting Policies (Continued)

(p) Financial liabilities

(i) Classification
Financial liabilities are measured at initial recognition at fair value and are classified as and subsequently measured either at amortised cost, or at 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 are classified and measured at FVTPL as the Group 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. Derivative financial liabilities are carried at FVTPL. All other financial liabilities are carried at amortised cost. Financial liabilities measured at FVTPL do not have a cumulative own credit adjustment gain or loss.

During the ordinary course of business, the Group issues investment contracts or otherwise assumes financial liabilities that expose the Group to financial risk. The recognition and measurement of the Group's principal types of financial liabilities are disclosed in the following paragraphs.

Deposit liabilities
Deposits are recognised initially at fair value and are subsequently measured at amortised cost using the effective yield method plus or minus transaction costs.

Loans and other debt obligations
Loans and other debt obligations are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, obligations are 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 loan obligations using the effective yield method.

Obligations undertaken for the purposes of financing operations and capital support are classified as loans payable and associated cost classified as finance costs. Loan obligations undertaken for the purposes of providing funds for on-lending, leasing or portfolio investments are classified as deposit and security liabilities and the associated cost is included in interest expense.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Structured products
Structured products are recognised initially at the nominal amount when funds are received. Derivatives are separately accounted for at FVTPL. The non-derivative elements are stated at amortised cost using the effective interest method.

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts

(i) Classification (continued)
The Group issues policy contracts that transfer insurance risk and/or financial risk from the policyholder.

The Group defines insurance risk as an insured event that could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transaction.

Insurance contracts transfer insurance risk and may also transfer financial risk. Once a contract has been classified as an insurance contract, it remains an insurance contract for its duration, even if the insurance risk reduces significantly over time. Investment contracts transfer financial risk and no significant insurance risk. Financial risk includes credit risk, liquidity risk and market risk.

A reinsurance contract is an insurance contract in which an insurance entity cedes assumed risks to another insurance entity.

(ii) Recognition and measurement
Insurance contracts and investment contracts issued by the Group are summarised below:

(1.1) Property and casualty insurance contracts
Property and casualty insurance contracts are generally one-year renewable contracts issued by the insurer covering insurance risks over property, accident and liability. Property insurance contracts provide coverage for the risk of property damage or of loss of property. Commercial property, homeowners' property and certain marine property are common types of risks covered. For commercial policyholders insurance may include coverage for loss of earnings arising from the inability to use property which has been damaged or lost. Casualty insurance contracts provide coverage for the risk of causing physical harm or financial loss to third parties. Personal accident, employers' liability, public liability, product liability and professional indemnity are common types of casualty insurance.

Written premiums are recognised when due. Premium revenue is recognised as earned on a pro-rated basis over the term of the respective policy coverage. If alternative insurance risk exposure patterns have been established over the term of the policy coverage, then premium revenue is recognised in accordance with the risk exposure. The provision for unearned premiums represents the portion of premiums written relating to the unexpired terms of coverage.

Claims and loss adjustment expenses are recorded as incurred. Claim reserves are established for both reported and un-reported claims. Claim reserves represent estimates of future payments of claims and related expenses less anticipated recoveries with respect to insured events that have occurred up to the date of the financial statements.

An insurer may obtain reinsurance coverage for its property and casualty insurance risks. The reinsurance ceded premium is expensed on a pro-rata basis over the term of the respective policy coverage or of the reinsurance contract as appropriate. Reinsurance claim recoveries are established at the time of the recording of the claim liability and are computed on a basis which is consistent with the computation of the claim liability. Profit sharing commission due to the Group is accrued as commission income when there is reasonable certainty of earned profit.

Commissions are recognised on the same basis as premiums earned. At the date of the financial statements, commissions attributable to unearned premiums are recorded as deferred policy acquisition costs. Profit sharing commission payable to reinsurers by the Group arises from contracts between an insurer and a broker; it is accrued on an aggregate basis and it is adjusted to actual in respect of each individual contract when due.

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(ii) Recognition and measurement (continued)

(1.2) Health insurance contracts -
Health insurance contracts are generally one-year renewable contracts issued by the insurer covering insurance risks for medical expenses of insured persons.

Premium revenue is accrued when due for contracts where the premium is billed monthly. For contracts where the premium is billed annually or semi-annually, premium revenue is recognised as earned on a pro-rata basis over the term of the respective policy coverage. The provision for unearned premiums represents the portion of premiums written relating to the unexpired terms of coverage.

Claims are recorded on settlement. Reserves are recorded as described in Note 2(r).

An insurer may obtain reinsurance coverage for its health insurance risks. The reinsurance ceded premium is expensed on a pro-rata basis over the term of the respective policy coverage or of the reinsurance contract as appropriate.

Commissions payable are recognised on the same basis as premiums earned.

(1.3) Long-term traditional insurance contracts
These contracts are traditional participating and non-participating policies. The Group's participating policies do not have a discretionary participation feature as the amount of additional benefits is not paid at the discretion of the Group.

Long-term traditional insurance contracts are generally issued for fixed terms of five years or more, or for the remaining life of the insured. Benefits are typically a death, disability or critical illness benefit, a cash value on termination and/or a monthly annuity. Annuities are generally payable until the death of the beneficiaries with a provision for a minimum number of payments. Other benefits such as disability and waiver of premium on disability may also be included in these contracts. Some contracts may allow for the advance of policy loans to the policyholder and may also allow for dividend withdrawals by the policyholder during the life of the contract.

Premium revenue is recognised when due. Typically, premiums are fixed and are required to be paid within the due period for payment. If premiums are unpaid, either the contract may terminate, an automatic premium loan may settle the premium, or the contract may continue at a reduced value.

Policy benefits are recognised on the notification of death, disability or critical illness, on the termination or maturity date of the contract, on the declaration of a cash bonus or dividend or on the annuity payment date. Policy loans advanced are recorded as financial investments (investments at amortised cost) in the financial statements and are secured by the cash values of the respective policies. Policy bonuses may be "non-cash" and utilised to purchase additional amounts of insurance coverage. Accumulated cash bonuses and dividends are recorded as interest bearing policy balances.

Reserves for future policy liabilities are recorded as described in Note 2(r).

An insurer may obtain reinsurance coverage for death benefit insurance risks. Typically, coverage is obtained for individual coverage exceeding prescribed limits. The reinsurance premium is expensed when due, which generally coincides with when the policy premium is due. Reinsurance claim recoveries are established at the time of claim notification. Commissions payable is recognised on the same basis as earned premiums.

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2. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(ii) Recognition and measurement (continued)

(1.4) Long-term universal life and unit linked insurance contracts
Universal life and unit linked insurance contracts are generally issued for fixed terms or for the remaining life of the insured. Benefits are typically a death, disability or critical illness benefit, a cash value on termination and/or a monthly annuity. Annuities are generally payable until the death of the beneficiaries with a proviso for a minimum number of payments. Benefits may include amounts for disability or waiver of premium on disability.

Universal life and unit linked contracts have either an interest-bearing investment account and/or unit linked investment accounts. Either gross premiums or gross premiums net of allowances are deposited to the investment accounts. Investment returns are credited to the investment accounts and expenses, not included in the aforementioned allowances, are debited to the investment accounts. Interest bearing investment accounts may include provisions for minimum guaranteed returns or returns based on specified investment indices. Allowances and expense charges are in respect of applicable commissions, cost of insurance, and administrative expenses. Fund withdrawals may be permitted.

Premium revenue is recognised when due and consists of all monies received from the policyholders. Typically, premiums are fixed at the inception of the contract or periodically thereafter, but additional non-recurring premiums may be paid. Policy benefits are recognised on the notification of death, disability or critical illness, on the receipt of a withdrawal request, on the termination or maturity date of the contract, or on the annuity payment date. Reserves for future policy liabilities are recorded as described in Note 2(r).

An insurer may obtain reinsurance coverage for death benefit insurance risks. Typically, coverage is obtained for individual coverage exceeding prescribed limits. The reinsurance premium is expensed when due, which generally coincides with when the policy premium is due. Reinsurance claims recoveries are established at the time of claim notification.
Commissions are generally recognised only on settlement of premiums.

(iii) Liability adequacy test
At each year end date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities, using current estimates of the related expected future cash flows. If a test indicates that the carrying value of insurance contract liabilities is inadequate, then the liabilities are adjusted to correct the deficiency. The deficiency is included in the income statement under benefits.

(iv) Deposit administration and other investment contracts
Deposit administration contracts are issued by an insurer to registered pension schemes for the deposit of pension plan assets with the insurer.

Deposit administration liabilities are recognised initially at fair value and are subsequently stated at:
- amortised cost where the insurer is obligated to provide investment returns to the pension scheme in the form of interest; or
- FVTPL where the insurer is obligated to provide investment returns to the pension scheme in direct proportion to the investment returns on specified blocks of assets.

Deposit administration contributions are recorded directly as liabilities. Withdrawals are deducted directly from the liability. The interest or investment return provided is recorded as an interest expense. In addition, the Group may provide pension administration services to the pension schemes. The Group earns fee income for both pension administration and investment services.

Other investment contracts are recognised initially at fair value and are subsequently stated at amortised cost and are accounted for in the same manner as deposit administration contracts which are similarly classified.

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(v) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), as well as longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost.

Actuarial liabilities arising from reinsurance are included as an insurance contract liability.

(r) Actuarial liabilities

(1.1) Life insurance and annuity contracts

The determination of actuarial liabilities of long-term insurance contracts has been done using the Policy Premium Method (PPM) of valuation. Under this method, explicit allowance is made for all future benefits and expenses under the policies and expected earned investment income. The premiums, benefits and expenses for each policy are projected and the resultant future cash flows are discounted back to the valuation date to determine the reserves. The actuarial liabilities of health insurance policies and annual renewable group mortgage policies are estimated, in respect of claims that have been incurred but not yet reported or settled.

The process of calculating life insurance and annuity actuarial liabilities for future policy benefits necessarily involves the use of estimates concerning such factors as mortality and morbidity rates, future investment yields, future expense levels and persistency, including reasonable margins for adverse deviations. As experience unfolds, these resulting provisions for adverse deviations will be included in future income to the extent they are released when they are no longer required to cover adverse experience. Assumptions used to project benefits, expenses and taxes are based on insurer and industry experience and are updated annually.

Net insurance contract liabilities represent the amount which, together with estimated future premiums and net investment income, will be sufficient to pay projected future benefits, policyholder dividends and refunds, taxes (other than income taxes) and expenses on policies in-force net of reinsurance premiums and recoveries. The determination of net insurance liabilities is based on an explicit projection of cash flows using current assumptions plus a margin for adverse deviation for each material cash flow item. Investment returns are projected using the current asset portfolios and projected reinvestment yields. The period used for the projection of cash flows is the policy lifetime for most individual insurance contracts.

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2. Summary of Significant Accounting Policies (Continued)

(r) Actuarial liabilities (continued)

The Group segments assets to support liabilities by major product segment and geographic market and establishes investment strategies for each liability segment. Projected net cash flows from these assets and the policy liabilities being supported by these assets are combined with projected cash flows from future asset purchases to determine expected rates of return on these assets for future years. Investment strategies are based on the target investment policies for each segment and the reinvestment returns are derived from current and projected market rates for fixed income investments. Investment return assumptions for each asset class make provision for expected future asset credit losses, expected investment management expenses and a margin for adverse deviation.

Under this methodology, assets of each insurer are selected to back its actuarial liabilities. Changes in the carrying value of these assets may generate corresponding changes in the carrying amount of the associated actuarial liabilities. Some of these assets may be designated as FVTOCI for which unrealised gains or losses in fair value are recorded in OCI. The fair value reserve for actuarial liabilities has been established in the equity reserves for the accumulation of changes in actuarial liabilities which are recorded in OCI and which arise from recognised unrealised gains or losses in fair value of securities backing liabilities. This approach is called “Shadow Accounting”.

Certain life insurance policies issued by the insurer contain unit policy side funds. The investment returns on these unitised funds accrue directly to the policies with the insurer assuming no credit risk. Investments held in these side funds are accounted for as financial assets at FVTPL and unit values of each fund are determined by dividing the value of the assets in the fund at the date of the financial statements by the number of units in the fund. The resulting liability is included in actuarial liabilities.

(1.1) Life insurance and annuity contracts

An actuarial valuation is prepared annually. Except as described above, changes in the policyholders’ liabilities are recorded in the income statement. Maturities and annuities are accounted for when due.

Death and disability claims and surrenders are recognised in the financial statements in the year in which they have been notified.

Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred.

(1.2) Health insurance contracts

The actuarial liabilities of health insurance policies and renewable term group mortgage policies are estimated in, respect of claims that have been incurred but not yet reported or settled.

(1.3) Property and casualty insurance contracts

The Group is required to actuarially value its insurance reserves annually. Consequently, provision for claims incurred but not reported (IBNR) as well as the provision for adverse deviations have been independently actuarially determined. The remaining components of the reserves, as below, are determined by management, but are also reviewed by the actuary in determining the overall adequacy of the provision for the Group’s insurance liabilities.

(i) Provision for unearned premium

The provision for unearned premium represents that proportion of premiums written in respect of risks to be borne subsequent to the year end, under contracts entered into on or before the date of the statement of financial position.

(ii) Unearned commission

The unearned commission represents the actual commission income on premium ceded on proportional reinsurance contracts relating to the unexpired period of risk carried. The income is deferred as unearned commission reserves and amortised over the period in which the commissions are expected to be earned. These reserves are calculated on the 24th basis.

2. Summary of Significant Accounting Policies (Continued)

(r) Actuarial liabilities (continued)

(1.3) Property and casualty insurance contracts (continued)

(iii) Claims outstanding
A provision is made to cover the estimated cost of settling claims arising out of events which occurred by the year end and IBNR, less amounts already paid in respect of those claims. This provision is estimated by management (insurance case reserves) and the appointed actuary (IBNR) on the basis of claims admitted and intimated.

(iv) *Claims incurred but not reported*
The reserve for IBNR claims has been calculated by an independent actuary using the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method, the Expected Loss Ratio method and the Claim Count method.

(v) Provision for adverse deviations
This provision reflects considerations relating to the company's claims practices, the underlying data, and the nature of the lines of business and seeks to provide for any unforeseen adverse development in claims liabilities.

(vi) Liability adequacy test
At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the policy liabilities, net of related deferred policy acquisition costs. In performing these tests, current best estimates of future contractual cashflows are compared to the carrying amount of policy liabilities and any deficiency is immediately recognised in profit or loss as unexpired risk provision.

(s) Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount 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.

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2. Summary of Significant Accounting Policies (Continued)

(t) Revenue recognition
Revenues from service contracts with customers consist primarily of management and administration fees earned from third party investment funds, pension plans and insurance benefit plans (managed funds or administrative service only (ASO) benefit plans). These service contracts generally impose single performance obligations, each consisting of a series of similar related services to the unitholder or policyholder of each fund or plan. The Group's performance obligations within these service arrangements are generally satisfied over time as the unitholders and policyholders simultaneously receive and consume contracted benefits over time.

The Group also earns revenues for the provision of corporate finance, stockbroking, trust and related services to various customers.

Revenue from service contracts with customers is recognised when (or as) the Group satisfies the performance obligation of the contract. For obligations satisfied over time, revenue is recognised monthly or over some other period. For performance obligations satisfied at a point in time, revenue is recognised at that point in time.

The various fees are billed periodically and are collected either by deduction or within a short period of time.

(i) Premium income
Gross premiums for traditional life and health insurance contracts are recognised as revenue when due. Revenue for universal life products and annuity contributions are recognised when received. When premiums are recognised, the related actuarial liabilities are computed, resulting in benefits and expenses being matched with revenue.

Property and casualty insurance premiums are recognised on a pro-rated basis over the period of the respective policies. Unearned premiums are the proportion of net premiums written in the current year which relate to cover provided in the following year.

Commission payable on premium income and commissions receivable on reinsurance of risks are charged and credit to profit or loss, respectively, over the life of the policies.

Where collection of premium is considered doubtful, or payment is outstanding for more than 90 days, the insurance regulations stipulate that the outstanding premium should be provided for in full. IFRS requires that when premiums become doubtful of collection, they are written down to their recoverable amounts and thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

(ii) Fee income
Fees consist primarily of investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the Group actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument. Fee income is recognised on an accrual basis. Loan origination fees for loans which are likely to be drawn down are deferred, together with related direct costs, and recognised as an adjustment to the effective yield on the loan. 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.

The Group charges customers for asset management and other related services using the following approaches:

- Front-end fees are charged to the client on inception. This approach is used particularly for single premium contracts. The consideration received is deferred as a liability and recognised over the life of the contract on a straight-line basis.
- Regular fees charged to the customer periodically either directly or by making a deduction from invested funds. Fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

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2. Summary of Significant Accounting Policies (Continued)

(t) Revenue recognition (continued)

(iii) Interest income

Jamaican banking regulations stipulate that, where collection of interest income is considered doubtful or payment is outstanding for 90 days or more, interest should be taken into account on the cash basis. See 2 (f) for policies with respect impairment for loan receivable. The difference between the regulatory and IFRS bases of interest recognition was assessed to be immaterial.

(iv) Hotel revenue - Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax or applicable sales tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- Sales of services
  Sale of services generated from hotel and other operations are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- Sale of goods
  Sale of goods, mainly from gift shops is recognised when products are sold to customers. Sales are usually in cash or by credit card.

(v) Land development and resale

The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the purchaser. An enforceable right to payment does not arise until legal title has passed to the purchaser. Therefore, revenue is recognised at a point in time when the legal title has passed to the purchaser.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds 12 months. The transaction price is therefore not adjusted for the effects of a significant financing component.

(u) Interest and commission expense

(i) Interest expense

Interest income (expense) is computed by applying the effective interest rate based to the gross carrying amount of a financial asset (liability), except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (i.e. after deduction of the loss allowance). Interest includes coupon interest and accrued discount and premium on financial instruments.

(ii) Commission expense

Commissions are expensed over the policy year on the same basis as earned premiums.

2. Summary of Significant Accounting Policies (Continued)

(v) Taxation

(i) Current and deferred taxes

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 OCI or directly in equity. In these cases, the tax is also recognised in OCI 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 consolidated 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 tax assets are recognised 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.

(w) Fiduciary activities

The Group 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 Group.

(x) Financial instruments

Financial instruments carried on the statement of financial position include cash resources, investments, securities purchased under resale agreements, loans & leases, premiums due and unpaid, other assets, securities sold under repurchase agreements, due to banks and other financial institutions, customer deposits and other liabilities.

The fair values of the Group's and the company's financial instruments are disclosed in the notes to the financial statements.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(y) Offsetting of financial instruments

Financial assets and liabilities are offset with the net amount presented in the statements of financial position, only if the Group 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 assets and settle the liability simultaneously. The legal right to set off the recognized amounts must be enforceable in both the normal course of business, and in the event of default, insolvency or bankruptcy of both the Group 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 statement, unless specifically prohibited by an applicable accounting standard.

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2. Summary of Significant Accounting Policies (Continued)

(z) Securities purchased/sold under agreements to resell/repurchase

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.

Derivative financial instruments and hedging activities

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives for three primary purposes: to create risk management solutions for customers, for proprietary trading purposes, and to manage its own exposure to credit and market risk.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at each statement of financial position. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its interest rate swap as a cash flow hedge. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedges, gains and losses relating to the effective portion of changes in the fair value of derivatives are initially recognised in stockholders' equity, in the fair value reserve, and are transferred to the income statement when the forecast cash flows affect the profit or loss. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in stockholders' equity are recycled to the income statement in the periods when the hedged item affects profit or loss. They are recorded in the revenue or expense lines in which associated with the related hedged item is reported.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in stockholders' equity at that time remains in stockholders' equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in stockholders' equity is immediately transferred to the income statement within net trading income'

3. Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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 Group's accounting policies

(i) Consolidation of related entities

Management assessments were done for Sagicor Real Estate X Fund Limited, Sagicor Pooled Investment Fund and Sagicor Sigma Global Funds to ensure proper application of IFRS 10. A number of significant judgements were used regarding whether or not these entities had met the requirements to be consolidated within the financial statements of the Group and are highlighted below:

- Sagicor Pooled Investment Funds, Sagicor Real Estate X Fund Limited and Sigma Funds

  Sagicor Pooled Investment Funds and Sigma Funds are Pooled Investment Funds and Unit Trusts managed by the Group, but which have independent trustees. Determining whether the Group has control over the Pooled Investment Funds and the Unit Trusts requires judgement. This would include a consideration of the trustees' rights to remove the investment manager and an assessment of the exposure to variability arising from the aggregate economic interests of the Group in the Unit Trusts.

  Under IFRS 10, the single party substantive removal rights may in isolation be sufficient to conclude that the fund manager is an agent. However, the language in the Trust Deed is not specific on causes for which the manager can be removed. "Good and sufficient reason" envisaged by the Trust Deed may include negligence, poor financial performance and other reasons. However, the Deed also provides for the right for the manager to appeal. This appeal right and the requirement that the removal of the manager must be withheld by the independent party may limit the Trustee's freedom of removing the manager without good grounds for this. Under these circumstances, drawing a conclusion whether the removal rights of the Trustee are substantive rights requires significant judgement. Management considers that the Group does not have control of The Pooled Investment Fund and The Sagicor Sigma Funds. Although there are contractual terms which provide the Group with influence over The Pooled Investment Fund and The Sagicor Sigma Funds, the overall exposure of the Group to the variability of returns of Sagicor Sigma Funds is not sufficient to conclude that the Group has control. Therefore, the Sagicor Sigma Funds have not been consolidated in these financial statements. For Sagicor Real Estate X Funds Limited, the major consideration influencing the control and consolidation determinations is the Group's majority composition of the Board of Directors of Sagicor Real Estate X Funds Limited.

3. Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty

The Group 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) Insurance

The ultimate liability arising from claims made under insurance contracts.
There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Group. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's own experience. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums.

The main source of uncertainty is that epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed for longevity risk.

Sensitivity analyses for key estimates used in determining the actuarial liabilities are included in Note 49.

For the property and casualty insurance business, outstanding claims comprise estimates of the amount of reported losses and loss expenses and a provision for losses IBNR based on the historical experience of the Group and industry data. These claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allow the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims. Significant delays may occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

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3. Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (continued)

(ii) 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.

(iii) 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 Group 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 initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) Impairment of financial assets

In determining ECL, management is required to exercise judgement in defining what is considered a SICR 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 Group'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:

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

3. Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (continued)

(iv) Impairment of financial assets (continued)

- Establishing staging for debt securities and deposits.
  The Group uses its internal credit rating model to determine in which of the three stages an asset is to be categorised for the purposes of ECL. Once the asset has experienced a SICR the investment will move from Stage 1 to Stage 2. Sagicor has assumed that the credit risk of a financial instrument 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.

  Exposures are considered to have resulted in a SICR 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 2.

- 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 the government, International Monetary Fund (IMF) 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 long-term average performance is then used for the remaining life of the product. These projections are re-assessed on a quarterly basis.

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

The Group 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, 2021. 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 53.

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3. Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (continued)

(vi) Estimated impairment of intangible assets

Goodwill
The assessment of goodwill impairment involves the determination of the recoverable amount of the cash-generating units to which the goodwill has been allocated. Determination of the recoverable amount involves the estimation of future net income of these business units and the expected returns to providers of capital to the business units and the Group as a whole. Determinations of recoverable amounts can be sensitive to certain key inputs such as earnings forecasts, discount rates and terminal value growth rates. Amounts actually recovered from CGUs through either sale or use may differ from the amounts estimated.

Other intangible assets
The assessment of impairment of other intangible assets involves the determination of the intangible asset's fair value or value in use. In the absence of an active market for an intangible, its fair value may need to be estimated. In determining an intangible asset's value in use, estimates are required of future cash flows generated because of the assets.

(vii) Purchase Price Allocation of a business combination
In a business combination, the acquirer must allocate the cost of the business combination at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at fair value at that date. The allocation is based upon certain valuations and other studies performed with the assistance of external valuation specialists. Due to the underlying assumptions made in the valuation process, the determination of those fair values requires estimations of the effects of uncertain future events at the acquisition date and the carrying amounts of some assets, such as intangible assets, acquired through a business combination could therefore differ significantly in the future.

(viii) Novel coronavirus (COVID-19)
COVID 19 continues to cause major disruptions in economies within which the Group operates. Two years on from the initial outbreak, the virus remains prevalent across the world, with various mutations extending the uncertainties surrounding economic recoveries. Continued travel restrictions and strict lockdown measures have prolonged the downturn in demand for tourism, entertainment and related services. However, the introduction and administration of vaccines, have aided recovery efforts in some economies. In the prior year, the Group made significant adjustments to the ECLs to recognize the increased credit risk associated with the economic fallout on borrowing and investment portfolios, some of which have been reversed in the current year to reflect a slight uptick in economic activities.

4. Responsibilities of the Appointed Actuary and External Auditors

The Board of Directors pursuant to the Insurance Act appoints the Actuary whose responsibility is to carry out an annual valuation of the policy liabilities of the Insurance Companies in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and stockholders. In performing the valuation, the Actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the companies and the insurance policies in force.

The stockholders pursuant to the Companies Act appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the stockholders. In carrying out their audit, the auditors also make use of the work of the appointed Actuary and the report on the policy liabilities.

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5. Segmental Financial Information

Management has determined the operating segments based on the reports reviewed by the Group President and CEO that are used to make strategic decisions. The Group President and CEO is considered to be the Chief Operating Decision Maker (CODM).

The Group is managed on a matrix basis, reflecting both line of business and geography. Accordingly, segment information is presented in two formats. The Group is organised into four primary business segments and another which captures all other business activities:

(a) Individual Lines - Provides life insurance, health and annuity products to individuals.

(b) Employee Benefits – Provides group life and creditor life, personal accident, group health, group annuities, pension funds investment and administration services and the administration of trust accounts.

(c) Commercial Banking – Comprises of personal banking, retail mortgages, small business (SME's) banking, treasury management and corporate banking.

(d) Investment Banking – Comprises of wealth management products and services offered to retail and institutional clients; including unit trusts, mutual funds, brokerage, asset management and corporate trust.

(e) Other – Comprises property management, captives management, property and casualty insurance, hospitality services, real estate investment and stockholders' funds.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the statement of financial position, but exclude items such as taxation, retirement benefit assets and obligations.

The Group measures the performance of its operating segments through a measure of segment profit or loss which is profit before taxation.

Segment liabilities that are reviewed by the CODM include policyholders' funds and interest-bearing liabilities.

Costs incurred by the support units of the Group are allocated to the business segments based on certain criteria determined by management. These criteria include staff complement, square footage and time spent providing the service to the business segment. The expenses that are allocated are mainly staff costs, depreciation and amortisation and other operating expenses and are treated as direct allocated costs.

Transactions between the operating segments are on normal commercial terms and conditions. There has been no change in the basis of the pricing of transactions over the prior year.

Eliminations comprise inter-company and inter-segment transactions.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2021 or 2020.

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5. Segmental Financial Information (Continued)

	The Group						
	2021						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	37,359,587	29,709,853	15,523,596	7,379,857	12,587,786		102,560,679
Revenue from other segments	19,623	-	35,924	(44,272)	629,844	(641,119)	-
Total revenue	37,379,210	29,709,853	15,559,520	7,335,585	13,217,630	(641,119)	102,560,679
Benefits and expenses	(24,898,663)	(22,721,910)	(9,529,138)	(2,230,157)	(11,398,817)	380,028	(70,398,657)
Change in actuarial liabilities	(570,651)	(3,783,394)	-	-	-	74,847	(4,279,198)
Depreciation and amortisation	(210,808)	(161,169)	(679,156)	(130,494)	(1,537,659)	-	(2,719,286)
Asset tax and other taxes	(105,518)	(35,634)	(363,645)	(231,484)	(94,486)	-	(830,767)
Total benefits and expenses	(25,785,640)	(26,702,107)	(10,571,939)	(2,592,135)	(13,030,962)	454,875	(78,227,908)
Share of profit from joint venture	-	607,764	-	-	-	-	607,764
Losses on disposal of associate	-	-	-	-	(233,088)	-	(233,088)
Goodwill impairment	-	-	-	-	(614,400)	-	(614,400)
Profit before taxation	11,593,570	3,615,510	4,987,581	4,743,450	(660,820)	(186,244)	24,093,047
Taxation	(2,641,512)	51,711	(1,719,914)	(1,402,284)	(737,960)	-	(6,449,959)
Net profit	8,952,058	3,667,221	3,267,667	3,341,166	(1,398,780)	(186,244)	17,643,088
Segment assets -							
Intangible assets	1,643,141	591,161	1,304,455	669,239	1,664,446	-	5,872,442
Other assets	74,142,601	84,974,612	173,716,507	125,394,021	75,976,578	(15,868,270)	518,336,049
	75,785,742	85,565,773	175,020,962	126,063,260	77,641,024	(15,868,270)	524,208,491
Unallocated assets -							
Investments in joint venture (Note 13)							1,329,797
Deferred income taxes (Note 20)							1,980,237
Retirement benefits asset (Note 19)							472,179
Total assets							527,990,704
Segment liabilities	60,516,060	72,157,243	148,980,811	100,825,423	43,533,671	(40,751,899)	385,261,309
Unallocated liabilities -							
Deferred income taxes (Note 20)							2,169,101
Retirement benefit obligations (Note 19)							5,780,581
Total liabilities							393,210,991
Other segment items:							
Capital expenditure: Computer software (Note17)							390,564
Property, plant and equipment (Note 18)							509,467

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5. Segmental Financial Information (Continued)

	The Group						
	2020						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	27,965,469	28,044,855	13,199,445	6,570,011	8,793,042	-	84,572,822
Revenue from other segments	12,911	-	7,237	(68,184)	144,323	(96,287)	-
Total revenue	27,978,380	28,044,855	13,206,682	6,501,827	8,937,365	(96,287)	84,572,822
Benefits and expenses	(23,446,084)	(20,459,454)	(8,464,670)	(2,199,798)	(9,392,204)	413,910	(63,548,300)
Change in actuarial liabilities	6,329,076	(2,924,451)			-	653,785	4,058,410
Depreciation and amortisation	(213,045)	(188,671)	(619,700)	(113,869)	(1,734,721)	-	(2,870,006)
Asset tax and other taxes	(115,312)	(33,172)	(326,855)	(196,523)	(74,965)		(746,827)
Total benefits and expenses	(17,445,365)	(23,605,748)	(9,411,225)	(2,510,190)	(11,201,890)	1,067,695	(63,106,723)
Share of profit from joint venture	-	310,860	-	-	-	-	310,860
Share of loss from associate	-	-	-	-	(10,366,739)	-	(10,366,739)
Goodwill impairment	-	-	-	-	(1,231,913)	-	(1,231,913)
Profit before taxation	10,533,015	4,749,967	3,795,457	3,991,637	(13,863,177)	971,408	10,178,307
Taxation	(2,583,405)	(596,345)	(1,336,160)	(1,215,741)	38,124		(5,693,527)
Net profit	7,949,610	4,153,622	2,459,297	2,775,896	(13,825,053)	971,408	4,484,780
Segment assets -							
Intangible assets	1,597,259	612,338	1,173,343	607,229	2,667,512		6,657,681
Other assets	68,996,716	77,989,091	156,371,204	113,105,506	58,435,079	(9,581,588)	465,316,008
	70,593,975	78,601,429	157,544,547	113,712,735	61,102,591	(9,581,588)	471,973,689
Unallocated assets -							
Investments in joint venture (Note 13)							683,234
Investments in associate (Note 15)							15,844,876
Deferred income taxes (Note 20)							1,005,526
Retirement benefits asset (Note 19)							1,187,248
Total assets							490,694,573
Segment liabilities	56,986,655	64,828,654	130,082,377	86,530,345	30,721,557	(11,501,729)	357,647,859
Unallocated liabilities -							
Deferred income taxes (Note 20)							2,493,349
Retirement benefit obligations (Note 19)							3,706,366
Total liabilities							363,847,574
Other segment items:							
Capital expenditure: Computer software (Note 17)							308,160
Property, plant and equipment (Note 18)							1,065,666

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5. Segmental Financial Information (Continued)

	The Group 2021						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers:							
Products transferred at a point in time	-	-	5,536,737	296,846	1,020,608	-	6,854,191
Products and services transferred over time	142,706	1,297,758	355,019	2,207,061	5,611,150		9,613,694
Total included in fees and other revenue	142,706	1,297,758	5,891,756	2,503,907	6,631,758	-	16,467,885

	The Group 2020						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers:							
Products transferred at a point in time	-	-	4,668,025	479,591	618,662	-	5,766,278
Products and services transferred over time	76,180	1,260,103	379,514	1,425,493	3,958,314	-	7,099,604
Total included in fees and other revenue	76,180	1,260,103	5,047,539	1,905,084	4,576,976	-	12,865,882

The Group's geographic information:

	Jamaica	Cayman Islands	United States of America	Other	Total
			2021		
	$'000	$'000	$'000	$'000	$'000
Revenue	92,662,161	5,479,772	4,418,746	-	102,560,679
Total assets	474,449,190	35,140,731	18,400,783	-	527,990,704
			2020		
	$'000	$'000	$'000	$'000	$'000
Revenue	76,853,461	5,292,017	2,427,344	-	84,572,822
Total assets	426,116,915	30,181,605	33,712,820	683,233	490,694,573

Geographically, the segments are Jamaica, Cayman Islands, United States of America and Other (Costa Rica and St. Lucia).

Segment assets consist of investments that match insurance and banking liabilities, intangible assets and other operating assets such as receivables and cash. They exclude deferred income taxes, retirement benefit assets investments in joint ventures and investment in associates.

Segment liabilities comprise insurance liabilities, financial liabilities arising mainly from investment contracts and borrowing arrangements. They exclude items taxation, and retirement benefit liabilities.

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6. Cash Resources

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balances with banks payable on demand	18,729,652	18,267,971	431,177	233,623
Cash in hand	4,654,319	3,584,158	-	-
Balances as per statement of financial position	23,383,971	21,852,129	431,177	233,623
Restricted cash	(941,626)	(832,930)	-	-
Short term deposits	16,993,393	4,186,193	-	-
Securities purchased under resale agreement	6,928,063	7,490,326	342,962	615,634
USA Government Treasury Bills and BOJ CD's	5,520,295	4,603,143	-	-
Bank overdrafts (Note 29)	-	(62,885)	-	-
Balances as per statement of cash flows	51,884,096	37,235,976	774,139	849,257

Cash and cash equivalents represent deposits and investment securities with original maturities of less than 90 days.

7. Cash Reserves at Central Bank

Minimum cash reserve and liquid asset ratios in respect of deposit liabilities are required to be maintained by Sagicor Bank Jamaica Limited with the Bank of Jamaica. Cash reserves are not available for investment, lending or other use by the Bank.

Bank of Jamaica has reduced the cash reserve requirements of deposit-taking institutions (DTIs) by two percentage points, effective 15 May 2020. The foreign currency cash reserve requirement has been reduced to thirteen per cent (13%) while the domestic currency cash reserve requirement has been reduced to five per cent (5%). The reduction in the domestic currency cash reserve requirement completes the series of reductions that the Bank initiated in 2019 to take it to the statutory minimum of five per cent (5%) of prescribed liabilities. Liquid asset requirements will also fall as a consequence of the reduction in the cash reserve requirement. The foreign currency liquid asset requirement will fall to twenty-seven per cent (27%) while the reduction in the domestic currency cash reserve requirement will cause the overall domestic currency liquid asset requirement to fall to nineteen per cent (19%). No interest is paid on cash reserves.

8. Financial Investments

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Financial assets at FVTPL -				
Debt Securities				
Sovereign bonds	3,270,805	3,709,253	-	-
Corporate bonds	5,965,293	3,424,543	-	-
	9,236,098	7,133,796		
Equities				
Quoted and unquoted equities	14,278,885	9,323,646	-	-
Unit trusts	24,098,411	25,452,023	-	-
	38,377,296	34,775,669	-	-
Derivative	16,733	-	-	-
Total FVTPL	47,630,127	41,909,465	-	-
Financial assets at FVTOCI -				
Debt Securities				
Sovereign bonds	103,289,227	98,112,147	-	-
Corporate bonds	62,466,624	64,216,292	-	8,983
	165,755,851	162,328,439	-	8,983
Equities				
Quoted and unquoted equities	79,950	150,067	-	-
Total FVTOCI	165,835,801	162,478,506	-	8,983
Investments at amortised cost, net of ECL-				
Debt Securities:				
Sovereign bonds	75,858,109	71,996,551	554,348	51,532
Corporate bonds	12,510,025	7,248,081	-	-
Securities purchased under resale agreement	10,467,668	8,135,411	342,962	615,658
Policy loans	1,007,286	961,642	-	-
Short term deposits	19,072,419	4,817,590	445,679	557,747
Total investments at amortised cost, net of ECL	118,915,507	93,159,275	1,342,989	1,224,937
Less Pledged assets (Note 11)	(93,636,126)	(87,142,938)	(439,997)	(557,800)
Total Financial Investments	238,745,309	210,404,308	902,992	676,120

Current portion of Financial Instruments disclosed under Note 48 (d).

8. Financial Investments (Continued)

Derivatives

Derivatives are carried at fair value and carried in the statement of financial position as separate assets and liabilities. Asset values represent the cost to the Group of replacing all transactions with a fair value in the Group'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 Group counterparties of replacing all their transactions with the Group with a fair value in their favour if the Group 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 disclosed in the table above.

This derivative is an Equity Indexed Options. Equity Indexed Options give 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 29). The Group is exposed to credit risk on purchased options only, and only to the extent of the carrying amount, which is their fair value.

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8. Financial Investments (Continued)

The table below shows the composition of FVTPL securities according to those securities that were mandatorily designated, and those that were designated by election.

	2021			2020		
	Mandatory designation $'000	Designated by election $'000	Total $'000	Mandatory designation $'000	Designated by election $'000	Total $'000
Unit trust and equities	30,930,383	7,446,913	38,377,296	26,538,129	8,237,540	34,775,669
Derivatives	-	16,733	16,733	-	-	-
Debt securities	8,554,670	681,428	9,236,098	6,683,729	450,067	7,133,796
	39,485,053	8,145,074	47,630,127	33,221,858	8,687,607	41,909,465

Concentration of debt instruments

The group also manages its exposure to credit risk by analysing the financial investments by whether corporate or sovereign, and the location and sector of the issuer.

The table below is a summary of financial instruments by location, sovereign and corporate.

	The Group	
	2021	2020
Debt securities	$'000	$'000
Sovereign debt instruments		
Jamaica	172,364,192	164,178,841
Trinidad & Tobago	2,756,325	2,710,811
Barbados	168,117	197,071
USA	4,464,961	4,135,839
Canada	305,294	271,894
Eastern Caribbean	-	10,220
Other	2,359,252	2,313,275
Corporate debt instruments		
Jamaica	33,575,814	27,167,068
Trinidad & Tobago	3,166,288	3,351,665
USA	29,873,069	32,319,657
Canada	984,000	875,079
Other	13,342,771	11,175,447
	263,360,083	248,706,867

8. Financial Investments (Continued)

Concentration of debt instruments (continued)

	The Company	
	2021	2020
Debt securities	$'000	$'000
Corporate debt instruments		
USA	-	8,983
	-	8,983

The table below is a summary sector concentration of corporate instruments.

	The Group	
	2021 $'000	2020 $'000
Corporate debt instruments		
Communication Services	4,321,592	4,166,379
Consumer Discretionary	6,669,654	6,249,603
Consumer Staples	3,849,729	5,201,073
Energy	11,598,797	15,379,426
Financials	27,204,450	21,537,305
Health Care	5,017,460	3,811,651
Industrials	4,146,706	5,707,949
Information Technology	7,824,528	6,487,569
Materials	3,687,946	3,845,364
Real Estate	735,886	714,969
Tourism	236,598	219,612
Utilities	5,648,596	1,568,016
	80,941,942	74,888,916

Credit risk exposure- financial investments subject to impairment
COVID 19 has caused a contraction in all the economies in which the Group operates. The spread of the virus and travel restrictions have had a significant effect on the demand for tourism, entertainment and related services. As a result, Sagicor offered extensions of moratoriums, payment deferrals and other accommodative activities to several clients on a case by case basis in 2020; this against the background that several clients across various sectors experienced significant declines in earnings. In prior year, the Group also made significant adjustments to our ECLs to recognize the increased credit risk associated with the economic fallout on our borrowing and investment portfolios, some of which have been reversed in the current year to reflect a slight uptick in economic activities.

Provision for credit losses recognised in the Group's and the Company's income statement are as follow:

	The Group	
	2021 $'000	2020 $'000
Loans and Leases (Note 10)	(86,825)	1,078,488
Investments	332,113	615,861
Total per income statement	245,288	1,694,349

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8. Financial Investments (Continued)

	The Company	
	2021 $'000	2020 $'000
Investments	-	41
Total per income statement	-	41

The Group categorises its financial assets into investment grade, non-investment grade, watch, default and unrated. The maximum exposure to credit risk for financial assets carried at fair value represents their amortised cost, as this is the maximum amount of credit loss the Group and Company will suffer in the event of a total default of the counterparty. For financial assets carried at FVTOCI, the amounts shown in the tables will therefore not necessarily reconcile to the financial statements, as the carrying amounts have been adjusted for fair value movements.

The following tables contain analyses of the credit risk exposure of financial investments for which an ECL allowance is recognised.

The Group-2021

	ECL Staging				
FINANCIAL INVESTMENTS- 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	7,340,753	-	-	-	7,340,753
Non-investment	111,791,693	-	-	-	111,791,693
Gross carrying amount	119,132,446	-	-	-	119,132,446
Loss allowance	(216,939)	-	-	-	(216,939)
Carrying amount	118,915,507	-	-	-	118,915,507

The Group-2020

	ECL Staging				
FINANCIAL INVESTMENTS- 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	4,798,533	-	-	-	4,798,533
Non-investment	88,564,612	-	-	-	88,564,612
Gross carrying amount	93,363,145	-	-	-	93,363,145
Loss allowance	(203,870)	-	-	-	(203,870)
Carrying amount	93,159,275	-	-	-	93,159,275

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8. Financial Investments (Continued)

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

FINANCIAL INVESTMENTS at FVTOCI	The Group-2021 ECL Staging 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	51,470,062	-	-	-	51,470,062
Non-investment	110,673,487	2,738,789	-	168,278	113,580,554
Maximum credit exposure	162,143,549	2,738,789	-	168,278	165,050,616
Loss allowance	(233,483)	(163,620)	-	-	(397,103)
Maximum credit exposure less ECLs	161,910,066	2,575,169	-	168,278	164,653,513

FINANCIAL INVESTMENTS at FVTOCI	The Group-2020 ECL Staging 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	48,613,868	-	-	-	48,613,868
Non-investment	102,115,786	3,940,744	579,880	194,871	106,831,281
Maximum credit exposure	150,729,654	3,940,744	579,880	194,871	155,445,149
Loss allowance	(242,181)	(251,590)	(405,916)	-	(899,687)
Maximum credit exposure less ECLs	150,487,473	3,689,154	173,964	194,871	154,545,462

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8. Financial Investments (Continued)

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

FINANCIAL INVESTMENTS -AMORTISED COST	The Company-2021 ECL Staging 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	1,343,939	-	-	-	1,343,939
Gross carrying amount	1,343,939	-	-	-	1,343,939
Loss allowance	(950)	-	-	-	(950)
Carrying amount	1,342,989	-	-	-	1,342,989

FINANCIAL INVESTMENTS -AMORTISED COST	The Company-2020 ECL Staging 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	1,225,033	-	-	-	1,225,033
Gross carrying amount	1,225,033	-	-	-	1,225,033
Loss allowance	(96)	-	-	-	(96)
Carrying amount	1,224,937	-	-	-	1,224,937

8. Financial Investments (Continued)

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

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

For financial investments measured at FVTPL which are related to the unit-linked funds insurance and investment contracts, the unit holders bear the credit risk and the Group has no direct credit exposure.

	The Group Maximum exposure to credit risk	
	2021	2020
	$000	$000
Financial assets designated at fair value		
Debt securities	8,554,670	6,683,730
Equity securities	30,930,383	26,538,128

Loss allowances

The allowance for ECL is reecognized 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 recognized 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 movement of ECL allowance.

	The Group-2021 ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
FINANCIAL INVESTMENTS – AMORTISED COST	$000	$000	$000	$000	$000
Loss Allowance as at January 01, 2021	203,870	-	-	-	203,870
New financial assets originated or purchased	18,096	-	-	-	18,096
Financial assets fully recognized during the period	(22,883)	-	-	-	(22,883)
Changes to inputs used in ECL calculation	8,707	-	-	-	8,707
Foreign exchange adjustment	9,149	-	-	-	9,149
Loss Allowance as at December 31, 2021	216,939	-	-	-	216,939

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8. Financial Investments (Continued)

Loss allowances (continued)

	The Group-2020 ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
FINANCIAL INVESTMENTS – AMORTISED COST	$000	$000	$000	$000	$000
Loss Allowance as at January 01, 2020	121,509	-	-	-	121,509
New financial assets originated or purchased	24,715	-	-	-	24,715
Financial assets fully recognized during the period	(3,597)	-	-	-	(3,597)
Changes to inputs used in ECL calculation	57,859	-	-	-	57,859
Foreign exchange adjustment	3,384	-	-	-	3,384
Loss Allowance as at December 31, 2020	203,870	-	-	-	203,870

	The Group-2021 ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – FVTOCI	$000	$000	$000	$000	$000
Loss Allowance as at January 01, 2021	242,181	251,590	405,916	-	899,687
Transfers:					
Transfer from Stage 1 to Stage 2	(44)	44	-	-	-
Transfer from Stage 2 to Stage 1	3	(3)	-	-	-
New financial assets originated or purchased	52,426	-	-	-	52,426
Financial assets fully recognized during the period	(47,991)	(145,975)	(405,916)	-	(599,882)
Changes to inputs used in ECL calculation	(21,693)	49,777	-	-	28,084
Foreign exchange adjustment	8,601	8,187	-	-	16,788
Loss Allowance as at December 31, 2021	233,483	163,620	-	-	397,103

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8. Financial Investments (Continued)

Loss allowances (continued)

	The Group-2020				
	ECL staging				
DEBT SECURITIES – FVTOCI	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2020	235,182	236,161	-	-	471,343
Transfers:					
Transfer from Stage 1 to Stage 2	(944)	944	-	-	-
Transfer from Stage 2 to Stage 3	-	(137,736)	137,736	-	-
New financial assets originated or purchased	114,764	41,471	-	-	156,235
Financial assets fully recognized during the period	(63,645)	(19,747)	-	-	(83,392)
Changes to inputs used in ECL calculation	(48,368)	113,121	268,180	-	332,933
Foreign exchange adjustment	5,192	17,376	-	-	22,568
Loss Allowance as at December 31, 2020	242,181	251,590	405,916	-	899,687

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8. Financial Investments (Continued)

Loss allowances (continued)

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

Economic variable assumptions for exposure in corporate securities

Outlook for the next three (3) years from December 2021:

		2022	2023	2024
S&P 500 Financial Index EPS	Base	44	49	49
	Upside	66	74	74
	Downside	29	32	32
World GDP growth rate	Base	4.9%	3.6%	3.4%
	Upside	7.4%	5.4%	5.1%
	Downside	2.6%	2.6%	2.4%
WTI Oil Prices/10	Base	7.36	6.79	6.40
	Upside	9.39	9.39	9.39
	Downside	3.09	2.85	2.69

Outlook for the next three (3) years from December 2020:

		2021	2022	2023
S&P 500 Financial Index EPS	Base	33	39	39
	Upside	50	59	59
	Downside	22	26	26
World GDP growth rate	Base	5.2%	4.2%	3.8%
	Upside	7.8%	6.3%	5.7%
	Downside	2.6%	2.6%	2.6%
WTI Oil Prices/10	Base	4.82	4.67	4.67
	Upside	9.39	9.39	9.39
	Downside	2.02	1.96	1.96

8. Financial Investments (Continued)

Loss allowances (continued)

Outlook for the next three (3) years from December 2021:

		2022	2023	2024
Jamaica	Base	Negative	Stable	Stable
	Upside	Stable	Stable	Stable
	Downside	Negative	Stable	Stable

Outlook for the next three (3) years from December 2020:

		2021	2022	2023
Jamaica	Base	Negative	Stable	Stable
	Upside	Stable	Stable	Stable
	Downside	Negative	Stable	Stable

Sensitivity analysis at December 2021

The tables below show the sensitivity of the ECL to its various components.

			ECL impact of
SICR criteria *	**Actual threshold applied**	**Change in threshold**	**Change in threshold**
Investments	2-notch downgrade since origination	1-notch downgrade since origination	45,580

* See note 2 (f) (vii) for full criteria for staging. The staging for lending products is primarily based on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

			ECL impact of	
Loss Given Default	**Actual value applied**	**Change in value**	**Increase in value**	**Decrease in value**
Investments – Corporate Debts	52%	(- / + 5) %	21,965	(21,965)
Investments – Sovereign Debts (excluding Government of Barbados and Government of Jamaica)	35%	(- / + 5) %	6,266	(6,266)
Investments – Sovereign Debts (Government of Jamaica)	15%	(- / + 5) %	89,019	(89,019)

			ECL impact of	
Weighting for downside scenario	**Actual value applied**	**Change in value**	**Increase in value**	**Decrease in value**
Investments – excluding Government of Barbados	10% (80% for base scenario and 10% for upside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	19,634	(19,634)

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8. Financial Investments (Continued)

Loss allowances (continued)

Sensitivity analysis at December 2020

The tables below show the sensitivity of the ECL to its various components.

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

* See note 2 (f) (vii) 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.

			ECL impact of	
Loss Given Default	**Actual value applied**	**Change in value**	**Increase in value**	**Decrease in value**
Investments – Corporate Debts	52%	(- /+ 5) %	33,669	(33,669)
Investments – Sovereign Debts (excluding Government of Barbados and Government of Jamaica)	35%	(- /+ 5) %	3,205	(3,205)
Investments – Sovereign Debts (Government of Jamaica)	15%	(- /+ 5) %	92,582	(92,582)

			ECL impact of	
Weighting for downside scenario	**Actual value applied**	**Change in value**	**Increase in value**	**Decrease in value**
Investments – excluding Government of Barbados	10% (80% for base scenario and 10% for upside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	24,626	(24,626)

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8. Financial Investments (Continued)

IFRS 9 maximum exposure to credit risk

The following tables explain the changes in the maximum credit exposure the beginning and the end of the period due to these factors. For instruments at amortised cost, the gross carrying amount equals the maximum exposure.

	The Group-2021				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
FINANCIAL INVESTMENTS – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum exposure to credit risk as at January 01, 2021	93,363,145	-	-	-	93,363,145
New financial assets originated or purchased	48,410,470	-	-	-	48,410,470
Financial assets fully recognized during the period	(24,990,072)	-	-	-	(24,990,072)
Changes in principal and interest	(168,032)	-	-	-	(168,032)
Foreign exchange adjustment	2,516,935	-	-	-	2,516,935
Maximum exposure to credit risk as at December 31, 2021	119,132,446	-	-	-	119,132,446

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8. Financial Investments (Continued)

IFRS 9 maximum exposure to credit risk (continued)

	The Group-2020				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
FINANCIAL INVESTMENTS- AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum exposure to credit risk as at January 01, 2020	78,722,065	-	-	-	78,722,065
New financial assets originated or purchased	205,849,281	-	-	-	205,849,281
Financial assets fully recognized during the period	(193,931,071)	-	-	-	(193,931,071)
Changes in principal and interest	67,892	-	-	-	67,892
Foreign exchange adjustment	2,654,978	-	-	-	2,654,978
Maximum exposure to credit risk as at December 31, 2020	93,363,145	-	-	-	93,363,145

	The Group-2021				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – FVTOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum credit exposure as at January 01, 2021	150,729,654	3,940,744	579,880	194,871	155,445,149
Transfers:					
Transfer from Stage 1 to Stage 2	(158,042)	158,042	-	-	-
Transfer from Stage 2 to Stage 1	77	(77)	-	-	-
New financial assets originated or purchased	43,757,094	-	-	-	43,757,094
Financial assets fully recognized during the period	(39,059,095)	(1,570,232)	(579,880)	(39,943)	(41,249,150)
Changes in principal and interest	1,625,153	20,358	-	-	1,645,511
Foreign exchange adjustment	5,248,708	189,954	-	13,350	5,452,012
Maximum credit exposure as at December 31, 2021	162,143,549	2,738,789	-	168,278	165,050,616

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8. Financial Investments (Continued)

IFRS 9 maximum exposure to credit risk (continued)

	The Group-2020				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – FVTOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum credit exposure as at January 01, 2020	138,918,903	2,561,421	-	190,525	141,670,849
Transfers:					
Transfer from Stage 1 to Stage 2	(1,489,490)	1,489,490	-	-	-
Transfer from Stage 2 to Stage 1	-	(548,204)	548,204	-	-
New financial assets originated or purchased	76,767,143	534,040	-	-	77,301,183
Financial assets fully recognized during the period	(66,188,376)	(217,576)	-	(10,136)	(66,416,088)
Changes in principle and interest	(533,030)	(66,613)	31,676	-	(567,967)
Foreign exchange adjustment	3,254,504	188,186	-	14,482	3,457,172
Maximum credit exposure as at December 31, 2020	150,729,654	3,940,744	579,880	194,871	155,445,149

	The Company-2021				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
FINANCIAL INVESTMENTS – Amortised Cost	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum exposure to credit risk as at January 01, 2021	1,225,033	-	-	-	1,225,033
New financial assets originated or purchased	1,260,686	-	-	-	1,260,686
Financial assets fully recognized during the period	(1,171,472)	-	-	-	(1,171,472)
Changes in principal and interest	5,270	-	-	-	5,270
Foreign exchange adjustment	24,422	-	-	-	24,422
Maximum exposure to credit risk as at December 31, 2021	1,343,939	-	-	-	1,343,939

8. Financial Investments (Continued)

IFRS 9 maximum exposure to credit risk (continued)

	The Company-2020				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
FINANCIAL INVESTMENTS – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum exposure to credit risk as at January 01, 2020	577,908	-	-	-	577,908
New financial assets originated or purchased	612,616	-	-	-	612,616
Financial assets fully recognized during the period	-	-	-	-	-
Changes in principal and interest	34,509	-	-	-	34,509
Foreign exchange adjustment					
Maximum exposure to credit risk as at December 31, 2020	1,225,033	-	-	-	1,225,033

9. Premiums Due and Unpaid

	2021 $'000	2020 $'000
Gross Premiums	9,454,372	8,322,054
Provisions	(5,035,327)	(4,186,774)
Net Premiums	4,419,045	4,135,280

Current portion of Premiums Due and Unpaid disclosed under Note 48 (d).

Movement in the provision for premiums due and unpaid is as follows:

	Group insurance	Individual insurance	General Insurance	Total
	$'000	$'000	$'000	$'000
Provision as at 1 January 2020	(529,588)	(3,034,025)	(40,128)	(3,603,741)
Net recoveries / write-offs during the period	209,456	(792,489)	-	(583,033)
Provision as at 31 December 2020	(320,132)	(3,826,514)	(40,128)	(4,186,774)
Net write-offs/recoveries during the period	(50,876)	(797,677)	-	(848,553)
Provision as at 31 December 2021	(371,008)	(4,624,191)	(40,128)	(5,035,327)

9. Premiums Due and Unpaid (Continued)

Credit risk is managed based on the line of business. Generally, where collection of premiums is considered doubtful, or payment is outstanding for more than 90 days, the insurance regulations stipulate that the outstanding premium should be provided for in full.

Premiums written for individual insurance policies are required to be settled based on modal frequency (monthly, quarterly, semi-annually, or annually). When policies where payments made by means other than salary deduction are outstanding for more than 90 days, the amounts outstanding are provided for in full. When policies where payments made by salary deduction are outstanding for more than 90 but less than 120 days, the outstanding amounts are partially provided for. The remaining policies where payments are outstanding for more than 120 days are provided for in full.

Premiums written for group insurance policies are required to be settled on a monthly basis. Policies where payment is outstanding for more than 90 days are provided for in full. A separate assessment is done on a case-by-case basis for the recoverability of the amounts outstanding for less than 90 days that are not provided for, to determine if a provision is necessary based on any identified significant increases in credit risk of the policyholder.

Premiums written for group annuities are due immediately upon the inception of the contract. Amounts due and unpaid normally exist as at the year end due to the timing of the receipt of the consideration. These amounts due and unpaid are considered to be subject to a low amount of credit risk and therefore any identified provision is immaterial.

10. Loans and Leases, after Allowance for Credit Losses

	The Group	
	2021	**2020**
	$'000	**$'000**
Gross loans and advances	97,235,104	92,001,621
Less: Allowance for credit losses	(1,589,777)	(1,959,551)
	95,645,327	90,042,070
Loan interest receivable	845,191	797,356
	96,490,518	90,839,426
Lease receivables, net of allowance for credit losses	399,399	322,010
	96,889,917	91,161,436

Current portion of Loans and Leases, after Allowance for Credit Losses disclosed under Note 48 (d).

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10. Loans and Leases, after Allowance for Credit Losses (Continued)

The provision for credit losses determined under Central Bank regulatory requirements was as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
Specific provision	1,486,783	1,125,070
General provision	973,837	912,309
	2,460,620	2,037,379
Excess of regulatory provision over IFRS provision recognized in the Bank reflected in non-distributable loan loss reserve (Note 2(j))	(858,967)	496,857

Lease receivables:

	The Group	
	2021	**2020**
	$'000	**$'000**
Gross investment in finance leases -		
Not later than one year	149,348	103,998
Later than one year and not later than five years	285,681	248,044
	435,029	352,042
Less: Unearned income	(35,412)	(29,793)
Net investment in finance leases	399,617	322,249
Net investment in finance leases -		
Not later than one year	130,181	88,619
Later than one year and not later than five years	269,436	233,630
	399,617	322,249
Less: Provision for credit losses	(218)	(239)
	399,399	322,010

10. Loans and Leases, after Allowance for Credit Losses (Continued)

Credit risk exposure- loans and leases subject to impairment

The following tables contain analyses of the credit risk exposure of financial investments for which an ECL allowance is recognised.

	The Group-2021				
	ECL Staging				
Loans and leases – 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	92,423,463	3,681,462	-	-	96,104,925
Default	-	-	2,374,986	-	2,374,986
Gross carrying amount	92,423,463	3,681,462	2,374,986	-	98,479,911
Loss allowance	(657,292)	(73,380)	(859,322)	-	(1,589,994)
Carrying amount	91,766,171	3,608,082	1,515,664	-	96,889,917

	The Group-2020				
	ECL Staging				
Loans and leases – 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	86,842,916	4,469,247	-	-	91,312,163
Default	-	-	1,809,063	-	1,809,063
Gross carrying amount	86,842,916	4,469,247	1,809,063	-	93,121,226
Loss allowance	(766,997)	(130,045)	(1,062,748)		(1,959,790)
Carrying amount	86,075,919	4,339,202	746,315	-	91,161,436

Mortgage loans are collaterised by the underlying residential and commercial properties. The values ascribed to these properties have been considered in arriving at the LGDs for each mortgage loan. The total value of the collateral as at year end with respect to mortgage loans that were credit-impaired at the reporting date (stage 3) was $599,600,000 (2020: $1,308,100,000).

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10. Loans and Leases, after Allowance for Credit Losses (Continued)

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 ECL allowances recognized during the period.

	The Group-2021				
	ECL staging				
LOANS AND LEASES - AMORTISED COST	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	$000	$000	$000	$000	$000
Loss Allowance as at January 01, 2021	766,997	130,045	1,062,748	-	1,959,790
Transfers:					
Transfer from Stage 1 to Stage 2	(4,436)	4,436	-	-	-
Transfer from Stage 1 to Stage 3	(4,594)	-	4,594	-	-
Transfer from Stage 2 to Stage 1	17,457	(17,457)	-	-	-
Transfer from Stage 2 to Stage 3	-	(18,639)	18,639	-	-
Transfer from Stage 3 to Stage 1	60,318	-	(60,318)	-	-
New financial assets originated or purchased	126,537	2,070	16,844	-	145,451
Financial assets fully derecognised during the period	(107,229)	(17,585)	(514,760)	-	(639,574)
Changes to inputs used in ECL calculation	(205,313)	(12,991)	314,863	-	96,559
Foreign exchange adjustment	7,555	3,501	16,712	-	27,768
Loss Allowance as at December 31, 2021	657,292	73,380	859,322	-	1,589,994

10. Loans and Leases, after Allowance for Credit Losses (Continued)

Loss allowances (continued)

	The Group-2020				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND LEASES - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2020	494,372	99,018	840,695	-	1,434,085
Transfers:					
Transfer from Stage 1 to Stage 2	(17,706)	17,706	-	-	-
Transfer from Stage 1 to Stage 3	(3,523)	-	3,523	-	-
Transfer from Stage 2 to Stage 1	21,720	(21,720)	-	-	-
Transfer from Stage 2 to Stage 3	-	(16,735)	16,735	-	-
Transfer from Stage 3 to Stage 2	-	126	(126)	-	-
Transfer from Stage 3 to Stage 1	6,863	-	(6,863)	-	-
New financial assets originated or purchased	143,827	19,416	105,971	-	269,214
Financial assets fully derecognised during the period	(88,749)	(29,717)	(293,441)	-	(411,907)
Changes to inputs used in ECL calculation	200,536	57,802	366,319	-	624,657
Foreign exchange adjustment	9,657	4,149	29,935	-	43,741
Loss Allowance as at December 31, 2020	766,997	130,045	1,062,748	-	1,959,790

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

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.

At December 31, 2020

Outlook for lending at December 2020		
Jamaica	**Expected state for the next 12 months**	
Interest rate	Base	Stable
	Upside	Positive
	Downside	Stable
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative

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10. Loans and Leases, after Allowance for Credit Losses (Continued)

Loss allowances (continued)

At December 31, 2021

Outlook for lending at December 2021		
Jamaica	**Expected state for the next 12 months**	
Interest rate	Base	Stable
	Upside	Positive
	Downside	Stable
Unemployment rate	Base	Stable
	Upside	Stable
	Downside	Negative

The economic states assigned above are translated into numerical figures.

Sensitivity analysis at December 2021

The tables below show the sensitivity of the ECL to its various components.

				ECL impact of	
	Weighting for downside scenario	**Actual value applied**	**Change in value**	**Increase in value**	**Decrease in value**
Lending products		Entertainment and tourism industry: 25% (65% for base scenario and 10% for upside scenario) Other industries: 15% (75% for base scenario and 10% for upside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	14,917	(9,581)

Sensitivity analysis at December 2020.

				ECL impact of	
	Weighting for downside scenario	**Actual value applied**	**Change in value**	**Increase in value**	**Decrease in value**
Lending products		10% (75% for base scenario and 15% for upside scenario)	- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	24,170	(17,756)

10. Loans and Leases, after Allowance for Credit Losses (Continued)

IFRS 9 Maximum exposure to credit risk

The following tables explain the changes in the maximum credit exposure the beginning and the end of the period due to these factors. For instruments at amortised cost, the gross carrying amount equals the maximum exposure.

	The Group 2021				
	ECL staging				
LOANS AND LEASES - AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Maximum exposure to credit risk as at January 01, 2021	86,842,916	4,469,247	1,809,063	-	93,121,226
Transfers:					
Transfer from Stage 1 to Stage 2	(864,755)	864,755	-	-	-
Transfer from Stage 1 to Stage 3	(662,329)	-	662,329	-	-
Transfer from Stage 2 to Stage 1	568,279	(568,279)	-	-	-
Transfer from Stage 2 to Stage 3	-	(642,595)	642,595	-	-
Transfer from Stage 3 to Stage 2	-	70,852	(70,852)	-	-
Transfer from Stage 3 to Stage 1	150,008	-	(150,008)	-	-
New financial assets originated or purchased	26,286,851	118,170	75,451	-	26,480,472
Financial assets fully derecognised during the period	(14,198,066)	(608,452)	(1,063,976)	-	(15,870,494)
Changes in principal and interest	(7,079,246)	(201,088)	431,108	-	(6,849,226)
Foreign exchange adjustment	1,379,805	178,852	39,276	-	1,597,933
Maximum exposure to credit as at December 31, 2021	92,423,463	3,681,462	2,374,986	-	98,479,911

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10. Loans and Leases, after Allowance for Credit Losses (Continued)

IFRS 9 Maximum exposure to credit risk (continued)

	The Group 2020				
	ECL staging				
LOANS AND LEASES - AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Maximum exposure to credit as at January 01, 2020	84,843,448	2,321,309	2,236,208	-	89,400,965
Transfers:					
Transfer from Stage 1 to Stage 2	(3,138,324)	3,138,324	-	-	-
Transfer from Stage 1 to Stage 3	(632,781)	-	632,781	-	-
Transfer from Stage 2 to Stage 1	550,009	(550,009)	-	-	-
Transfer from Stage 2 to Stage 3	-	(580,709)	580,709	-	-
Transfer from Stage 3 to Stage 2	-	12,668	(12,668)	-	-
Transfer from Stage 3 to Stage 1	727,689	-	(727,689)	-	-
New financial assets originated or purchased	21,146,248	673,609	181,498	-	22,001,355
Financial assets fully derecognised during the period	(14,171,675)	(476,023)	(644,040)	-	(15,291,738)
Changes in principal and interest	(3,629,701)	(201,428)	(492,770)	-	(4,323,899)
Foreign exchange adjustment	1,148,003	131,506	55,034	-	1,334,543
Maximum exposure to credit as at December 31, 2020	86,842,916	4,469,247	1,809,063	-	93,121,226

10. Loans and Leases, after Allowance for Credit Losses (Continued)

Concentration of loans and leases

Credit risk is an important risk for the Group's business; management therefore carefully monitors its exposure to credit risk in its lending activities. The group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

	The Group	
Loans and leases	**2021**	**2020**
	$'000	**$'000**
Industry segments		
Agriculture, fishing and mining	1,815,035	1,742,517
Construction and real estate	12,578,664	11,049,865
Distribution	11,083,218	9,738,747
Manufacturing	3,702,898	3,945,372
Personal	40,662,088	37,429,201
Professional and other services	11,239,613	12,698,931
Tourism and entertainment	7,033,605	6,532,153
Transportation, storage and communication	1,218,376	1,445,364
Other	8,301,223	7,741,720
	97,634,720	92,323,870
Less: Provision for credit losses	(1,589,994)	(1,959,790)
	96,044,726	90,364,080
Interest receivable	845,191	797,356
	96,889,917	91,161,436

11. Pledged Assets

Assets of the Group are pledged as collateral under repurchase agreements with customers and financial institutions. Mandatory cash reserves and investment securities are also held with the regulators, the Bank of Jamaica and the Financial Services Commission.

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Investment securities pledged as collateral:				
With regulators	199,168	193,990	-	-
Under repurchase agreements (Note 29)	91,968,151	86,549,253	-	-
With bank and other financial institutions	1,468,807	399,695	439,997	557,800
	93,636,126	87,142,938	439,997	557,800

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12. Investment Properties

	The Group	
	2021	**2020**
	$'000	**$'000**
At beginning of year	1,389,305	3,355,590
Additions during the year (i)	193,019	37,629
Disposal during the year (ii)	(430,000)	(2,087,593)
Fair value gains	68,000	83,679
At end of year	1,220,324	1,389,305

The investment properties as at 31 December 2021 were valued at current market value by Allison Pitter & Company and NIA Jamaica Langford & Brown, qualified property appraisers and valuers.

(i) Additions during the year related to works done at property located at Up Park Camp. Additions for prior year, relate to Anchovy Estate and 85 Hope Road (Sagicor Life Jamaica Limited).

(ii) Disposals during the year related to Market Place, Montego Bay by Advantage General Insurance Limited. In 2020, the Group sold Jewel Grand Montego Bay Resort and Spa (X Fund), 7, 8 & 11 West Street, 153 & 157 Water Lane and 2 Pechon Street, Kingston (Advantage General Insurance Limited).

(iii) Rental income and repairs and maintenance expenditure in relation to investment properties are disclosed in Note 37.

(iv) During the year, some of the properties were tenanted and generated rental income. Operating expenses related to the properties which were not tenanted amounted to $NIL.

The valuations of investment property have been classified as Level 3 of the fair value hierarchy under IFRS 13, 'Fair Value Measurement' in note 47.

13. Investment in Joint Venture

This relates to the group's investment in Sagicor Costa Rica

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Balance at 1 January	683,234	436,493	414,267	414,267
Share of after tax earnings	607,764	310,860	-	-
Share of movement in other comprehensive income, net of taxation	38,799	(64,119)	-	-
Balance at 31 December	1,329,797	683,234	414,267	414,267

13. Investment in Joint Venture (Continued)

The joint venture has share capital consisting solely of common and nominative shares, which is held directly by the Group.

Sagicor Costa Rica, S.A. is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the joint venture.

Summarised Financial Information of Joint Venture

Set out below are the summarised financial information for Grupo Sagicor GS, G.A. and subsidiary, which is accounted for using the equity method.

Summarised Statement of Financial Position

	The Group	
	2021 $'000	2020 $'000
Current assets		
Cash and cash equivalents	178,263	566,831
Other current assets	3,403,701	2,643,881
	3,581,964	3,210,712
Non-current assets		
Investments	2,300,597	1,116,211
Other non-current asset	186,712	198,725
	2,487,309	1,314,936
Total Assets	6,069,273	4,525,648
Current liabilities		
Provision for unearned premiums	1,783,867	1,317,451
Other liabilities	1,063,453	1,116,211
	2,847,320	2,433,662
Non Current liabilities		
Notes and loans payable	527,459	701,480
Other liabilities	34,900	24,039
	562,359	725,519
Total Liabilities	3,409,679	3,159,181
Net Assets	2,659,594	1,366,467

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13. Investment in Joint Venture (Continued)

Summarised Financial Information of Joint Venture (Continued)

Summarised statement of comprehensive income

	The Group	
	2021 $'000	2020 $'000
Revenue:		
Net premium revenue	5,033,236	3,198,871
Net investment and other income	488,375	277,272
Total revenue, net	5,521,611	3,476,143
Benefits and expenses:		
Benefits	440,519	741,134
Operating expenses	3,287,664	1,855,429
Interest expense	50,740	56,043
Total benefits and expenses	3,778,923	2,652,606
Net profit before taxation	1,742,688	823,537
Taxation	(527,159)	(201,817)
Net profit after tax for the period	1,215,529	621,720
Other comprehensive income	(86,608)	(199,843)
Total comprehensive income	1,128,921	421,877
Reconciliation of summarized financial information		
Opening net assets at 1 January	1,366,468	872,985
Net profit) after tax for the period	1,215,529	621,720
Other comprehensive income	(86,608)	(199,843)
Currency translation	164,205	71,605
Closing net assets	2,659,594	1,366,467

14. Interest in Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Group. Such interests include holdings of debt or equity securities and investment management agreements. Structured entities are assessed for consolidation as discussed in Note 3(a) (iii).

Consolidated Structured Entity

The Group has no consolidated structured entity.

Unconsolidated Structured Entity

The Group established Sagicor Pooled Investment Fund Limited (PIF), Sagicor Sigma Global Unit Trust (twenty-one portfolios), and the Sagicor Select Funds Limited (two portfolios) to provide customers and pension funds with several investment opportunities.

(i) PIF

PIF is a custodian trustee for the assets of the Pooled Pension Investment Funds which are held in trust on behalf of pension funds. The trust has a separate Board of Directors. The administration of the assets in trust is done by one of the Group's subsidiaries, Employee Benefits Administrator Limited. The investment manager of these Funds is also one of the Group's subsidiaries, Sagicor Life Jamaica Limited. Both the administration of the assets and the provision of investment management services entitled the Group to receive management fees based on the assets under management. See critical accounting estimates Note 3 (a) (i) for further details.

The table below shows the total assets of PIF, the Group's exposure in and income arising from involvement with PIF as well as the maximum exposure to loss. The maximum exposure to loss from the Group's interests represents the maximum loss that the Group could incur as a result of its involvement with the PIF regardless of the probability of the loss being incurred. The income from the Group's interest includes recurring and non-recurring fees and any mark-to-market gains/losses on a net basis. The Group's exposure to loss arises from the Group's defined benefit pension scheme's investment in units in PIF. The income earned from the Group's interests represents the income earned by the Group's defined benefit pension scheme's investment in units in PIF. Management fees are earned by the Group from its administration and investment management activities.

	The Group	
	2021 $'000	2020 $'000
Total assets of PIF	178,323,806	176,933,611
Maximum exposure to loss	22,797,182	19,977,463
Total income/(loss) from the Group's interests	2,022,687	(1,912,550)
Management Fees earned	1,959,065	1,890,080

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

(ii) Sagicor Sigma Global Unit Trust

The Group established the Sagicor Sigma Global Unit Trust to provide customers with investment opportunities. The Unit Trust comprises twenty-one portfolios. See Note 3 (a) (i) for further details.

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14. Interest in Structured Entities (Continued)

(ii) Sagicor Sigma Global Unit Trust (continued)

The Unit Trust has an independent trustee. One of the Group's subsidiaries, Sagicor Investments Jamaica Limited is the investment manager of the Unit Trust and is entitled to receive management fees based on the assets under management. The Group also holds units in the Unit Trust.

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

	The Group	
	2021 $'000	2020 $'000
Total assets of the Unit Trust	133,391,341	141,595,194
The Group's interest – Carrying value of units held (included in fair value through profit and Loss – Note 8)	23,601,075	25,098,938
Maximum exposure to loss	(23,601,075)	(25,098,938)
Liability to the Unit Trust in relation to repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	26,182,798	20,045,556
Liability to the Unit Trust in relation to the purchase of shares in Advantage General Insurance Company Limited	3,355,102	3,671,203
Liability to the Unit Trust in relation to Real Estate Developed for Resale	1,666,029	275,000
Total income from the Group's interests	2,805,974	2,859,795

The Group 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.

(iii) Sagicor Select Funds

Sagicor Select Funds consists of two publicly traded companies listed on Jamaica Stock exchange. They are the Financial Select Fund and the Manufacturing and Distribution Select Fund. The objective of these funds is to provide a low cost and effective means of investing in a diverse pool of companies listed on the stock market.

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

	2021 $'000	2020 $'000
Total assets of Funds	8,185,651	7,610,408
The Group's interest – Carrying value of equities held (included in fair value through profit and Loss – Note 8)	148,737	161,809
Maximum exposure to loss	(148,737)	(161,809)
Liability in relation to repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	62,864	114,503
Total income from the Group's interests	24,814	31,045

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

15. Investment in Associated Company

Sagicor Group owned 0% (2020 – 14.87%) of the 134,496,340 shares outstanding by Playa through its subsidiary company, Jamziv (owned by Sagicor Real Estate X Fund Limited). On January 15, 2021, the Group completely disposed of the 14.87% equity interest in Playa. Based on Sagicor Group's level of investment in, and participation in the decision and policy-making at Playa, Sagicor Real Estate X Fund Group accounted for its investment in Playa as an associated company from the date of acquisition as required by IAS 28 up to point of disposal. There were no contingent liabilities relating to the Group's interest in the associated company.

(a) *The investment in associated company is represented as follows:*

	The Group	
	2021	**2020**
	$'000	**$'000**
Investment, beginning of year	15,844,876	24,509,615
Disposal/dilution of interest	(15,844,876)	(441,101)
Impairment of associate	-	(4,508,146)
Share of :		
Net loss after tax for the period	-	(5,467,297)
Other comprehensive loss	-	(389,931)
Effects of exchange rate changes	-	2,141,736
Investment, end of year	-	15,844,876

Jamziv's interest at December 31, 2020 in Playa decreased by 0.62% to 14.87% from 15.49% at December 31, 2019. In June 2020, Playa issued additional shares which resulted in an effective dilution in the Group's interest. In January 2021, the Group disposed of its holdings in Playa.

The following table shows the breakout of the amounts recorded in the income statement in relation to the current year disposal and prior year's dilution.

	2021	**2020**
	$'000	**$'000**
Group's share of proceeds of sale and new shares issued	13,604,064	419,931
Carrying value of the investment in associate deemed to be disposed of	(15,844,876)	(861,032)
Loss on sale/ dilution of investment in associate	(2,240,812)	(441,101)
Items recorded in other comprehensive income recycled upon dilution of investment in associate:		
Interest rate swap	(526,436)	(24,237)
Foreign currency translation adjustments	2,534,160	74,042
Total loss on disposal /dilution of investment in associate recorded in income statement	(233,088)	(391,296)

Transfers between reserves and retained earnings in Note 25 include $2,709,000 transferred on dilution of associate and $27,761,000 transferred on sale of the associate.

During 2020, due to the negative impacts of COVID-19 on projected EBITDA of Playa's hotel operations, the Group recorded an impairment loss in profit or loss, from the resulting decline in Playa's value-in-use. The key assumptions used in the determination of the value in use computation were the EBITDA cash flow forecasts, the discount rate used to discount the cash flows (10.5%) and the revenue growth rate (2.0%). The value-in-use is very sensitive to changes in the key assumptions used.

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15. Investment in Associated Company (Continued)

(b) *Summarised Financial Information of Associated Company*

(i) Set out below is the summarised financial information for, Playa Hotels & Resorts N.V., which is accounted for using the equity method as at December 31, 2020.

Summary Statement of Financial Position

		The Group
		2020
		$'000
Current assets:	Cash resources	24,495,846
	Other current assets	11,725,086
		36,220,932
Non-current assets:	Property, Plant and equipment, net	245,366,509
	Other non-current assets	19,881,321
		265,247,830
Total Assets		301,468,762
Current liabilities:		
	Loan Payable	12,859,158
	Other current liabilities	22,303,283
		35,162,441
Non-current liabilities:	Loans payable	164,456,512
	Other non-current liabilities	21,952,828
Total Liabilities		221,571,781
Net Assets		79,896,981

Summarised statement of comprehensive income for year 2020

	The Group
	2020
	$'000
Revenue:	
Hotel revenue	49,116,438
Expenses:	
Hotel expenses	(72,278,092)
Other net operating expenses	(50,066)
Interest expense	(11,570,345)
Total expenses	(83,898,503)
Net loss before taxation	(34,782,065)
Taxation	88,837
Net loss after tax for the period	(34,693,228)
Other comprehensive income	(895,930)
Total comprehensive income	(35,589,158)

Reconciliation of the Group's 0% (2020:14.87% interest)

Share of net assets	11,880,681
Deemed goodwill and other adjustments	3,964,195
Carrying value	15,844,876

15. Investment in Associated Company (Continued)

(c) The carrying values of investment in associated company, Playa Hotels & Resorts N.V. and the values indicated by prices quoted on the National Association of Securities Dealers Automated Quotation ("NASDAQ Indicative Value"). The carrying value and NASDAQ indicative value are $15,844,876,000 and $16,863,371,000 respectively at December 2020.

16. Investment in Subsidiaries

Sagicor Securities Jamaica Limited
On May 1, 2021 Sagicor Securities Jamaica Limited, a wholly owned subsidiary of Sagicor Group Jamaica Limited, was effectively wound up and struck of the Companies Office Register. The Company as at that date no longer forms part of the Group's organizational structure.

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17. Intangible Assets

	The Group				
	Goodwill	Contractual Customer Relationship	Trade Names	Computer Software	Total
	$'000	$'000	$'000	$'000	$'000
Cost -					
At 1 January 2020	4,722,348	5,442,499	930,433	3,732,650	14,827,930
Additions	-	-	-	308,160	308,160
Impairment charge	(1,231,913)	-	-	-	(1,231,913)
Arising on acquisition (i)	23,000	-	-	-	23,000
Translation adjustment	55,660	-	-	274	55,934
At 31 December 2020	3,569,095	5,442,499	930,433	4,041,084	13,983,111
Additions	-	-	-	390,564	390,564
Impairment charge	(614,400)	-	-	-	(614,400)
Translation adjustment	63,285	-	-	-	63,285
At 31 December 2021	3,017,980	5,442,499	930,433	4,431,648	13,822,560
Amortisation -					
At 1 January 2020	-	3,446,360	490,308	2,615,269	6,551,937
Amortisation charge	-	267,608	396	505,344	773,348
Translation adjustment	-			145	145
At 31 December 2020	-	3,713,968	490,704	3,120,758	7,325,430
Amortisation charge	-	228,135	16,848	379,793	624,776
Translation adjustment	-	3	-	(91)	(88)
At 31 December 2021	-	3,942,106	507,552	3,500,460	7,950,118
Net Book Value -					
31 December 2020	3,569,095	1,728,531	439,729	920,326	6,657,681
31 December 2021	3,017,980	1,500,393	422,881	931,188	5,872,442

	The Company
	Computer Software
	$'000
Cost -	
At 1 January 2020	1,772,649
Additions	24,989
At 31 December 2020	**1,797,638**
Additions	-
At 31 December 2021	**1,797,638**
Amortisation -	
At 1 January 2020	1,318,765
Amortisation charge	250,420
At 31 December 2020	**1,569,185**
Amortisation charge	85,070
At 31 December 2021	**1,654,255**
Net Book Value -	
31 December 2020	228,453
31 December 2021	**143,383**

i) This represents an adjustment for the finalised fair value statement of financial position for Advantage General Insurance Limited, which was acquired in 2019. These adjustments were immaterial and were recorded in the 2020 financial period.

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17. Intangible Assets (Continued)

The allocation of goodwill to the Group's and the company's Cash Generating Units (CGUs) is as follows:

	The Group	
	2021	**2020**
	$000	**$000**
Sagicor Life Jamaica Individual Lines Division	855,191	855,191
Sagicor Life Jamaica Employee Benefits Division	530,127	530,126
Sagicor Life of the Cayman Islands Individual Lines Division	767,881	706,982
Sagicor Investments Jamaica Limited	186,066	186,066
Sagicor Insurance Managers Limited	-	42,015
Travel Cash Jamaica Limited	119,994	189,994
Advantage General Insurance Company	558,721	1,058,721
	3,017,980	3,569,095

(i) At 31 December 2021, management tested goodwill and the unamortised balance of other purchased intangibles allocated to all the CGUs as listed in the table above.

(ii) Fair values less costs to sell is used to determine the recoverable amounts of:

Sagicor Life Jamaica Individual Lines Division

Sagicor Life Jamaica Employee Benefits Division

Sagicor Life of the Cayman Islands Individual Lines Division

Management has determined the recoverable amount of the life insurance CGUs of the group by assessing the fair value less cost of sell (FVLCS) of the underlying assets. The recoverable amounts are considered to be level 3 in the fair value hierarchy due to the unobservable inputs used in the valuation. No impairment was identified.

Management's approach and the key assumptions used to determine the CGU's FVLCS were as follows:

	The Group							
	2021				2020			
	Earnings Multiple	**Cost to sell**	**Post-tax discount rate**	**Long term Growth Rate**	**Earnings Multiple**	**Cost to sell**	**Post-tax discount rate**	**Long term Growth Rate**
Sagicor Life Jamaica Individual Lines Division	9.7	0.5%	14.29%	4.5%	10.3	0.5%	14.21%	5%
Sagicor Life Jamaica Employee Benefits Division	10.7	0.5%	13.87%	5%	10.8	0.5%	13.79%	5%
Sagicor Life of the Cayman Islands Individual Lines Division	8.5	0.5%	13.28%	2%	8.5	0.5%	13.28%	2%

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17. Intangible Assets (Continued)

The inputs are determined as follows:

- Earnings multiple represents the inverse of the capitalisation rate that is, 1 divided by post-tax discount rate less long-term growth rate.
- Cost to sell is estimated cost, based on management's experience of the typical incident costs associated with a sale of business such as legal and professional fees as well as statutory charges, to dispose of CGU as a going-concern
- Post-tax discount rate reflects specific risks related to the business, industry and country of operation.
- Long-term growth rate (%) is based on historical/projected financial performance of each CGU, nominal GDP growth rates and factors specific to the industry each CGU operates in.

(ii) Value in use calculations are used to determine the recoverable amount of the non-life CGUs:

Sagicor Investments Jamaica Limited

Sagicor Insurance Managers Limited

Travel Cash Jamaica Limited

Advantage General Insurance Company

Sagicor Real Estate X - Fund Limited

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 in which the CGU operates.

During the 2020, COVID-19 impacted the cash flow projections of the Sagicor Real Estate X - Fund Limited Group, which has operations in the hospitality sector, therefore reducing its value in use and necessitating an impairment loss on goodwill, as shown in the movement schedule and the statement of comprehensive income. Sagicor Real Estate X-Fund Limited is included in the Group's "Other" segment in Note 5. The recoverable amount of the goodwill was determined to be nil.

In 2021, the Group recorded impairment charges on the following CGUs:

	2021 $'000
Travel Cash	70,000
Advantage General Insurance Company Limited	500,000
Sagicor Insurance Managers Ltd.[1]	44,400
	614,400

1. This a foreign subsidiary and the goodwill is impacted by movement in the exchange rate.

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17. Intangible Assets (Continued)

Key assumptions used for the impairment calculations are as follows:

	2021		2020	
	Earnings Growth Rate	Discount Rate	Earnings Growth Rate	Discount Rate
Sagicor Bank Jamaica Limited	5.50%	15.07%	5.50%	14.58%
Sagicor Investments Jamaica Limited	5.00%	12.82%	5.00%	12.64%
Sagicor Insurance Managers Ltd.	1.50%	12.27%	2.00%	12.00%
Travel Cash	6.00%	14.72%	6.00%	15.19%
Advantage General Insurance Company Limited	4.50%	14.04%	4.50%	14.53%

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18. Property, Plant and Equipment

	The Group				
	Leasehold Buildings & Improvements	Freehold Land & Buildings	Furniture & Equipment	Motor Vehicles	Total
Cost or Valuation -	$'000	$'000	$'000	$'000	$'000
At 1 January 2020	1,348,775	16,414,184	7,084,464	279,549	25,126,972
Additions	225,775	24,864	745,291	45,646	1,041,576
Reclassification	-	-	23,353	737	24,090
Revaluation adjustments	-	(2,374,475)	-	-	(2,374,475)
Disposals	-	-	(241,398)	(22,918)	(264,316)
Translation adjustment	4,915	1,182,919	(319,996)	-	867,838
At 31 December 2020	**1,579,465**	**15,247,492**	**7,291,714**	**303,014**	**24,421,685**
Additions	55,673	24,012	402,471	27,311	509,467
Reclassification					
Revaluation adjustments	-	2,149,765	-	-	2,149,765
Disposals	-	(19,512)	(5,516)	-	(25,028)
Translation adjustment	5,699	1,162,549	239,398	(17,376)	1,390,270
At 31 December 2021	**1,640,837**	**18,564,306**	**7,928,067**	**312,949**	**28,446,159**
Accumulated Depreciation -					
At 1 January 2020	715,697	447,498	3,695,665	134,281	4,993,141
Charges for the year	114,891	378,428	962,723	49,104	1,505,146
Relieved on revalued assets	-	(27,319)	-	-	(27,319)
Relieved on disposals	-	-	(106,515)	(13,412)	(119,927)
Translation adjustment	4,170	105,363	(440,440)	695	(330,212)
At 31 December 2020	834,758	903,970	4,111,433	170,668	6,020,829
Charges for the year	124,776	362,380	958,490	49,499	1,495,145
Relieved on revalued assets	-	(25,117)	-	-	(25,117)
Relieved on disposals		(160)	(314)	(12,894)	(13,368)
Translation adjustment	5,023	76,153	105,361	-	186,537
At 31 December 2021	**964,557**	**1,317,226**	**5,174,970**	**207,273**	**7,664,026**
Net Book Value -					
31 December 2020	744,707	14,343,522	3,180,281	132,346	18,400,856
31 December 2021	**676,280**	**17,247,080**	**2,753,097**	**105,676**	**20,782,133**

The valuations of Freehold Land and Building have been classified as Level 3 of the fair value hierarchy under IFRS 13, 'Fair Value Measurement'

18. Property, Plant and Equipment (Continued)

	The Company			
	Leasehold Improvement	Furniture & Equipment	Motor Vehicle	Total
Cost or Valuation -	$'000	$'000	$'000	$'000
At 1 January 2020	33,646	483,949	21,840	539,435
Additions	-	8,434	14,000	22,434
Disposal	-	-	-	-
At 31 December 2020	33,646	492,383	35,840	561,869
Additions	-	8,375	-	8,375
Disposal	-	(176)	-	(176)
At 31 December 2021	33,646	500,582	35,840	570,068
Accumulated Depreciation -				
At 1 January 2020	7,103	319,927	1,456	328,486
Charges for the year	3,365	80,894	4,835	89,094
Disposal	-	-	-	-
At 31 December 2020	10,468	400,821	6,291	417,580
Charges for the year	3,365	46,739	7,168	57,272
Disposal	-	(88)	-	(88)
At 31 December 2021	13,833	447,472	13,459	474,764
Net Book Value -				
31 December 2020	23,178	91,562	29,549	144,289
31 December 2021	**19,813**	**53,110**	**22,381**	**95,304**

In accordance with the Group's policy, owner-occupied properties included in Freehold Land and Buildings were independently revalued during the year by professional real estate valuators. The excess of revalued amount over the carrying value of these property, plant and equipment, amounting to $2,174,882,000 (2020 - $2,347,156,000), has been credited/(charged) to investment and fair value reserves. If revalued assets of the Group were stated on a historical cost basis, the amounts would be as follows:

	The Group	
	2021	2020
	$'000	$'000
Cost	13,375,439	12,388,360
Accumulated depreciation	(1,844,823)	(1,437,132)
Net book value	11,530,616	10,951,228
Carrying value of revalued assets	**17,247,080**	**14,343,522**

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19. Retirement Benefits

	The Group	
	2021	2020
	$'000	$'000
Retirement benefit assets -		
Pension scheme	472,179	1,187,248
Retirement benefit obligations -		
Pension scheme	943,916	-
Other post-retirement benefits	4,836,665	3,706,366
	5,780,581	3,706,366

Pension schemes comprised the following –

	2021	2020
	$'000	$'000
Retirement benefit assets	471,737	(1,187,248)
Retirement benefit obligations	-	-
	471,737	(1,187,248)

The Group operates the following pension plans:

(i) Sagicor Life Jamaica Limited operates a hybrid pension plan for its permanent staff. The plan has two sections – a Defined Contribution (DC) section and a Defined Benefit (DB) section, which is funded. The DB section is closed to new members and includes administrative staff joining the company before August 1, 2009, while the DC section includes eligible sales agents and administrative staff joining Sagicor Life Jamaica Limited on or after August 1, 2009. The assets of the plan are held independently of the company's assets in separate trustee administered funds. The benefits for the DB section are based on service and salary, whereas the DC section benefits are based on contributions made by the members and the company, with interest. The solvency level (the ratio of assets to past service liabilities) as at the last triennial funding valuation (2018) was 115%.

(ii) Sagicor Life of the Cayman Islands Ltd. participates in the Cayman Islands Chamber of Commerce Pension Plan. This plan is a money purchase contributory plan covering all the employees in the Cayman Islands. Contributions are vested immediately. The company contributes at a fixed rate of 7% of pensionable earnings.

(iii) Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited jointly operate an open DC pension plan and a closed DB pension plan covering its permanent employees. The assets of these funded plans are held independently of the companies' assets in separate trustee administered funds. The solvency level (the ratio of assets to past service liabilities) as at the last triennial funding valuation (2019) was 170% and 114% for the DB and DC plan, respectively.

(iv) Sagicor Bank Jamaica Limited has a closed DC plan covering all permanent employees (formerly employed to RBC Jamaica Limited) who are not covered under the DC and DB plans it jointly operates with Sagicor Investments Jamaica Limited. The assets of this funded plan are held independently of the company's assets in separate trustee administered funds. The solvency level (the ratio of assets to past service liabilities) as at the last triennial funding valuation (2019) was 110%.

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19. Retirement Benefits (Continued)

(v) Advantage General Insurance Company Limited sponsors a DB scheme, which is open to all employees who have satisfied certain minimum service requirements. The scheme is funded by employee and employer contributions at varying rates. Retirement and other benefits are based on average salary for the last three years of pensionable service.

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. The Trustees of the pension schemes ensure benefits are funded, benefits are paid, assets invested to maximise returns subject to acceptable investment risks while considering the liability profile. Any plan surplus or funding deficiency for the defined benefits plans as determined by independent actuaries annually using the Projected Unit Credit Method are recognised fully as a charge to shareholders' equity.

(a) Pension schemes

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

	The Group	
	2021	2020
	$'000	$'000
Present value of funded obligations	30,218,160	25,496,152
Fair value of plan assets	(29,746,423)	(26,683,400)
Deficit/(surplus) of funded plan	471,737	(1,187,248)
Liability/(asset) in the balance sheet	471,737	(1,187,248)

Movement in the present value of the defined benefit obligations recognised in the statement of financial position:

	The Group	
	2021	2020
	$'000	$'000
Liability at start of year	25,496,152	27,891,510
Current service cost	652,714	717,219
Interest cost	2,257,020	2,063,294
Net expense recognised in income	2,909,734	2,780,513
Re-measurements:		
Losses/(Gains) from changes in financial assumptions	1,438,508	(2,208,027)
Losses/(Gains) from changes in experience	398,060	(2,734,428)
Net losses/(gains) recognised in other comprehensive income	1,836,568	(4,942,455)
Contributions by the members	830,403	781,259
Value of purchased annuities	1,178,376	946,456
Benefits paid	(2,033,073)	(1,961,131)
Net Liability, end of year	30,218,160	25,496,152

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19. Retirement Benefits (Continued)

(a) Pension schemes (continued)

Movement in the fair value of plan assets recognised in the statement of financial position:

	The Group	
	2021	2020
	$'000	$'000
Balance at start of year	26,683,400	28,487,084
Contributions made by the employer	658,132	531,725
Contributions by the members	830,403	781,259
Value of purchased annuities	1,178,376	946,456
Benefits paid	(2,033,073)	(1,961,131)
Interest income on plan assets	2,429,414	2,141,841
Re-measurement:		
Gains /(Losses)/from changes in financial assumptions	139,961	(309,753)
Losses from changes in experience	(140,190)	(3,934,081)
Net losses recognised in other comprehensive income	(229)	(4,243,834)
Balance, end of year	29,746,423	26,683,400

The amounts recognised in the income statement as follows:

	The Group	
	2021	2020
	$'000	$'000
Current service cost	652,714	717,219
Interest cost on plan obligation	2,257,020	2,063,294
Interest income on plan assets	(2,429,414)	(2,141,841)
Total, included in staff cost (Note 41 (a))	480,320	638,672

19. Retirement Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in other comprehensive income is as follows:

	The Group	
	2021	2020
	$'000	$'000
Change in financial assumptions	1,298,547	(1,898,274)
Experience adjustments	538,250	1,199,653
	1,836,797	(698,621)
Deferred tax	(497,880)	178,140
	1,338,917	(520,481)

The principal actuarial assumptions used were as follows:

	The Group	
	2021	2020
Discount rate - J$ benefits	8.00%	9.00%
Discount rate - US$ Indexed benefits	5.50%	5.00%
Inflation	5.00%	6.00%
Expected return on plan assets	8.00%	9.00%
Future salary increases	8.00%	9.00%
Future pension increases	0.50%	0.50%
Minimum Funding Rate (MFR) as a % of payroll	0.25%	0.25%
Average expected remaining working lives (years)	13	13

The weighted average duration of the defined benefit obligation ranges from 31 years (2020 – 31 years) to 41 years (2020 – 41 years).

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65.

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19. Retirement Benefits (Continued)

(a) Pension schemes (continued)

Pension plan assets are comprised as follows:

	The Group			
	2021		2020	
	$'000	%	$'000	%
Equities	8,690,687	29	8,727,652	33
GOJ Bonds	2,721	-	283,476	1
Corporate Bonds	88,912	-	265,225	1
Repurchase Agreements	-	-	214,650	1
Real Estate	46,338	-	56,924	-
Mortgages and real estate fund	4,550,022	15	3,791,521	14
Money market fund	245,259	1	190,351	1
Fixed income fund	3,254,390	11	2,486,402	9
Foreign currency fund	3,922,707	13	3,704,870	14
Global market fund	1,072,557	5	827,494	3
Diversified investment fund	129,917	-	104,688	-
Inflation-linked (CPI) fund	876,099	3	622,289	2
	22,879,609	77	21,275,542	79
Value of purchased annuities	6,866,814	23	5,407,858	21
	29,746,423	100	26,683,400	100

The sensitivity of the defined benefit pension obligation to changes in the principal assumptions is as follows:

		The Group	
		Increase/(decrease) in defined benefit obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		2021	2021
		$'000	$'000
Discount rate	1%	(1,296,046)	1,691,430
Future salary increases	0.5%	(197,364)	213,199
Future pension increases	1%	2,140,527	(2,135,548)
Life expectancy	1 year	121,396	(125,318)

		The Group	
		Increase/(decrease) in defined benefit obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		2020	2020
		$'000	$'000
Discount rate	1%	(1,022,000)	1,326,326
Future salary increases	1%	466,149	(405,484)
Future pension increases	1%	2,025,130	(1,803,046)
Life expectancy	1 year	90,368	(92,438)

19. Retirement Benefits (Continued)

(a) Pension schemes (continued)

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.

(b) Other retirement benefits

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

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

	The Group	
	2021	2020
	$'000	$'000
Present value of unfunded obligations	5,079,345	3,929,008
Fair value of plan assets	(242,680)	(222,642)
Liability in the statement of financial position	4,836,665	3,706,366

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

	The Group	
	2021	2020
	$'000	$'000
Liability at beginning of year	3,929,008	3,283,879
Current service cost	99,390	(34,502)
Interest cost	347,853	232,369
Net expense recognised in profit or loss	447,243	197,867
Re-measurement:		
Losses/(gains) from changes in financial assumptions	632,332	(559,568)
Losses from changes in experience	201,526	1,142,075
Net losses recognised in other comprehensive income	833,858	582,507
Benefits paid	(130,764)	(135,245)
Net Liability, end of year	5,079,345	3,929,008

The principal actuarial assumption used was as follows:

	The Group	
	2021	2020
Rate of medical inflation	8%	7%

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19. Retirement Benefits (Continued)

(b) Other retirement benefits (continued)

The amounts recognised in the income statements are as follows:

	The Group	
	2021	2020
	$'000	$'000
Current service cost	99,390	(34,502)
Interest cost	347,853	232,369
Interest income on plan assets	(20,038)	(15,533)
Total, included in staff cost (Note 41(a))	427,205	182,334

The amounts recognised in other comprehensive income is as follows:

	The Group	
	2021	2020
	$'000	$'000
Change in financial assumptions	632,332	(559,568)
Experience adjustments	201,526	1,142,075
	833,858	582,507
Deferred tax	(238,589)	(135,148)
	595,269	447,359

Movement in the fair value of plan assets recognised in the statement of financial position:

	The Group	
	2021	2020
	$'000	$'000
Balance	222,642	207,109
Interest income on plan assets	20,038	15,533
Balance, end of year	242,680	222,642

19. Retirement Benefits (Continued)

(b) Other retirement benefits (continued)

The sensitivity of the other retirement benefits obligation to changes in the principal assumptions is as follows:

		The Group Increase/(decrease) in other retirement benefits obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		2021 $'000	2021 $'000
Discount rate	1%	(596,031)	761,242
Medical cost inflation	1%	783,011	(589,539)
Future salary increases	1%	106,525	(52,718)
Life expectancy	1 year	141,396	(140,318)

		The Group Increase/(decrease) in other retirement benefits obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		2020 $'000	2020 $'000
Discount rate	1%	(521,913)	659,613
Medical cost inflation	1%	602,913	(483,614)
Future salary increases	1%	29,331	(24,280)
Life expectancy	1 year	117,175	(117,183)

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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19. Retirement Benefits (Continued)

(c) Plan risks

Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to a number of risks. The Group 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 Group has not changed the processes used to manage its risks from previous periods.

The most significant of these plan risks are detailed below:

(i) 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 Group 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 Group'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 Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations.

(ii) 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 investments.

(iii) 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.

(iv) Life expectancy
The majority 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.

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20. Deferred Income Taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal rate of:

(a) 25% for the company (Sagicor Group Jamaica Limited), Sagicor Life Jamaica Limited and Sagicor Property Services Limited
(b) 33⅓% for Sagicor Investments Jamaica Limited, Sagicor Bank Jamaica Limited, Employee Benefits Administrator Limited, Sagicor Insurance Brokers Limited, Sagicor Insurance Administrators Limited Sagicor Securities Jamaica Limited and Advantage General Insurance Company Limited;
(c) 1% for the subsidiaries incorporated in St. Lucia; and
(d) 5.5% for the subsidiaries incorporate in Barbados.

The subsidiaries incorporated in Grand Cayman operate under a zero-tax regime.

Deferred tax assets and liabilities, net recognised on the statement of financial position are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred income tax assets, net	(1,980,237)	(1,005,526)	(225,674)	(222,825)
Deferred income tax assets, liability	2,169,101	2,493,349	-	-

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

	The Group			
	Deferred tax assets		Deferred tax liabilities	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred tax assets/liabilities to be recovered after more than 12 months	(170,714)	(1,234,728)	(132,034)	2,468,615

	The Company	
	2021	2020
	$'000	$'000
Deferred tax assets to be recovered after more than 12 months	224,357	(225,746)
Deferred tax liabilities to be settled after more than 12 months	-	2,421

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20. Deferred Income Taxes (Continued)

Net deferred income tax assets and liabilities are attributable to the following items:

	The Group			
	Net deferred tax assets		Net deferred tax liabilities	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred income tax assets -				
Property, plant and equipment	(305,211)	(248,298)	-	-
Investment securities - FVTOCI	(82,267)		-	
Tax losses unused	(96)	(96)	(476,182)	(386,406)
Unrealised foreign exchange losses	(299,862)	(278,461)	(24,832)	(5,972)
Impairment losses on loans & investment securities (IFRS 9)	-	(123,581)	(89,551)	-
Pensions and other post-retirement benefits	(1,401,821)	(722,279)	(40,697)	-
Other	(35,358)	(23,007)	-	(3,851)
	(2,124,615)	(1,395,722)	(631,262)	(396,229)
Deferred income tax liabilities -				
Property, plant and equipment	-	-	1,577,923	509,621
Fair value gains (FVTPL and FVTOCI)	-	390,196	1,020,198	2,325,739
Pensions and other post-retirement benefits	-	-	-	54,218
Impairment losses on loans	144,378	-	-	-
Other	-	-	202,242	-
	144,378	390,196	2,800,363	2,889,578
Net deferred taxation (asset)/liability	(1,980,237)	(1,005,526)	2,169,101	2,493,349

	The Company	
	2021	2020
	$'000	$'000
Deferred income tax (assets)/liabilities-		
Property, plant and equipment	(224,357)	(225,746)
Impairment losses on loans & investment securities (IFRS 9)	(25)	(18)
Investment securities at FVTOCI	-	1,960
Unrealised foreign exchange gains	-	461
Interest receivable	(1,292)	518
Net deferred tax asset	(225,674)	(222,825)

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20. Deferred Income Taxes (Continued)

The movement in net deferred tax assets is as follows:

	The Group							
	Property, plant and equipment	Fair value gains	Unused tax losses	Unrealised foreign exchange gains	Loan & investment securities loss provision	Post-employment benefits	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2020	(157,236)	220,278	(74,214)	(210,050)	44,931	(706,708)	34,368	(848,631)
(Credited)/charged to income statement	(107,530)	116,417	74,118	(68,411)	(173,312)	(55,796)	(57,375)	(271,889)
(Credited)/charged to other comprehensive income	16,468	53,501	-	-	4,800	40,225	-	114,994
At 31 December 2020	(248,298)	390,196	(96)	(278,461)	(123,581)	(722,279)	(23,007)	(1,005,526)
(Credited)/charged to income statement	(62,709)	(77,890)	-	(21,401)	271,291	(932)	(12,351)	96,008
(Credited)/charged to other comprehensive income	5,796	(394,573)	-	-	(3,332)	(678,610)	-	(1,070,719)
At 31 December 2021	(305,211)	(82,267)	(96)	(299,862)	144,378	(1,401,821)	(35,358)	(1,980,237)

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NOTES TO THE FINANCIAL STATEMENTS
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20. Deferred Income Taxes (Continued)

The movement in net deferred tax liabilities is as follows:

	Property, plant and equipment	Fair value gains	Unused tax losses	Unrealised foreign exchange gains	Loan & investment securities	Pension and other post-retirement benefits	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2019	452,699	936,139	160,798	5,901	-	27,869	22,286	1,605,692
On acquisition of subsidiary (i)	289,332	-	-	-	-	-	-	289,332
(Credited)/charged to income statement (Note 43 (a))	301,256	196,756	(577,921)	(11,873)	-	23,582	(60,378)	(128,578)
Credited to other comprehensive income (Note 43 (c))	(605,411)	1,192,844	-	-	-	2,767	31,853	622,053
Credited directly to equity	71,745	-	30,717	-	-	-	2,388	104,850
At 31 December 2020	509,621	2,325,739	(386,406)	(5,972)	-	54,218	(3,851)	2,493,349
(Credited)/charged to income statement (Note 43 (a))	536,283	77,053	(58,004)	(18,860)	(84,811)	(37,056)	206,463	621,068
Credited to other comprehensive income (Note 43 (c))	423,301	(1,382,594)	-	-	(4,741)	(57,859)	-	(1,021,893)
Credited directly to equity	108,718	-	(31,772)	-	1	-	(370)	76,577
At 31 December 2021	1,577,923	1,020,198	(476,182)	(24,832)	(89,551)	(40,697)	202,242	2,169,101

(i) In 2020, the fair valued Balance Sheet for Advantage General Insurance Limited at the date of acquisition was based on additional information received after year-end. These adjustments were immaterial.

	The Company	
	2021	2020
	$'000	$'000
As at 1 January	(222,825)	(149,667)
Credited to the income statement	(886)	(73,193)
Tax charged to components in other comprehensive income	(1,963)	35
As at 31 December	(225,674)	(222,825)

21. Taxation Recoverable

Taxes are withheld at 25% from interest payments on Government of Jamaica securities and other local bonds. The Group makes monthly filings to the 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.

22. Other Assets

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Due from sales representatives	2,263,676	1,850,916	-	-
Real estate developed for resale (i)	6,639,840	3,962,266	-	-
Due from related parties (Note 23)	806,823	601,600	6	24,690
Service contract assets:				
Due from Government Employees & Other - Administrative Scheme Only Fund and Government Pensioners Administrative Scheme Only Fund	172,705	170,869	-	-
Prepayments and deferred commission	3,127,866	3,077,131	783,125	696,322
Customer settlements accounts/unsettled trades	2,342,437	579,410	-	-
Legal claim (Note 52)	181,648	160,442	-	-
Other receivables	2,656,967	1,745,242	146,679	98,018
	18,191,962	12,147,876	929,810	819,030
Provision against doubtful receivables and impairment charge	(48,451)	(157,096)	-	-
	18,143,511	11,990,780	929,810	819,030

(i) Real estate developed for sale relates to the construction of residential and commercial complexes.

Current portion of Other Assets disclosed under Note 48 (d).

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23. Related Party Balances and Transactions

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 the ultimate parent company, the parent company, fellow subsidiaries and the Group's joint venture and associated company. Related parties also include directors, key management and companies for which the Group and its parent company provide management services (the Pooled Investment Funds, the Sagicor Sigma Funds and the Sagicor Select Funds). PanJam Investment Limited is a related party by virtue of being a shareholder with significant influence over the parent company.

(a) The statement of financial position includes the following balances with related parties and companies:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Due from related companies -				
Ultimate parent company	62,290	88,846	-	-
Subsidiaries	-	-	-	24,685
Other related companies	386,605	389,027	6	5
Other managed funds	357,928	123,727	-	-
	806,823	601,600	6	24,690
Due to related companies -			-	-
Ultimate parent company	156,647	87,971	-	-
Subsidiaries – other liabilities	-	-	4,213,123	3,586,021
Managed funds	75,696	51,844	-	-
	232,343	139,815	4,213,123	3,586,021
Financial investments-				
Short term deposits	-	-	133,024	130,839
Securities purchased under resale agreements with SIJL	-	-	342,962	615,658
Bonds issued by Ultimate parent company	1,945,687	2,013,065	-	-
Bonds issued by PanJam Investment Limited	529,742	534,609	-	-
Sagicor Select Funds Units	148,737	161,809	-	-
Sigma Units	23,601,075	25,098,938	-	-
	26,225,241	27,808,421	475,986	746,497
Deposit and Security Liabilities-				
Promissory loans:				
Ultimate Parent company	-	1,632,480	-	1,632,480
Subsidiaries	-	-	12,003,246	12,927,887
BW Shareholders	23,500	23,500	-	-
SGJ Shareholders -Note 29(iv)	-	1,125,272	-	1,125,272
Other managed funds	2,466,029	4,406,319	-	-
Repurchase agreements with managed funds	24,921,029	16,997,695	-	-
Customer Deposit with ultimate parent Company	117,152	106,971	-	-
	27,527,710	24,292,237	12,003,246	15,685,639

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23. Related Party Balances and Transactions (Continued)

(a) The statement of financial position includes the following balances with related parties and companies:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
PanJam Investment Limited -				
Securities sold under agreement to repurchase	272,941	199,490	-	-
Customer deposits	437,643	143,539	-	-
	710,584	343,029	-	-

(b) The balances below resulted from transactions with related parties and companies as follows:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Directors, key management and other related parties-				
Securities sold under agreements to repurchase	(102,960)	(93,511)	-	-
Customer deposits	(5,749,870)	(9,338,584)	-	-
Loans	1,825,578	1,452,089	-	-

(c) The statement of comprehensive income includes the following transactions with related parties and companies. Income earned from the PIF, attributed to the Group's pension schemes, as well as income earned from the Sagicor Sigma Global Unit Trust and the Sagicor Select Funds are disclosed in Note 14.

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Ultimate parent company				
Interest income	119,068	115,302	-	-
Interest expense	38,383	44,504	37,104	-
Shared service fees	221,639	266,125	-	-
Jewel Grande Montego Bay- Gain / (loss) on sale	-	(388,449)		
Sagicor Pooled Investment Funds -				
Interest expense	52,780	57,106	-	-
Lease rental expense	437,625	501,398	-	-
Management fee income	1,959,065	1,890,080	-	-
Pension Schemes -				
Management Fees – Self Directed Funds	284,426	248,461	-	-
Management Fees – DA	13,033	14,097	-	-
PanJam Investment Limited				
Interest expense	25,576	6,457	22,810	5,871
Interest Income	10,184	34,372	-	-
Directors and key management personnel -				
Interest expense	1,422	5,310	-	-
Interest income	8,353	13,992	-	-

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23. Related Party Balances and Transactions (Continued)

(c) The statement of comprehensive income includes the following transactions with related parties and companies. Income earned from the PIF, attributed to the Group's pension schemes, as well as income earned from the Sagicor Sigma Global Unit Trust and the Sagicor Select Funds are disclosed in Note 14 (continued).

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Parent Company transactions with subsidiaries -				
Management fees Income	-	-	43,215	226,275
Management fees expense	-	-	(55,859)	(52,200)
Interest expense	-	-	(247,035)	(345,008)
Dividend income	-	-	8,272,192	1,846,125
Interest Income	-		10,795	3,099
Transactions with Select and Sigma Fund				
Service fee income	2,830,788	2,866,532	-	-
Interest expense	(108,881)	(340,003)	-	-
Lease expense	(2,036)	-	-	-
Capital appreciation	337,300	270,322	-	-
Key management compensation -				
Salaries and other short-term benefits	755,771	611,279	-	-
Share based payments	198,326	168,376	-	-
Contributions to pensions and insurance schemes	37,900	27,970	-	-
Directors' emoluments -				
Fees	116,818	134,177	34,700	35,090
Other expenses	1,879	2,816	-	743
Management remuneration (included in key management compensation)	291,962	224,644	-	-
	410,659	361,637	34,700	35,833

24. Share Capital

	The Group and The Company	
	2021 $'000	2020 $'000
Authorised:		
13,598,340,000 (2020 – 13,598,340,000) Ordinary shares		
Issued and fully paid:		
3,905,634,916 ordinary stock units at no par	8,991,044	9,161,065
Treasury shares (Note 26)	(174,951)	(170,021)
	8,816,093	8,991,044

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25. Equity Reserves

	The Group			
	Stock Options Reserve	Investment & Fair Value Reserves	Currency Translation Reserve	Equity Owners' Total
	$'000	$'000	$'000	$'000
Balance at 31 December 2020	**47,999**	**4,483,477**	**6,676,042**	**11,207,518**
Net gains recycled to revenue on disposal and maturity of FVTOCI securities	-	(1,716,784)	-	**(1,716,784)**
Net unrealised gains on FVTOCI securities	-	(4,130,930)	-	**(4,130,930)**
Net unrealised losses on revaluation of owner-occupied properties	-	742,370	-	**742,370**
Retirement Benefit Obligation	-	-	-	**-**
Net gains on Interest Rate Swap	-	93,832	-	**93,832**
Deferred tax on unrealised capital gains and impairment	-	1,627,226	-	**1,627,226**
Provision for expected credit losses -IFRS 9 on FVTOCI securities	-	4,730	-	**4,730**
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities	-	(518,297)	-	**(518,297)**
Shadow accounting	-	121,611	-	**121,611**
Currency translation	-		1,258,128	**1,258,128**
Total comprehensive income for the year	-	**(3,776,242)**	**1,258,128**	**(2,518,114)**
Transactions with owners -				
Employee share option scheme -value of services provided	31,122	-	-	31,122
- employee stock grants and options exercised / expired	(20,768)	-	-	(20,768)
Total transactions with owners	10,354	-	-	10,354
Transfers between reserves -				
To retained earnings	-	(27,760)	-	(27,760)
Total transfers between reserves	-	(27,760)	-	(27,760)
Balance at 31 December 2021	**58,353**	**679,475**	**7,934,170**	**8,671,998**

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25. Equity Reserves (Continued)

	The Group			
	Stock Options Reserve	Investment & Fair Value Reserves	Currency Translation Reserve	Equity Owners' Total
	$'000	$'000	$'000	$'000
Balance at 31 December 2019	**30,194**	**1,841,292**	**5,015,044**	**6,886,530**
Net gains recycled to revenue on disposal and maturity of FVTOCI securities	-	(2,830,158)	-	(2,830,158)
Net unrealised gains on FVTOCI securities	-	7,558,797	-	7,558,797
Net unrealised losses on revaluation of owner- occupied properties	-	(498,781)	-	(498,781)
Retirement Benefit Obligation	-	(499)		(499)
Net gains on Interest Rate Swap	-	(20,744)	-	(20,744)
Deferred tax on unrealised capital gains and impairment	-	(1,113,705)	-	(1,113,705)
Provision for expected credit losses - IFRS 9 on FVTOCI securities	-	487,906	-	487,906
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities	-	(39,103)	-	(39,103)
Shadow accounting	-	(742,148)	-	(742,148)
Currency translation	-	-	1,660,998	1,660,998
Total comprehensive income for the year	**-**	**2,801,565**	**1,660,998**	**4,462,563**
Transactions with owners -				-
Employee share option scheme -value of services provided	26,015	-	-	26,015
- employee stock grants and options exercised / expired	(8,210)	-	-	(8,210)
Total transactions with owners	17,805	-	-	17,805
Transfers between reserves -				-
To retained earnings	-	(159,380)	-	(159,380)
Total transfers between reserves	-	(159,380)	-	(159,380)
Balance at 31 December 2020	**47,999**	**4,483,477**	**6,676,042**	**11,207,518**

25. Equity Reserves (Continued)

(a) Investment and fair value reserves include the following:

(i) Owner Occupied Properties and Fair value Reserves (FVTOCI) - This represents the unrealised surplus or deficit on the re-measurement of securities classified as FVTOCI and the revaluation of property, plant and equipment.

(ii) Currency Translation Reserve –This represents the unrealised foreign exchange gains and losses on the translation of subsidiaries, associate and joint venture with functional currencies other than the Jamaican dollar.

(b) Special Investment Reserve - This represents a non-distributable reserve under the provisions of the Insurance Regulations, 2001.

(c) Loan Loss Reserve - This is a non-distributable reserve representing the excess of the allowance for impairment losses determined using the Bank of Jamaica's regulatory requirements over the amount determined under IFRS.

(d) Retained earnings reserve - Section 2 of the Banking Act of 1992 permits the transfer of any portion of the Bank's net profit to a retained earnings reserve. This reserve constitutes a part of the capital base for the purpose of determining the maximum level of deposit liabilities and lending to customers. Transfers to the retained earnings reserve are made at the discretion of the subsidiary's Board of Directors. Such transfers must be notified to the Bank of Jamaica.

Reserve fund (included as a part of retained earnings reserve) - This fund is maintained in accordance with the Banking Act 1992 which requires that a minimum of 15% of the net profit of the banking subsidiary as defined by the Act be transferred annually to the reserve fund until the amount of the fund is 50% of the paid-up share capital of the subsidiary, and thereafter 10% of the net profit until the amount of the fund is equal to the paid-up capital of the subsidiary.

(e) The provision of section 62 (1) (d) of The Companies Act 2004, requires the transfer from retained earnings to the capital redemption reserve fund a sum equal to the amount of the redeemable preference shares redeemed otherwise than out of the proceed of a fresh issue.

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26. Stock Options and Grants

Long-term Incentive plan
The Group offers stock grants and stock options to senior executives as part of its long-term incentive plan. The Group has set aside 150,000,000 of its authorised but un-issued shares at no par value for the stock grants and stock options.

In January 2007, the Group introduced a new Long-Term Incentive (LTI) plan which replaced the previous Stock Option plan. Under the LTI plan, executives are entitled but not obliged to purchase the Group stock at a pre-specified price at some future date. The options are granted each year on the date of the Board of Directors Human Resources Committee meeting following the performance year at which the stock option awards are approved. Stock options vest in 4 equal installments beginning the first December 31 following the grant date and for the next three December 31st dates thereafter (25% per year). Options are not exercisable after the expiration of 7 years from the date of grant. The number of stock options in each stock option award is calculated based on the LTI opportunity via stock options (percentage of applicable salary) divided by the Black-Scholes value of a stock option of Sagicor Group Jamaica Limited stock on 31 March of the measurement year. The exercise price of the options is the closing bid price on 31 March of the measurement year.

Details of the combined share options outstanding are as follows:

	Sagicor Group Jamaica Limited			
	2021		2020	
	Options (thousands)	Weighted Average exercise price in $ per share	Options (thousands)	Weighted Average exercise price in $ per share
At beginning of year	11,033	29.65	9,600	23.44
Measurement year – 2019 awarded 2020	2,224	52.40	3,429	39.99
Measurement year – 2020 awarded 2021	-		-	-
Expired			(1,689)	13.97
Exercised	(3,005)	32.58	(307)	37.08
At end of year	10,252	33.73	11,033	29.65
Exercisable at the end of the period	6,575	31.28	6,636	25.79

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26. Stock Options and Grants (Continued)

Stock options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry Date	2021 Exercise Price	2021 No. of Outstanding Options 000's	2020 Exercise Price	2020 No. of Outstanding Options 000's
March 2021	-	-	7.11	275
March 2022	9.50	298	9.50	431
March 2023	10.49	1,115	10.49	1,443
March 2024	23.65	613	23.65	1,058
March 2025	34.10	1,187	34.10	1,777
March 2026	36.45	2,149	36.45	2,790
March 2027	39.99	2,666	39.99	3,259
March 2028	52.40	2,224	-	-
	36.19	10,252	30.71	11,033

For options outstanding at the end of the year, exercise prices range from $9.50 to $52.40 (2020 - $7.11 to $39.99). The remaining contractual terms range from 3 months to 7 years (2020 – 3 months to 7 years).

The weighted average share price for options exercised during the year was $51.39 (2020 - $58.72) and the Group's share of the cost of these options was $7,596,000 (2020 - $2,968,000).

The stock options reserve balance at the year-end represents the accumulated fair value of services provided by employees in consideration for shares, as measured by reference to the fair value of the shares. The fair value of the options granted during the year as determined using the Black-Scholes valuation model was $37,557,305. The significant inputs into the model were:

	2021	2020
Share Price	$51.88	$47.95
Dividend Yield	2.04%	2.19%
Standard Deviation	29%	31%
Risk Free ratio	4.16%	4.43%
Expected Volatility period	7 Years	7 Years

The Sagicor Group Jamaica Limited recognised cumulative expenses of $58,349,000 in the Stock Option Reserves (2020 – $26,015,000) and share options expense of $23,552,000 (2020 - $27,714,000) in the income statement.

In 2019, the Sagicor Group Jamaica Board HR & Compensation Committee approved the amendment to the termination rules in the Sagicor Group Jamaica LTI Plan to conform with those in the SFC Plan. This amendment relates to the Accelerated Vesting under certain circumstances.

The Group also has in place a share purchase plan which enables its administrative and sales staff to purchase a pool of Sagicor Group Jamaica Limited shares at a predetermined discount rate of the closing bid price on December 31 each year. During 2021, the Staff Share Purchase Plan Trust purchased NIL (5,000,000:2020) shares. The Group recognizes an expense in respect of Staff Share Purchase Plan shares at the point at which the shares are transferred to staff, when the Subsidiary Companies recognize their share of the cost of those shares in the income statement.

The Sagicor Group Jamaica Limited has not been issuing new shares to fulfill its obligations under these plans but instead the LTI and the Staff Share Purchase Plan Trust bought SGJ's shares on the open market. The total number of treasury shares held by the Group at year end was 6,454,495 (2020 - 3,312,941) at a cost of $344,972,000 (2020 - $170,021,000).

27. Dividends

	The Group and Company 2021 $'000	2020 $'000
First interim dividend – 61 cents per share (2020 – 40 cents per share)	2,391,811	1,562,240
Second interim dividend – 50 cents per share (2020 – 45 cents per share)	1,939,538	1,742,318
	4,331,349	3,304,558

Dividends represented a dividend per stock unit of $1.11 (2020 $0.85). There were no dividends declared subsequent to the year end. In April 2020, the Bank of Jamaica (BoJ) announced a pre-emptive monetary policy strategy aimed at preserving liquidity and granting certain levels of regulatory relief. As part of this strategy, the BoJ requested that Financial Holding Companies suspend the payment of dividends to shareholders, subsequently excluding shareholders holding less than 1% of the ordinary shares of the Company. During prior year,the Group issued $2,741,628,000 of Promissory Notes (Note 29) as consideration for dividends payable to shareholders holding over 1% of the ordinary shares of the Company. These notes were repaid in May and June 2021.

28. Net Profit

	2021 $'000	2020 $'000
(i) Net profit attributable to stockholders of Sagicor Group Jamaica Limited, dealt with in the financial statements of:		
The company	7,143,272	910,151
Less dividends from subsidiaries	(8,272,192)	(1,846,125)
The subsidiaries, associate and joint venture	18,524,351	14,716,137
	17,395,431	13,780,163

29. Deposit and Security Liabilities

	The Group 2021 $'000	The Group 2020 $'000	The Company 2021 $'000	The Company 2020 $'000
Securities sold under repurchase agreements	78,334,999	79,400,370	-	-
Shareholders loan – Bailey Williams Limited	23,500	23,500	-	-
Due to banks and other financial institutions (i)	7,803,208	3,871,821	-	-
Customer deposits and other accounts	133,338,645	120,569,698	-	-
Promissory notes (ii)	1,666,029	3,493,093	12,003,246	15,685,639
Derivative (Note 8)	16,733	-	-	-
Structured Product (iii)	668,527	-	-	-
	221,851,641	207,358,482	12,003,246	15,685,639

Current portion of Deposit and Security Liabilities disclosed under Note 48 (d).

29. Deposit and Security Liabilities (Continued)

	Interest Rate (%)	Maturity Year	The Group 2021 $'000	The Group 2020 $'000	The Company 2021 $'000	The Company 2020 $'000
(I) Due to banks and other financial institutions:						
Development Bank of Jamaica Limited (a)	various	various	1,446,444	1,792,425	-	-
National Housing Trust (NHT) (b)	various	various	172,611	2,016,511	-	-
International Financial Corporation (IFC) (c)	3.4	2023	6,184,153	-	-	-
Bank overdraft:						
Other	-	-	-	62,885	-	-
			7,803,208	3,871,821	-	-

(a) Development Bank of Jamaica Limited (DBJ)
The agreement allows DBJ, at its absolute discretion, to approve J$ financing to Sagicor Bank Jamaica Limited (SBJ) for on-lending to customers for developmental projects which meet the criteria of DBJ and on such terms and conditions as DBJ may stipulate.

Funds disbursed to SBJ bear interest at DBJ's lending rate prevailing at the date of approval of each disbursement unless otherwise carried by DBJ and are extended to the client at a maximum spread as stipulated by DBJ.

(b) National Housing Trust (NHT)
This is a third-party financing agreement between Sagicor Life Jamaica Limited, Sagicor Bank Jamaica Limited and the National Housing Trust and attracts interest at rates ranging from 0% to 2%. During the year, the Group early settled its obligation to NHT and recorded gains of $584,530,000.

(c) International Financial Corporation (IFC)
This is a loan agreement between Sagicor Bank Jamaica and International Financial Corporation (IFC) which attracts interest at 3.4%.

(d) Bank Overdrafts
The bank overdraft balances represent book overdrafts at year end.

The Group has not had any defaults of principal, interest or other breaches with respect to its liabilities during the year.

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29. Deposit and Security Liabilities (Continued)

(ii) Promissory notes

	The Group 2021 $'000	The Group 2020 $'000	The Company 2021 $'000	The Company 2020 $'000
Sagicor Life Jamaica Limited (i)	-	-	10,661,622	10,943,851
Sagicor Securities Jamaica Limited (ii)	-	-	-	668,378
Sagicor Investment Jamaica Limited (iii)	-	-	1,341,624	1,315,658
Ultimate parent (iv)	-	1,632,480	-	1,632,480
Shareholders (iv)	-	1,125,272	-	1,125,272
Other managed funds (v)	1,666,029	735,341	-	-
	1,666,029	3,493,093	12,003,246	15,685,639

Items (i) to (iii) represent promissory notes that have been issued by the Sagicor Group Jamaica Limited with respect to the corporate reorganisation of the Group.

(i) These promissory notes are due by Sagicor Group Jamaica Limited to a subsidiary, Sagicor Life Jamaica Limited, as consideration for the value of Sagicor Investment Jamaica Limited, Sagicor Life of the Cayman Island, Sagicor Re Insurance Limited and other small subsidiaries whose ownership was transferred from the previous parent company, Sagicor Life Jamaica Limited to the holding company, Sagicor Group Jamaica Limited. The promissory notes are unsecured and attract interest at 2% per annum, maturing in January 2024.

(ii) This promissory note is due by Sagicor Group Jamaica Limited to a subsidiary, Sagicor Securities Jamaica Limited, whose ownership was transferred from Sagicor Bank Jamaica Limited to Sagicor Group Jamaica Limited. The promissory note issued is unsecured and attracts interest at 1% per annum. The note was cancelled in May 2021 when the company was effectively wound up.

(iii) This promissory note was issued by Sagicor Group Jamaica Limited to Sagicor Investment Jamaica Limited as consideration for the value of Sagicor Bank Jamaica Limited whose ownership was transferred from Sagicor Investment Jamaica Limited to Sagicor Group Jamaica Limited. The promissory note is unsecured with interest at 2% per annum and matures in November 2023.

(iv) These promissory notes were issued by Sagicor Group Jamaica Limited to shareholders holding more than 1% of the Company as consideration for dividends prohibited from payment by order by the Bank of Jamaica. The promissory notes are unsecured with interest at 5% per annum. These notes were settled in May and June 2021.

(v) This represents funding provided by managed funds to cover the costs associated with development project. The loan is secured by development land situated at 27 Brunswick Avenue, Spanish, attacts interest at 6.5% per annum and matures in September 2022. Prior year includes an unsecured loan facility with interest at 7.5% per annum. This loan was repaid in 2021.

29. Deposit and Security Liabilities (Continued)

(iii) Structured Product
Principal Protected Notes
Principal protected notes comprise a fixed income element with or without an interest guarantee (included above) and an equity indexed option element disclosed in Note 8. These notes entitle the holders to participate in any positive returns on the equity indexed options and they also include a principal protection feature. If the return on the index is negative, the holder will obtain the principal invested for notes with no interest guarantee and principal invested plus interest for notes with an interest guarantee. The maturity dates of these notes is June 2023.

30. Loans Payable

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
(a) Mortgage Note	6,947,445	6,527,465	-	-
(b) Tranche C loan	-	311,682	-	-
(c) Other Secured Note	-	1,516,199	-	-
(d) Key Money	138,528	135,855	-	-
(e) Jamaica Central Securities Depository	2,198,545	2,198,545	-	-
Total loans payable	**9,284,518**	**10,689,746**	**-**	**-**

Current portion of Loans Payable disclosed under Note 48 (d).

(a) Mortgage Note (US Dollars)

The mortgage note was issued by Wells Fargo to subsidiary, X Fund Property LLC. The loan amount of US$48,736,586 is recorded at fair value at acquisition and is secured by the investment in hotel property. Interest on the note is paid monthly through to maturity at which time the outstanding principal is due and payable. The subsidiary may prepay the note prior to the maturity date only in conjunction with the sale of a property or as a result of casualty or condemnation. The note is payable on October 6, 2025 and attracts a fixed rate interest of 4.9%.

The mortgage note contains a debt service coverage ratio covenant and, upon failing to meet the debt service coverage ratio, substantially all the cash flows from the hotel must be directed to accounts controlled by the lender. As at December 31, 2021, the subsidiary was in compliance with the debt service coverage ratio covenant.

(b) Tranche C loan (US Dollars)

The 4.75% US dollar tranche C loan held by Sagicor Real Estate X-Fund pays interest quarterly. The loan matured on May 16, 2021 and was secured by a debenture over units in the Sigma Real Estate Portfolio and any bonus units issued upon or in respect thereof.

In 2020, the subsidiary failed to meet its debt covenants for minimum interest coverage and maximum debt to earnings before interest, taxed, depreciation and amortization (EBIDA) ratio. There were no penalties incurred for this breach.

(c) Other Secured Note

These notes were issued to X Fund Properties Limited under four tranches with fixed coupon ranging from 4.27% to 10% and tenures of 2 to 40 years. Some of these notes were secured by repurchase agreements held with Sagicor Investment Jamaica Limited. These facilities were settled in 2021.

In 2020, the subsidiary failed to meet its minimum interest coverage ratio. As a result, the non-current portion of the loans were reclassified to current. There were no penalties incurred for this breach.

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30. Loans Payable (Continued)

(d) Key Money

This note held by subsidiary, X Fund Property Limited is an interest free loan with annual forgiveness of debt over ten years, if contain conditions are met.

(e) Jamaica Central Securities Depository

This loan was issued under tranches and arranged by The Jamaica Central Securities Depository (Trustee) to SIJL. Tranche A was issued on 16 August 2019 amounting to $2.18 billion at an interest rate of 6.75% and is repayable on 16 August 2024. Tranche A was issued to finance the acquisition of Advantage General Insurance. Entities which financed the borrowing include related parties.

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31. Other Liabilities

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Legal claim payable (Note 52/53)	185,548	160,442	-	-
Premiums not applied	4,579,669	3,998,414	-	-
Accounts payable and accruals	3,683,662	2,416,168	31,080	40,079
Staff related payable	979,143	1,093,775	-	-
Dividends payable	248,651	220,533	174,799	146,047
Due to related parties (Note 23)	232,343	139,815	4,213,123	3,586,021
Due to brokers and agents	1,594,398	1,212,661	-	-
Reinsurance payable	1,653,153	1,360,496	-	-
Mortgage principal and real estate payables	520,107	117,599	-	-
Customer settlement accounts	2,792,814	1,793,531	-	-
Regulatory fees and Statutory payables	925,946	640,961	-	-
Items in course of payment	549,630	466,776	-	-
Cheques issued but uncashed	844,899	724,894	-	-
Unearned reinsurance commissions	763,848	677,716	-	-
Miscellaneous	841,224	410,407	-	5,187
	20,395,035	15,434,188	4,419,002	3,777,334

The analysis of the movement in deferred commission income is as follows:

	The Group	
	2021	2020
	$'000	$'000
Balance at the beginning of the year	677,716	461,508
Commission received during the year	1,703,827	1,509,896
Amounts recognised in income during the year	(1,617,695)	(1,293,688)
Balance at end of year	763,848	677,716

Current portion of Other Liabilities disclosed under Note 48 (d).

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32. Life and Health Insurance Contract Liabilities

The note below details the Group's liabilities under insurance contracts arise from the operations of its life insurance subsidiaries.

(a) Composition by line of business is as follows:

	The Group	
	2021	2020
	$'000	$'000
Group and Individual annuities	61,157,286	55,704,694
Group insurance	6,136,905	4,782,626
Individual insurance	30,702,558	30,290,402
Total	97,996,749	90,777,722

Current portion of Life and Health Insurance Contract Liabilities disclosed under Note 48 (d).

(b) Movements in insurance liabilities:

	The Group			
	2021			
	Group and Individual Annuities	Individual Insurance	Group Insurance	Total
	$'000	$'000	$'000	$'000
Balance at the beginning of the year	55,704,694	30,290,402	4,782,626	90,777,722
Change in assumed investment yields and inflation rate	143,654	673,684	3,001	820,339
Change due to the issuance of new policies and the decrements on in-force policies	5,175,141	5,105,831	1,212,864	11,493,836
Change due to other actuarial assumptions	(2,388,006)	(5,594,487)	(52,484)	(8,034,977)
Normal changes in policyholders' liabilities recorded to incomestatement	2,930,789	185,028	1,163,381	4,279,198
Changes in actuarial liabilities recorded in Other Comprehensive Income (shadow accounting)	35,724	(157,336)	-	(121,612)
Foreign currency translation	2,486,079	384,464	190,898	3,061,441
Balance at end of year	61,157,286	30,702,558	6,136,905	97,996,749

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32. Life and Health Insurance Contract Liabilities (Continued)

(b) Movements in insurance liabilities (continued):

	The Group 2020			
	Group Annuities	Individual Insurance	Group Insurance	Total
	$'000	$'000	$'000	$'000
Balance at the beginning of the year	50,017,977	37,235,941	4,188,044	91,441,962
Change in assumed investment yields and inflation rate	591,322	2,644,563	5,698	3,241,583
Change due to the issuance of new policies and the decrements on in-force policies	4,888,601	(93,072)	191,757	4,987,286
Change due to other actuarial assumptions	(2,330,105)	(10,185,395)	228,221	(12,287,279)
Normal changes in policyholders' liabilities recorded in income statement:	3,149,818	(7,633,904)	425,676	(4,058,410)
Changes in actuarial liabilities recorded in Other Comprehensive Income (shadow accounting)	226,363	515,785	-	742,148
Foreign currency translation	2,310,536	172,580	168,906	2,652,022
Balance at end of year	55,704,694	30,290,402	4,782,626	90,777,722

32. Life and Health Insurance Contract Liabilities (Continued)

(c) Investment and other assets supporting policyholders' and other liabilities:

	The Group 2021				
	Insurance	Annuities and Deposit Administration Funds	Other Liabilities	Capital and Surplus	Total
	$'000	$'000	$'000	$'000	$'000
Equities, Derivatives and Unit Trusts	30,930,383	-	-	7,543,596	38,473,979
Investment properties	-	-	-	1,220,324	1,220,324
Fixed income securities	41,704,487	69,533,057	211,768,782	64,290,124	387,296,450
Mortgages	-	904,353	-	2,596,570	3,500,923
Other assets	2,788,603	-	55,537,417	39,173,008	97,499,028
	75,423,473	70,437,410	267,306,199	114,823,622	527,990,704

	The Group 2020				
	Insurance	Annuities and Deposit Administration Funds	Other Liabilities	Capital and Surplus	Total
	$'000	$'000	$'000	$'000	$'000
Equities, Derivatives and Unit Trusts	26,538,129	-	-	8,387,607	34,925,736
Investment properties	-	-	-	1,389,305	1,389,305
Fixed income securities	40,400,946	64,186,808	200,064,495	45,811,711	350,463,960
Mortgages	-	1,051,570	-	2,267,424	3,318,994
Other assets	3,002,443	-	49,066,176	48,527,959	100,596,578
	69,941,518	65,238,378	249,130,671	106,384,006	490,694,573

32. Life and Health Insurance Contract Liabilities (Continued)

(d) Policy assumptions

At each date for valuation of actuarial liabilities, the appointed Actuary of each insurer reviews the assumptions made at the last valuation date. The Appointed Actuary tests the validity of each assumption by reference to current data, the Group's experience and where appropriate, changes the assumptions for the current valuation.

Insurance and investment contract liabilities have two major assumptions, best estimate assumptions and provisions for adverse deviation assumptions.

A similar process of review and assessment is conducted in the determination of margins for adverse deviations.

Life Insurance and Annuity Contracts

(i) Best estimate assumptions
Assumptions cover the lifetime of the policies and are made for many variables including mortality, morbidity, investment yields, rates of policy termination (lapse and persistency), operating expenses and certain taxes.

(ii) Mortality and morbidity
The assumptions are based on past Group and industry experience. For individual life policies the Group bases its assumption on the Canadian Institute of Actuaries 97-04 male and female aggregate mortality tables which are 21 year select and ultimate mortality tables. For accidental death and dismemberment benefits the Group bases its assumptions on the 1959 Accidental Death Benefit table for rider benefits and the Canadian Population Accident 1990-1992 sex distinct table for coupon products. Critical illness incidence rates are based on British population sex-distinct incidence rates developed by the Institute of Actuaries. Group annuitant mortality is based on the Society of Actuaries 1994 Group Annuitant male and female basic mortality tables with projection scale AA for improvements in mortality. Individual Annuitant mortality is based on the Society of Actuaries 2012 Individual Annuitant male and female Period mortality tables with projection scale G2 beyond 2012 for improvements in mortality.

(iii) Investment yields
The Group broadly matches assets and liabilities by line of business. The projected cash flows from these assets are combined with future reinvestment rates derived from the current economic outlook and the Group's investment policy to determine expected rates of return on these assets for all future years. The gross long-term ultimate reinvestment rate (after 20 years) is based on expectations of risk-free government bond yields. The gross rate is adjusted to take into account investment expenses and asset default. Assumptions taking into account inflation are that real returns after 40 years will be between 2.0% and 3.3% (2020: 2.0% and 3.2%).

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32. Life and Health Insurance Contract Liabilities (Continued)

(iv) Lapses and persistency
Lapses relate to termination of policies due to non-payment of premiums. Surrender and withdrawals relate to voluntary termination of policies by policyholders. Policy termination assumptions are based on the Group's own experience and vary by type of product. Lapse rates in the first year of a policy range between 3.5% and 21% of insurance amounts issued. Lapse rates after 20 policy years are assumed to be between 0% and 9.5% of insurance amounts in force. Partial withdrawal rates average about 15.0% (2020: 16.0%) of fund values available from policies in force.

(v) Policy expenses
Policy maintenance expenses are derived from the Group's own internal cost studies projected into the future with an allowance for inflation. All expenses, including overhead, are functionally allocated by line of business, between the administration of the business and the acquisition of the business. All expenses related to the administration of the business are used to determine the policy maintenance unit costs. No expenses related to the acquisition of the business are included in the unit expense assumption used in the valuation of the actuarial liabilities. Interest sensitive and Universal life policies are assumed to be twice as costly to administer as traditional life policies. The inflation assumption is kept consistent with the investment assumption. The initial inflation rate declines over the life of the policies such that real returns after 40 years are between 2.0% and 3.3% (2020: 2.0% and 3.2%).

(vi) Provision for adverse deviation assumptions
To recognize the uncertainty in establishing best estimate assumptions, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the Appointed Actuary is required to include a margin for adverse deviation in each assumption. The impact of these margins is to increase reserves and so decrease the income that would recognized on inception of the policy. The Canadian Institute of Actuaries standards indicate that margins are to be between 5% and 20% of the best estimate assumptions or between 2% and 8% of annuitant mortality best estimate assumptions. The Group uses margins for each assumption at the middle of the range, taking into account the risk profiles of the business.

(vii) Changes in assumptions
Every financial year, the expectations of the Group with respect to the best estimate assumptions and the margins for adverse deviation described above are reviewed. All assumptions are updated as appropriate to reflect the circumstances of the Group.

Health Insurance Contracts
The outstanding liabilities for health insurance claims incurred but not yet reported and for claims reported but not yet paid are determined by statistical methods using expected loss ratios which have been derived from recent historical data. No material claim settlements are anticipated after one year from the statement of financial position date.

33. Investment Contract Liabilities

	The Group	
	2021	**2020**
Amortised cost -	**$'000**	**$'000**
Amounts on deposit	17,193,242	15,209,011
Deposit administration fund	1,501,644	1,493,579
Other investment contracts	661,599	727,831
	19,356,485	17,430,421

Current portion of Investment Contract Liabilities is disclosed under Note 48 (d).

The maturity value of these financial liabilities is determined by the fair value of the linked assets, at maturity date. There will be no difference between the carrying amount and the maturity amount at the maturity date.

The fair value of financial liabilities at amortised cost is based on a discounted cash flow valuation technique. This discount rate is determined by current market assessment of the time value of money and risk specific to the liability.

34. Property and Casualty Insurance Contract and Other Policy Liabilities

	The Group					
	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Life and health claims payable	5,445,507	(784,167)	4,661,340	4,592,042	(1,007,013)	3,585,029
Property and casualty claims payable and IBNR	3,304,019	(834,174)	2,469,845	3,276,186	(709,878)	2,566,308
Total Policy Benefit Payable	8,749,526	(1,618,341)	7,131,185	7,868,228	(1,716,891)	6,151,337
Provision for unearned premiums	3,259,469	(2,070,739)	1,188,730	2,755,496	(1,683,928)	1,071,568
Policy dividends and other funds on deposit	1,142,752	-	1,142,752	865,127	-	865,127
Balance at 31 December	13,151,747	(3,689,080)	9,462,667	11,488,851	(3,400,819)	8,088,032

Movement in policy benefit payable:

	The Group					
	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January	7,868,228	(1,716,891)	6,151,337	7,295,815	(629,665)	6,666,150
Arising on acquisition of subsidiary (i)			-	(251,000)	-	(251,000)
Policy benefits incurred	36,429,580	(1,376,292)	35,053,288	34,068,218	(1,323,112)	32,745,106
Policy benefits paid	(35,598,947)	1,497,866	(34,101,081)	(33,274,021)	246,751	(33,027,270)
Effect of exchange rates	50,665	(23,024)	27,641	29,216	(10,865)	18,351
Balance at 31 December	8,749,526	(1,618,341)	7,131,185	7,868,228	(1,716,891)	6,151,337

(i) In 2020, the fair valued Balance Sheet for Advantage General Insurance Limited at the date of acquisition was based on additional information received after year-end. These adjustments were immaterial.

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34. Property and Casualty Insurance Contract and Other Policy Liabilities (Continued)

Movement in provision for unearned premiums:

	The Group					
	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January	2,755,496	(1,683,928)	1,071,568	2,841,768	(1,422,386)	1,419,382
Premiums written during the year	6,587,945	(4,415,866)	2,172,079	6,122,466	(3,859,314)	2,263,152
Premiums earned during the year	(6,099,701)	4,043,992	(2,055,709)	(6,220,611)	3,608,961	(2,611,650)
Effects of exchange rate changes	15,729	(14,937)	792	11,873	(11,189)	684
Balance at 31 December	3,259,469	(2,070,739)	1,188,730	2,755,496	(1,683,928)	1,071,568

Analysis of unearned premium and property and casualty claims payable and IBNR:

	The Group							
	2021				2020			
	Unearned premiums		Property and casualty claim payable and IBNR		Unearned premiums		Property and casualty claim payable and IBNR	
,	$'000'	$'000 Net	$'000	$'000 Net	$'000	$'000 Net	$'000	$'000 Net
	Gross	Reinsured	Gross	Reinsured	Gross	Reinsured	Gross	Reinsured
Liability	178,301	46,248	73,690	73,273	88,341	31,434	51,932	(30,528)
Motor	2,121,270	1,068,355	3,174,403	2,386,900	2,007,315	965,974	3,108,794	2,559,147
Property	959,898	74,127	55,926	9,672	659,840	74,160	115,460	37,689
	3,259,469	1,188,730	3,304,019	2,469,845	2,755,496	1,071,568	3,276,186	2,566,308

35. Collateralised Reversed Repurchase Agreements

At December 31, 2021, the Group held $10,948,898,000 (2020 – $1,133,672,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. None of the collateral for reverse repurchase agreements for the Group was repledged.

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36. Premium Income

	2021		
	Gross Premiums	Reinsurance Premiums	Net premiums
	$'000	$'000	$'000
Group insurance -			
Group health	11,474,799	(586,747)	10,888,052
Group life	3,856,618	(121,754)	3,734,864
Group annuities	5,085,776	-	5,085,776
	20,417,193	(708,501)	19,708,692
Individual insurance -			
Individual life	30,557,581	(390,873)	30,166,708
Individual health	579,389	-	579,389
Individual annuities	274,092	-	274,092
	31,411,062	(390,873)	31,020,189
Property and casualty	6,099,701	(4,043,992)	2,055,709
Net premiums	57,927,956	(5,143,366)	52,784,590

	2020		
	Gross Premiums	Reinsurance Premiums	Net premiums
Group insurance -			
Group health	11,915,270	(406,205)	11,509,065
Group life	3,389,898	(79,388)	3,310,510
Group annuities	5,080,812	-	5,080,812
	20,385,980	(485,593)	19,900,387
Individual insurance -			
Individual life	27,650,897	(358,064)	27,292,833
Individual health	544,988	-	544,988
Individual annuities	29,301	-	29,301
	28,225,186	(358,064)	27,867,122
Property and casualty	6,220,611	(3,608,961)	2,611,650
Net premiums	54,831,777	(4,452,618)	50,379,159

37. Net Investment Income

	The Group		
	2021	2021	2021
	Amortised cost assets	FVTOCI assets	Total
	$'000	$'000	$'000
Interest income -			
Debt securities	6,633,283	7,685,868	14,319,151
Mortgage loans	1,149,031	-	1,149,031
Policy loans	91,772	-	91,772
Loans and finance leases	7,932,278	-	7,932,278
Securities purchased for re-sale	140,654	-	140,654
Deposits	87,496	-	87,496
Total Interest Income	16,034,514	7,685,868	**23,720,382**
Net gain on de-recognition of financial assets measured at FVTOCI			**2,663,679**
Net gain on derecognition of financial assets measured at amortised cost			**3,292,396**
			29,676,457
FVTPL investments:			
Interest income			399,245
Dividend income			169,636
Unrealised gains on financial assets			2,113,275
Net gain on de-recognition of financial assets			828,160
			3,510,316
Investment properties:			
Unrealised gains			68,000
Realised losses			(43,600)
Rental Income			66,058
			90,458

37. Net Investment Income (Continued)

Other investment income and expense:	
Other investment income	92,615
Other direct investment expense	(41,063)
	51,552
Income earned and capital gains from assets measured at FVTPL and other investment income	**3,652,326**
Total Investment Income	**33,328,783**
Interest expense -	
Investment contracts	(745,686)
Customer deposits	(1,215,376)
Repurchase liabilities	(1,792,359)
Insurance contracts and other items	(26,191)
Due to banks and other financial institutions	(451,706)
Lease liabilities	(182,898)
Loans payable	(707,636)
	(5,121,852)
Credit impairment losses	(245,288)
Net investment income	**27,961,643**

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37. Net Investment Income (Continued)

	The Company		
	2021	**2021**	**2021**
	Amortised cost assets	**FVTOCI assets**	**Total**
	$'000	**$'000**	**$'000**
Interest income -			
Debt securities	4,396	178	4,574
Securities purchased for re-sale	10,795		10,795
Deposits	20,583		20,583
Total interest income	35,774	178	35,952
Dividend income			8,272,192
Net gains on de-recognition of financial assets on measured at FVTOCI			1,233
			8,309,377
Interest expense -			
Promissory notes			(309,709)
Net investment income			7,999,668

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37. Net Investment Income (Continued)

	The Group		
	2020	2020	2020
	Amortised cost assets	FVTOCI assets	Total
	$'000	$'000	$'000
Interest income -			
Debt securities	6,317,803	6,671,372	12,989,175
Mortgage loans	915,018	-	915,018
Policy loans	111,897	-	111,897
Loans and finance leases	8,542,781	-	8,542,781
Securities purchased for re-sale	113,905	-	113,905
Deposits	77,127	-	77,127
Total Interest Income	16,078,531	6,671,372	**22,749,903**
Net gain on de-recognition of financial assets measured at FVTOCI			**3,076,669**
Net gain on derecognition of financial assets measured at amortised cost			**1,172,382**
			26,998,954
FVTPL investments:			
Interest income			380,849
Dividend income			134,544
Unrealised losses on financial assets			(2,709,520)
Net gain on de-recognition of financial assets			220,140
			(1,973,987)
Investment properties:			
Unrealised gains			83,679
Realised losses			(408,885)
Rental Income			310,563
			(14,643)

37. Net Investment Income (Continued)

Other investment income and expense:	
Investment income	251,321
Direct investment expense	(284,993)
	(33,672)
Income earned and capital losses from assets measured at FVTPL & Other Investment Income	**(2,022,302)**
Total Investment Income	24,976,652
Interest expense -	
Investment contracts	(718,178)
Customer deposits	(1,190,612)
Repurchase liabilities	(1,763,186)
Insurance contracts and other items	(12,006)
Due to banks and other financial institutions	(178,244)
Lease liabilities	(201,181)
Loans payable	(964,288)
	(5,027,695)
Credit impairment losses	(1,694,349)
Net investment income	**18,254,608**

	The Company		
	2020	2020	2020
	Amortised cost assets	FVTOCI assets	Total
	$'000	$'000	$'000
Interest income -			
Debt securities	23,967	1,569	25,536
Securities purchased for re-sale	3,099	-	3,099
Deposits	41	-	41
Total interest income	27,107	1,569	28,676

Dividend income	1,846,125
Net gains on de-recognition of financial assets on measured at FVTOCI	3,476
	1,878,277
Credit impairment-adjustment	(41)
	1,878,236
Interest expense -	
Promissory notes	(345,008)
Net investment income	1,533,228

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38. Results from Hotel Operations

Hotel revenues and expenses relate to X Fund Properties LLC, operators of Double Tree Orlando.

	2021 $'000	2020 $'000
Hotel Revenues:		
Rooms	3,194,370	1,724,226
Food and beverage	735,869	435,947
Other departments	416,482	214,850
Other income	72,028	52,321
	4,418,749	2,427,344
Hotel Expenses:		
Rooms	317,154	234,257
Food and beverage	328,687	154,712
Property operations	95,687	286,380
Franchise expense	167,502	90,252
Sales and marketing	268,921	135,563
Other operated departments	1,136,305	450,962
Staff costs:		
Salaries and benefits	1,007,696	548,378
Payroll taxes	45,455	185,978
	3,367,407	2,086,482

39. Fees and Other Income

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Service contract revenue	10,350,405	9,062,037	-	-
Commission income on insurance and reinsurance contracts	1,794,612	1,373,567	-	-
Foreign exchange gains	1,123,830	183,796	54,623	36,436
Other fees and commission income	3,418,325	2,793,670	-	-
Management fees	-	-	43,215	226,275
Miscellaneous fees & other income	708,525	98,641	360	1,473
	17,395,697	13,511,711	98,198	264,184

40. Insurance Benefits and Claims

	The Group			
	2021			2020
	Gross incurred $'000	Reinsured $'000	Net Claims $'000	Net Claims $'000
Life insurance benefits	16,895,637	(294,667)	16,600,970	15,683,747
Annuities benefits	5,997,601	-	5,997,601	5,677,459
Health insurance	11,038,980	(238,237)	10,800,743	9,598,760
Property and casualty	2,497,362	(843,388)	1,653,974	1,785,140
	36,429,580	(1,376,292)	35,053,288	32,745,106

41. Administration Expenses

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Auditors' remuneration	260,440	230,441	13,497	35,634
Office accommodation	1,194,491	962,280	2,370	1,777
Communication and technology	3,468,531	2,784,512	120,334	118,073
Advertising and branding	1,108,941	742,074	340,363	217,909
Sales convention and incentives	219,041	278,741	-	-
Postage, printing and office supplies	350,875	347,171	91	4
Policy stamp duties and reimbursements	103,418	80,366	-	-
Regulators fees	365,049	393,123	10,267	8,975
Directors costs	139,092	145,873	34,700	35,833
Legal and professional fees	749,242	543,700	175,515	83,746
Services outsourced	1,048,535	988,031	705	1,135
Electronic channels charges	2,145,613	1,358,532	-	-
Commission and fees	44,474	66,509	-	-
Insurance	282,948	242,095	989	4,320
Travel and entertainment	102,783	115,794	598	2,668
Bank charges and cash transport	442,385	306,970	1,190	1,307
Other expenses	699,850	972,273	97,323	105,471
Staff costs (a)	11,695,789	11,236,077	15,196	4,088
	24,421,497	21,794,562	813,138	620,940

(a) Staff costs

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Salaries	8,676,065	8,389,316	-	-
Payroll taxes	999,018	918,507	-	-
Pension costs (Note 19)	480,320	638,672	-	-
Other post-retirement benefits (Note 19)	427,205	182,334	-	-
Share based compensation	247,530	140,043	-	-
Restructuring costs	22,871	192,900	-	-
Other	842,780	774,305	15,196	4,088
	11,695,789	11,236,077	15,196	4,088

Other staff costs incurred by the Group associated with its hotel operations are disclosed in Note 38.

42. Commission and Sales Expense

Amount represents commission and bonuses paid to sales representatives in the Life companies.

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43. Taxation

(a) Tax is computed as follows:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current year taxation -				
Dividend income tax @ 15%	2,127	2,316	-	-
Income tax at 33 ⅓%	3,106,702	2,895,865	-	-
Income tax at 25%	2,624,054	3,195,813	-	-
	5,732,883	6,093,994	-	-
Deferred income tax (Note 20) -				
Deferred tax charge/(credit) relating to the origination and reversal of temporary differences	717,076	(400,467)	(886)	(73,193)
Taxation	6,449,959	5,693,527	(886)	(73,193)
Other taxes:				
Asset tax @ 0.25%	830,582	746,601	-	-
Withholding tax	185	226	-	-
Other taxes	830,767	746,827	-	-

(b) Tax is computed as follows:

Income tax:

1. Income tax at 33⅓% is payable on taxable profits of Sagicor Investments Jamaica Limited, Sagicor Bank Jamaica Limited, Employee Benefits Administrator Limited, Sagicor Insurance Brokers Limited, Advantage General Insurance Company and Sagicor International Administrators Limited.

2. Income tax at 25% is payable on taxable profits of Sagicor Life Jamaica Limited, Sagicor Group Jamaica Limited, Advantage General Insurance Company and Sagicor Property Services Limited.

Other taxes:

1. Asset taxes
   - I. Life and General Insurance Companies
     These companies are subjected to asset tax at a rate of 0.25% (2020 - 0.25%) of total assets less required capital specified by the Financial Services Commission and withholding tax receivables owed by the Commissioner General of Tax Administration Jamaica.
   - II. Bank of Jamaica Regulated Companies
     Commercial Banks, Building Societies and other deposit taking institutions are subjected to tax of 0.25% (2020 – 0.25%) of total assets less loan loss reserves, withholding tax receivables owed by the Commissioner General of Tax Administration Jamaica and Regulated Capital required by the Bank of Jamaica.
   - III. Non- Regulated Entities
     These entities are subjected to a fixed rate based on the total value of assets.

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43. Taxation (Continued)

Tax losses:

Subject to the agreement of the Taxpayer Audit and Assessment Department, losses of certain subsidiary companies, available for set off against future taxable profits amount to approximately $770,700,000 (2020 – $690,422,000).

(c) Reconciliation of applicable tax charges to effective tax charge:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Investment income tax -				
Dividend income	14,177	15,440	-	-
Tax at 15%	2,127	2,316	-	-
Income tax -				
Profit before taxation	24,093,047	10,178,307	7,142,386	836,958
Tax at 1%, 21%, 25% & 33⅓%	5,919,699	3,837,194	1,785,597	209,239
Adjusted for:				
Income not subject to income tax (i)	(2,439,589)	(4,783,744)	(2,076,038)	(469,429)
Asset tax not deductible for tax purposes	343,849	414,075		-
Expenses not deductible for tax purposes (ii)	2,290,039	6,705,926	105,236	103,649
Subsidiaries taxed at zero rate	(428,082)	(234,812)	-	-
Prior year (over)/under provision	4,148	91,293	-	-
Net effect of other charges and allowances	757,768	(338,721)	184,319	83,348
	6,447,832	5,691,211	(886)	(73,193)
Taxation expense	6,449,959	5,693,527	(886)	(73,193)

(i) This includes income from Annuities, earnings from associated company and joint venture.
(ii) This includes expenses relating to annuities, interest charges, impairment and share of loss from associated company.

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43. Taxation (Continued)

(c) The tax (charge)/credit relating to components of other comprehensive income is as follows:

	The Group					
	2021			2020		
	Before tax $'000	Tax (charge)/ credit $'000	After tax $'000	Before tax $'000	Tax (charge)/ credit $'000	After tax $'000
Fair value (losses)/gains on OCI, net of recycle recycled to income on disposal and maturity of FVTOCI securities	(5,867,826)	1,777,168	(4,090,658)	4,696,182	(1,246,345)	3,449,837
Provision for expected credit losses -IFRS 9 on FVTOCI securities, net recycled to the Income Statement on sale and maturity of FVTOCI securities	(515,077)	8,072	(507,005)	448,864	(36,653)	412,211
Shadow accounting reserve	121,612	-	121,612	(742,148)	-	(742,148)
Re-measurement of post-employment benefits	(2,670,655)	736,469	(1,934,186)	113,315	(42,992)	70,323
Unrealised gains/(losses) on owner-occupied properties:	2,174,882	(429,097)	1,745,785	(2,592,609)	588,943	(2,003,666)
Fair value losses on swap of associate	-	-	-	(140,616)	-	(140,616)
Share of fair value losses on interest rate swap recycled on dilution of associate company	526,436	-	526,436	24,237	-	24,237
Retranslation of foreign operations recycle on dilution of associate	(2,534,160)	-	(2,534,160)	(74,042)	-	(74,042)
Retranslation of foreign operations	2,174,989	-	2,174,989	3,930,956	-	3,930,956
Other comprehensive income Deferred income taxes (Note 20)	(6,589,799)	2,092,612	(4,497,187)	5,664,139	(737,047)	4,927,092

44. Leases

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2021 $'000	2020 $'000
Right-of-use assets		
Buildings	2,098,959	2,429,679
Land	56,158	58,552
	2,155,117	2,488,231
Lease liabilities		
Current	617,644	562,477
Non-current	1,904,146	2,218,383
	2,521,790	2,780,860

Additions to the right-of-use assets during the 2021 financial year were $302,580,000 (2020- $164,733,000).

(b) Amounts recognised in the profit or loss statement

The income statement shows the following amounts relating to leases:

	2021 $'000	2020 $'000
Amortization charge of right-of-use assets	599,365	591,512
Interest expense (included in Interest and other interest expense – note 37)	182,898	201,181
Expense relating to short-term leases (included in administration expenses)	69,587	54,753

(c) The total cash outflow for leases in 2021 was $714,049,815 (2020 - $665,383,935).

(d) As at 31 December 2021, potential future cash outflows of $87,852,000 (2020- $54,753,000) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

(e) During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $266,252,516 (2020- $144,752,000).

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45. Earnings per Stock Unit

(i) Basic earnings per stock unit are calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary shares in issue during the year.

	The Group	
	2021	**2020**
Net profit attributable to stockholders ($'000)	17,395,431	13,780,163
Weighted average number of ordinary stock units in issue ('000)	3,900,751	3,902,322
Basic earnings per stock unit ($)	4.46	3.53

(ii) Diluted earnings per stock unit is calculated adjusting the weighted average number of ordinary stock units outstanding to assume conversion of all dilutive potential ordinary shares under the following schemes:

(a) An Employee Share Ownership Plan.

(b) Group LTIs - Effective 1 May 2003, the Group instituted a share-based compensation plan for Executives. A new LTI Plan was put in place from January 2007. Shares amounting to 150,000,000 have been set aside to cover share grants and options to Executives.

The Group adopted a policy not to issue new shares to satisfy the benefits promised under the above schemes. Instead, the required shares are being purchased over the Jamaica Stock Exchange in the name of the Staff Share Purchase Trust or the Long-term Incentive Plan.

	The Group	
	2021	**2020**
Net profit attributable to stockholders ($'000)	17,395,431	13,780,163
Weighted average number of ordinary stock units in issue ('000)	3,904,935	3,905,640
Fully diluted earnings per stock unit ($)	4.46	3.53

(iii) The weighted average number of ordinary stock units used in the basic and diluted earnings per stock unit computations may be reconciled as follows:

	The Group	
	2021	**2020**
	'000	**'000**
Weighted average number of ordinary stock units for the purposes of the computation of basic earnings per stock unit	3,900,751	3,902,322
Effect of dilutive potential ordinary stock units – stock options	4,184	3,318
Weighted average number of ordinary stock units for the purposes of the computation of diluted earnings per stock unit	3,904,935	3,905,640

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46. Cash Flows

(a) Adjustments to reconcile net profit to net cash provided by operating activities

	Note	The Group		The Company	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
Adjustments for non-cash items, interest and dividends:					
Depreciation and amortisation	17/18	2,719,286	2,870,006	142,342	339,514
Interest and dividend income	37	(24,289,263)	(23,265,296)	(8,308,144)	(1,874,801)
Interest expense and finance costs	37	5,121,852	5,027,695	309,709	345,008
Income tax	43	6,449,959	5,693,527	(886)	(73,193)
Other tax expense	43	830,582	746,601	-	-
Gains on disposal of investment securities	37	(6,784,235)	(4,469,191)	(1,233)	(3,476)
Fair value (losses)/gains on trading securities	37	(2,113,275)	2,709,520	-	-
Gain on disposal of mortgage portfolio	29	(584,530)	-		
Credit impairment losses	37	245,288	1,694,349	-	41
(Loss)/gain on disposal on Investment property		43,600	408,885	-	-
Impairment charge on land developed for resale		168,000	-	-	-
Interest on Real Estate Developed for Resale		(79,453)	-	-	-
Gains losses on revaluation of investment properties	13	(68,000)	(83,679)	-	-
Losses /(gains) losses on disposal of property, plant and equipment		16,315	6,847	88	-
Increase in policyholders' funds		2,914,905	2,942,784	-	-
Net movement in actuarial liabilities	32	4,279,198	(4,058,410)	-	-
Retirement benefit obligations		118,637	154,028	-	-
Effect of exchange gains on foreign currency balances		(1,123,830)	(183,796)	(50,847)	(41,432)
Loss on disposal/dilution of interest in associate	15	233,088	391,296	-	-
Impairment charge on associate	15	-	4,508,146	-	-
Impairment charge on goodwill	17	614,400	1,231,913	-	-
Share of (losses)/profits from joint venture and associate		(607,764)	5,156,437	-	-
		(11,895,240)	1,481,662	(7,908,971)	(1,308,339)

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46. Cash Flows (Continued)

(a) Adjustments to reconcile net profit to net cash provided by operating activities (continued)

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Changes in other operating assets and liabilities:				
Statutory reserves at Bank of Jamaica and restricted cash	(681,910)	370,727	-	-
Structured products	675,240	(892,646)	-	-
Stock options and grants	10,354	17,805	10,354	17,805
Reinsurance contracts	(250,302)	(1,273,727)	-	-
Due from related parties	113,642	(10,997)	-	(442,217)
Premium due and unpaid	(267,733)	114,668		
Other assets	(7,185,807)	(1,399,612)	(84,202)	(44,204)
Other liabilities	4,821,018	(3,425,222)	614,739	(112,318)
	(2,765,498)	(6,499,004)	540,891	(580,934)

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Net investment purchases:				
Proceeds on sale of investment securities	271,308,537	147,172,859	462,675	-
Purchase of investment securities	(275,987,977)	(151,955,082)	(797,012)	30,000
Repurchase agreemets and deposits	(3,938,264)	(897,568)	-	-
Loans	(4,002,844)	(2,208,550)	-	-
Lease receivables	(77,390)	(36,143)	-	-
	(12,697,938)	(7,924,484)	(334,337)	30,000
	(27,358,676)	(12,941,826)	(7,702,417)	(1,859,273)

(b) Net acquisition of property, plant and equipment

		The Group		The Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Purchases	18	(509,467)	(1,041,576)	(8,375)	(22,434)
Proceeds from disposal		12,722	-	-	-
		(496,745)	(1,041,576)	(8,375)	(22,434)

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46. Cash Flows (Continued)

(c) Net debt reconciliation

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash. Financing activities represent bank and other loans, excluding bank overdrafts and amounts included as cash and cash equivalents:

		The Group	
		2021	2020
		$'000	$'000
Deposit and security liabilities	29	221,851,641	207,358,482
Loans payable	30	9,284,518	10,689,746
Lease liabilities	44	2,521,790	2,780,860
		233,657,949	220,829,088

	The Group	
	2021	2020
	$'000	$'000
At January 1,2021	220,829,088	196,732,017
Interest Payable	(615,922)	(708,329)
Bank Overdraft classified as cash and cash equivalent	(62,885)	(739,927)
	220,150,281	195,283,761
Drawdown, net of repayments:		
Deposits and securities liabilities excluding structured products	4,282,146	18,298,952
Derivative	16,733	-
Loan payable	(2,065,939)	(4,340,055)
Lease repayments	(525,324)	(469,842)
Structured products	675,240	-
Non-Cash Movements:		
New leases	266,254	169,129
Dividend payable converted to promissory notes	-	2,741,628
Foreign Exchange Impact	10,136,963	8,444,020
Amortization of loan cost	52,624	54,573
Amortization of principal	(34,984)	(31,885)
Bank Overdraft classified as cash and cash equivalent	-	62,885
Interest payable	703,955	615,922
At December 31,2021	233,657,949	220,829,088

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46. Cash Flows (Continued)

(c) Net debt reconciliation (continued)

	The Company	
	2021	**2020**
	$'000	**$'000**
At January 1,2021	15,685,639	12,627,383
Interest Payable	(55,703)	(198,190)
	15,629,936	12,429,193
Dividend payable converted to promissory notes	(3,023,377)	2,741,628
Non-Cash Movements:		
Cancelled loan	(664,718)	-
Interest Capitalised	61,405	459,115
Interest payable	-	55,703
At December 31,2021	12,003,246	15,685,639

47. Fair Values 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 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 Group. 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 FVTPL are measured at fair value by reference to quoted prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or 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 (level 1). If quoted market prices are not available, then fair values are based on pricing models or other recognised valuation techniques. (level 3) Investments in unit trusts are based on prices quoted by the fund managers.(level 2)

(iii) The fair value of the equity indexed options and the exchange traded funds that are shorted are based on quoted prices (level 1).

(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 year-end date. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using interest rates for new deposits (level 3).

(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 represents the discounted amount of estimated future cash flows expected to be received (level 3). Expected cash flows are discounted at current market rates to determine fair value.

Differences between the fair values and the carrying values are accounted for in determining the amount of policyholders' liabilities that must be set aside each year.

47. Fair Values of Financial Instruments (Continued)

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

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2021	2021	2020	2020
	$000	$000	$000	$000
Financial Assets				
Investments at amortised cost (loans and receivables)	118,915,507	134,529,961	93,159,275	117,556,779
Loans & leases, after allowance for credit losses	96,889,917	97,047,906	91,161,436	91,325,345
Financial Liabilities (Note 29)				
Securities sold under agreements to repurchase	78,334,999	78,334,999	79,400,370	79,400,370
Customer deposits and other accounts	133,338,645	133,683,605	120,569,698	121,376,711
Due to banks and other financial institutions	7,803,208	7,803,208	3,871,821	3,871,821
Loans Payable	9,284,518	9,836,268	10,689,746	10,974,863

	The Company			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2021	2021	2020	2020
	$000	$000	$000	$000
Financial Assets				
Financial investments – loans and receivables	1,342,989	1,343,930	1,224,937	1,224,937

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47. Fair Values of Financial Instruments (Continued)

(i) Level 1 – unadjusted quoted prices in active markets for identical instruments

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Group considers that market transactions should occur with sufficient frequency that is appropriate for the particular market, when measured over a continuous period preceding the date of the financial statements. If there is no data available to substantiate the frequency of market transactions of a financial instrument, then the instrument is not classified as Level 1.

(ii) Level 2 – inputs that are observable for the instrument, either directly or indirectly

A financial instrument is classified as Level 2 if:

- The fair value is derived from quoted prices of similar instruments which would be classified as Level 1; or
- The fair value is determined from quoted prices that are observable but there is no data available to substantiate frequent market trading of the instrument.

In estimating the fair value of non-traded financial assets, the Group uses a variety of methods such as obtaining dealer quotes and using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are discounted at market derived rates for government securities in the same country of issue as the security, considering factors such as tenor and currency; for non-government securities, an interest spread is added to the derived rate for a similar government security rate according to the perceived additional risk of the non-government security.

In assessing the fair value of non-traded financial liabilities, the Group uses a variety of methods including obtaining dealer quotes for specific or similar instruments and the use of internally developed pricing models, such as the use of discounted cash flows. If the non-traded liability is backed by a pool of assets, then its value is equivalent to the value of the underlying assets.

Certain of the Group's liabilities are unit linked, i.e. derive their value from a pool of assets which are carried at fair value. The Group assigns a fair value hierarchy of Level 2 to the contract liability if the liability represents the unadjusted fair value of the underlying pool of assets.

(iii) Level 3 – inputs for the instrument that are not based on observable market data

A financial instrument is classified as Level 3 if:

- The fair value is derived from quoted prices of similar instruments that are observable and which would be classified as Level 2; or
- The fair value is derived from inputs that are not based on observable market data.

Level 3 FVTOCI securities include corporate and government agency debt instruments. The fair values of these instruments have been derived from December 31 market yields of government instruments of similar durations in the country of issue of the instruments.

Level 3 assets designated as FVTPL include debt securities and equities for which the full income return and capital returns accrue to holders of unit linked liabilities. These assets are valued with inputs other than observable market data.

The techniques and methods described in the preceding section (ii) for non-traded financial assets and liabilities may also be used in determining the fair value of Level 3 instruments.

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47. Fair Values 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 2021, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

	The Group 2021			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial Assets				
Financial investments	66,461,915	146,267,466	736,547	213,465,928
Non-Financial Assets				
Property, plant & equipment	-	-	17,247,080	17,247,080
Investment properties	-	-	1,220,324	1,220,324
	66,461,915	146,267,466	19,203,951	231,933,332

	The Group 2020			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial investments	62,341,868	141,212,487	833,616	204,387,971
Non-Financial Assets				
Property, plant & equipment	-	-	14,343,522	14,343,522
Investment properties	-	-	1,389,305	1,389,305
	62,341,868	141,212,487	**16,566,443**	**220,120,798**

	The Company 2021			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial investments	-	-	-	-
	-	-	-	-

	The Company 2020			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial investments	8,983	-	-	8,983
	8,983	-	-	8,983

47. Fair Values of Financial Instruments (Continued)

The following table summarizes the quantitative information about the significant unobservable inputs used to measure the Group's Level 3 financial instruments:

	The Group					
Description	Fair value at		Unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	2021	2020		2021	2020	
	$'000	$'000		$'000	$'000	
Investment properties (Note 12)	1,220,324	1,389,305	Comparable sale	5%	5%	Increases in comparable sale prices will have direct correlation to the fair value.
Property, plant & equipment (Note 18)	17,247,080	14,343,522	Comparable sale	5%	5%	Increases in comparable sale prices will have a direct correlation to fair value.
Unquoted ordinary equity	736,547	833,616	Adjustments to net assets	10%	10%	Increases in adjusted net assets of the underlying entities will have a direct correlation to fair value.
	19,203,951	16,566,443				

Reconciliation of level 3 unquoted ordinary equity –

	The Group	
	2021	2020
	$'000	$'000
Balance at beginning of year	833,616	436,558
Total losses – income statement	(149,024)	43,967
Purchases	90,190	353,091
Settlements	(38,235)	-
Balance at end of year	736,547	833,616

The gains or losses recorded in the profit or loss statement are included in Note 37.

47. Fair Values of Financial Instruments (Continued)

The fair values for all other financial instruments approximate their carrying values and also fall within Level 2 based on the following:

- The fair value of liquid assets and other assets maturing within one year (such as cash and balances at Central Banks and amounts due from other banks) is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the date of the statement of financial position; and
- The fair value of variable rate loans is assumed to approximate their carrying amounts and management does not believe that, after deduction of provision for credit losses, there is any significant difference between the fair value of fixed rate loans and their carrying values as interest rates approximate current market rates offered on similar loans.

48. Insurance and Financial Risk Management

The Group's activities expose it to a variety of financial risks and those activities necessitate the analysis, evaluation, control and/or acceptance of some degree of risk or combination of risks. Taking various types of risk is core to the financial services business and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group has a risk management framework with clear terms of reference. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to Executive Management committees and senior managers. Policy frameworks which set out the risk profiles for the Group's risk management, control and business conduct standards for the Group's operations have been put in place. Each policy has a member of Executive Management charged with overseeing compliance with that policy.

The Board of Directors is ultimately responsible for the establishment and oversight of the risk management framework. The Board of Directors has established committees/departments/structures for managing and monitoring risks, as indicated below. Management of the Group's insurance and financial risk for this financial year has been impacted by COVID-19. The changes to the Group's risk management as a result of COVID-19 are discussed for each category of risk.

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48. Insurance and Financial Risk Management (Continued)

(i) Board Audit Committee
The Board Audit Committee comprises independent directors. The Committee:

- Oversees how management monitors internal controls, compliance with the Group's risk management policies and adequacy of the risk management framework to risks faced by the Group;
- Reviews the Group's annual and quarterly financial statements, related policies and assumptions and any accompanying reports or statements; and
- Reviews the internal audit function as well as the external auditor's independence, objectivity and effectiveness.

The Board Audit Committee is assisted in its oversight role by the Internal Audit Department. The Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

(ii) Board Capital Allocation and Investment Committee
The Board Capital Allocation and Investment Committee comprises mainly of independent directors. As part of its Terms of Reference, the Committee:

- Oversees the solvency position of regulated entities in the Group
- Oversees the return on capital employed
- Decides on the allocation of capital within the group
- Considers new capital funding options
- Oversees the Group's financial risk management framework.
- Approves the investment policies within which the Group's investment portfolios are managed;
- Reviews the performance of the Group's investment portfolios;
- Ensures adherence to prudent standards in making investment and lending decisions and in managing investments and loans; and
- Approves new investment projects over certain thresholds, ensuring the required rates of returns are considered.

(iii) Asset/Liability Management (ALM) Committee
The Group has in place an Asset/Liability Management (ALM) Committee. This Committee:

- Monitors the profile of the Group's assets and liabilities;
- Plans, directs and monitors various financial risks including, interest rate risk, equity risk, liquidity risk, currency risk and country risk;
- Provides guidance to the Investment Managers with regards to the appropriateness of investments assigned or purchased to support the liabilities of the various lines of business; and
- Monitors market interest rates and establishes the credited rate for various investment contracts.

(iv) Anti-Money Laundering (AML)
The Group has assigned responsibility for AML and anti-fraud to a designated department. The responsibilities of this department include:

- Maintaining and communicating the AML and Anti-fraud policies and procedures;
- Interrogating financial transactions to identify suspicious and threshold reportable items;
- Coordinating information received from operating departments on reportable items;
- Ensuring that adequate anti-fraud controls are in place; and
- Filing required reports with Management, Board of Directors and Regulatory bodies.

(v) Regulatory Compliance
The Board has assigned responsibility for monitoring regulatory compliance to a designated department. This department maintains a catalogue of all required regulatory filings and follows-up the respective departments to ensure timely submissions. The Department files the required performance reports with management and the Board of Directors.

48. Insurance and Financial Risk Management (Continued)

(vi) Enterprise Risk Management
The Group utilises an Enterprise Risk Management (ERM) framework, including policies and procedures designed to identify, measure and control risk in all business activities. The policies and procedures are reviewed periodically by senior managers and the Board of Directors.

The framework provides for quarterly evaluation of risks by senior management, with reporting to the Board Audit Committee. The risk exposures are prioritised each year and the top twenty (20) risks reported on.

Boards of subsidiary companies and management teams carry similar operating structures where applicable.

The most important types of risk facing the Group are insurance risk, reinsurance risk, credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

(a) Insurance risk
The Group issues both short term and long-term contracts that transfer insurance risk or financial risk or both.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Insurance companies face under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

With scientific understanding of the COVID-19 virus, medical response, and actions by governments and organisations evolving rapidly, the situation remains fluid. While high correlation in life and health insurance losses is a feature of pandemic risk, the impact of the virus on long term mortality and morbidity risk is not yet quantified. A characteristic of the pandemic is that losses will materialize over time, Sagicor continues to examine its processes for underwriting, product pricing and product management at the policy level, and evaluate and refine internal models and scenario analyses to measure and manage the implied outcomes.

Long term insurance contracts
Long-term contracts are typically for a minimum period of 5 years and a maximum period which is determined by the remaining life of the insured. In addition to the estimated benefits which may be payable under the contract, the insurer has to assess the cash flows which may be attributable to the contract. The process of underwriting may also be undertaken and may include specific medical tests and other enquiries which affect the insurer's assessment of the risk. The insurer assesses the likely benefits and cash flows both in establishing the amount of premium payable under the contract and in estimating the statement of financial position liability arising from the contract.

For long-term contracts in-force, the Group has adopted a policy of investing in assets with cash flow characteristics that closely match the cash flow characteristics of its policy liabilities. The primary purpose of this matching is to ensure that cash flows from these assets are synchronised with the timing and the amounts of payments that must be paid to policyholders.

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Long term insurance contracts

(i) Frequency and severity of claims (continued)
For contracts where death is the insured risk the most significant factors that could increase the overall frequency and severity of claims are epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant improvement in medical science and social conditions that would increase longevity. At present, these risks do not vary significantly in relation to the location of the risk insured by the group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. For contracts with fixed and guaranteed benefits and fixed return premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

The table below presents the Insurance companies concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described below in Note 48 (b). (These tables do not include annuity contracts, for which a separate analysis is reported in following pages).

Individual Life Benefits Assured per Life ($'000)	The Group-2021			
	Total Benefits Insured			
	Before Reinsurance	%	After Reinsurance	%
	$'000		$'000	
0 – 200	155,048,225	8	134,486,239	7
200 - 400	154,219,870	8	135,730,933	7
400 - 800	209,239,616	10	196,228,387	10
800 - 1000	219,469,433	11	214,987,135	11
More than 1,000	1,279,229,173	63	1,251,370,501	65
Total	2,017,206,317	100	1,932,803,195	100

Individual Life Benefits Assured per Life ($'000)	The Group-2020			
	Total Benefits Insured			
	Before Reinsurance	%	After Reinsurance	%
	$'000		$'000	
0 – 200	137,329,661	8	120,008,242	7
200 - 400	131,505,078	7	116,451,048	7
400 - 800	147,705,865	8	138,504,108	8
800 - 1000	121,968,086	7	119,437,264	7
More than 1,000	1,241,196,529	70	1,217,627,991	71
Total	1,779,705,219	100	1,712,028,653	100

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Long term insurance contracts (continued)

(i) Frequency and severity of claims (continued)
The table below represents the Insurance company's concentration of insured benefits across five bands of insured benefits per group individual life assured. The benefit insured figured are shown gross and net of reinsurance.

Group Life Benefits Assured per Life ($'000)	The Group-2021 Total Benefits Insured			
	Before Reinsurance $'000	%	After Reinsurance $'000	%
0 - 200	35,460,874	3	23,777,017	2
200 - 400	5,245,996	-	3,586,800	-
400 - 800	1,186,757	-	583,883	-
800 - 1,000	18,250	-	18,250	-
More than 1,000	1,048,717,864	97	1,035,732,212	98
	1,090,629,741	100	1,063,698,162	100

Group Life Benefits Assured per Life ($'000)	The Group-2020 Total Benefits Insured			
	Before Reinsurance $'000	%	After Reinsurance $'000	%
0 - 200	30,957,706	3	21,138,716	2
200 - 400	4,249,267	-	2,696,793	-
400 - 800	970,619	-	539,902	-
800 - 1,000	25,262	-	(141,146)	-
More than 1,000	1,000,081,165	97	984,844,880	98
	1,036,284,019	100	1,009,079,145	100

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Long term insurance contracts (continued)

(i) Frequency and severity of claims (continued)
The following tables for the Insurance companies' annuity contracts illustrate the concentration of risk based on five bands that group these contracts in relation to the amount payable per annum as if the annuity was in payment at the year end. The greatest risk concentration remains at the highest band, which is consistent with the prior year. The Group does not hold any reinsurance contracts against the liabilities carried for these contracts.

Annuity Payable per annum per annuitant ($'000)	The Group Total Benefits Insured			
	2021 $'000	%	2020 $'000	%
0 – 20	114,783	2	104,952	2
20 - 40	120,264	2	109,526	2
40 - 80	99,393	2	91,743	2
80 - 100	51,159	1	45,125	1
More than 100	5,216,719	93	4,711,479	93
Total	5,602,318	100	5,062,825	100

For interest-sensitive and unit-linked contracts the Group charges for mortality risks on a monthly basis for all insurance contracts and has the right to alter these charges based on mortality experience and hence to minimise its exposure to mortality risk. Delays in implementing increases in charges, and market or regulatory restraints over the extent of any increases may reduce this mitigating effect.

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

The Group manages these risks through its underwriting strategy and reinsurance arrangements.

(i) Frequency and severity of claims (continued)
The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. The Group reinsures the excess of the insured benefit for new business for standard risks under an excess of loss reinsurance arrangement. Medically impaired lives are reinsured at a higher cost than standard risks. The Group does not place any reinsurance for contracts that insure survival risk. Insurance risk for contracts is also affected by the policyholders' rights to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to the policyholders' behaviour. On the assumption that the policyholders will make decisions rationally, overall risk can be assumed to be heightened by such behaviour.

The Group has factored the impact of policyholders' behaviour into the assumptions used to measure these liabilities.

(ii) Sources of uncertainty in the estimation of future benefit payments and premium payments
Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in the policyholder behaviour.

The Group uses appropriate base tables of standard mortality according to the type of contract being written. An investigation as to the actual experience of the Group is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. The best estimate of future mortality is based on standard industry tables adjusted for the group's overall experience. For contracts that insure survival, an adjustment is made for future mortality improvements based on the mortality investigations performed by independent actuarial bodies. The Group maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates to be used for the best estimate assumption.

(iii) Process used in deriving assumptions
The assumptions for short term life contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

For long-term insurance contracts, at the reporting date, the Group determines current best estimate assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. The best estimate assumptions are determined based on experience studies and the current circumstances of the business. A margin for adverse deviation based on expected deterioration or mis-estimation of the mean, is added to the best estimate assumptions to derive the valuation assumptions which are used for calculating the liabilities arising under the insurance contracts.

See Note 32 (d) for detail policy assumptions.

Short-duration life and health insurance contracts
Short-term contracts are typically for one year's coverage, with an option to renew under terms that may be amended by the insurer. In determining the premium payable under the contract, the insurer considers the nature and amount of the risk assumed, and recent experience and industry statistics of the benefits payable. This is the process of underwriting, which establishes appropriate pricing guidelines, and may include specific tests and enquiries which determine the insurer's assessment of the risk. Insurers may also establish deductibles to limit amounts of potential losses incurred.

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)
Policy benefits payable under short-term contracts are generally triggered by an insurable event, i.e. a medical expense or a death claim. Settlement of these benefits is expected generally within one year. However, some benefits are settled over a longer duration.

The principal risks arising from short-term insurance contracts are premium risk, claims risk and reinsurance risk (See Note 48(b)).

Premium risk is the risk that the premium rate has been set too low for the risk being assumed.

Claims risk is the risk that:
- the number of claims may exceed expectations
- the severity of claims incurred may exceed expectations
- the claim amount may develop during the interval between occurrence and settlement.

For the Group's life and health insurance contracts, significant risk exposures arise from mortality and morbidity experience.

(i) Frequency and severity of claims
These contracts are mainly issued to employers to insure their commitments to their employees in terms of their employee benefit plans. This risk is affected by the nature of the industry in which the employer operates. The risk of death and disability will vary by industry. Undue concentration of risk by industry will therefore increase the risk of a change in the underlying average mortality or morbidity of employees in a given industry, with significant effects on the overall insurance risk.

Insurance risk under disability contracts is also dependent on economic conditions in the industry. The Group attempts to manage this risk through its underwriting, claims handling and reinsurance policy. Excess of loss reinsurance contracts have been purchased by the Group to limit the maximum loss on any one life and health claims, see Note 48(b) for retention limits.

(ii) Sources of uncertainty in the estimation of future claim payments
There is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration.

(iii) Process used in deriving assumptions
The assumptions for short-duration life contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

See Note 32(d) for detail policy assumptions.

The process to derive the assumptions for short-duration life contracts is similar to long-term insurance contracts. However, the short-term nature of the mortality risk underwritten makes the Group's estimate of the liability covering death benefit payments less uncertain than in the case of long-term contracts.

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Property and casualty insurance risk

Advantage General Insurance Company Limited (AGI)
The primary insurance activity carried out by the subsidiary is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such the Group is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The principal types of policy written by AGI are:
- Motor insurance
- Property insurance
- Liability insurance

The management team is responsible for the execution of the Insurance Risk Management policies established and monitored directly by the Board of Directors. AGI manages its insurance risk through its underwriting and claims policies that include inter alia, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance. AGI actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modeling and scenario analyses.

Underwriting strategy
Insurance companies assume risk through the insurance contracts they underwrite and the exposures are associated with both the perils covered by the specific line of insurance and the specific processes associated with the conduct of the insurance business. AGI manages the individual risk through its Underwriting Risk Management Policy to determine the insurability of risks and exposure to large claims. AGI follows detailed, uniform underwriting practices and procedures designed to properly assess and quantify risks before issuing coverage. AGI's underwriting guidelines also outline acceptance limits and the appropriate levels of authority for acceptance of risks.

Reinsurance strategy
A comprehensive reinsurance programme is critical to the financial stability of the organisation and a detailed analysis of AGI's exposures, reinsurance needs and quality of reinsurance securities is conducted by the Board and Senior Management.

AGI's exposures are continually evaluated by Management to ensure that its reinsurances remain adequate and mechanisms are in place to continually monitor the reinsurance counterparties to ensure that they maintain "A ratings, in keeping with AGI's Board approved Reinsurance Risk Management Policy. Credit risk on reinsurance is discussed in more detail later in Note 48 (b).

Terms and conditions of general insurance contracts and factors affecting cash flows:
The table below provides an overview of the terms and conditions of general insurance contracts written by AGI and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend:

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Type of insurance contract	Terms and conditions	Key factors affecting future cash flows
Motor	Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle, bodily injuries sustained and a policy limit in respect of third-party damage.	In general, claims reporting lags are minor and claims complexity is relatively low except with respect to bodily injury claims. Bodily injury claims tend to be more difficult to estimate due to uncertainties with respect to the value at which they will be ultimately settled, and the timeframe within which they will be settled.
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage.	The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay. Property business is therefore classified as "short-tailed" and expense deterioration and investment return is of less importance in estimating provisions. The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.
Liability	Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposure is in relation to bodily injury.	The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. Although bodily injury claims have a relatively long tail, the majority of bodily injury claims are settled in full within three to five years. In general, these contracts involve higher estimation uncertainty.

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Management of risks relating to Insurance contracts

Motor contracts:
The risks relating to motor contracts are managed primarily through the pricing and selection process. Management monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims appeals.

Property contracts:
The risks relating to property contracts are managed primarily through the pricing and selection processes. AGI uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, AGI accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Liability contracts:
Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, adopting an appropriate investment strategy, rating and reinsurance. Management monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, AGI makes assumptions that costs will increase in line with the latest available research.

Risk exposure and concentrations of risk:
The table in note 34 shows management's exposure to general insurance risk (based on the carrying value of insurance provisions at the reporting date) per major category of business. Management has its largest risk concentration in the motor line.

Development Claim Liabilities
In addition to sensitivity analysis, the development of insurance liabilities provides a measure of ability to estimate the ultimate value of claims. The table below illustrates how management's estimate of the ultimate claims liability for accident years 2016 – 2021 has changed at successive year ends, up to 2021. Updated unpaid claims and adjustment expenses (UCAE) and IBNR estimates in each successive year, as well as amounts paid to date are used to derive the revised amounts for the ultimate claims liability for each accident year, used in the development calculations.

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

The development of an insurer's claims in the course of settlement provides a measure of its ability to estimate the ultimate value of claims incurred. In the table below, the estimate of total claims incurred for each year is provided at successive year ends. The most recent estimate is then reconciled to the liability recognised in the statement of financial position.

	The Group						
Gross	**2016 $'000**	**2017 $'000**	**2018 $'000**	**2019 $'000**	**2020 $'000**	**2021 $'000**	**Total $'000**
Estimate of ultimate claims incurred:							
At the end of the reporting year	2,175,548	2,147,757	2,366,194	2,381,008	1,700,600	1,604,252	
One year later	2,705,893	2,512,465	2,603,621	2,423,211	1,786,758		
Two years later	2,788,710	2,736,195	2,713,092	2,530,613			
Three years later	2,886,877	2,879,541	2,884,722				
Four years later	2,966,119	2,991,305					
Five years later	3,031,384						
Current estimate of cumulative claims	3,031,384	2,991,305	2,884,722	2,530,613	1,786,758	1,604,252	14,829,034
Cumulative payments to date	(2,880,163)	(2,704,837)	(2,489,888)	(2,066,958)	(1,359,402)	(650,062)	(12,151,310)
Liability recognised in the statement of financial position	151,221	286,468	394,834	463,655	427,356	954,190	2,677,724
Liability in respect of prior years and ULAE							626,295
Total liability							3,304,019

The reinsurers' share of the amounts in the following table is set out below.

Reinsurers' share	**2016 $'000**	**2017 $'000**	**2018 $'000**	**2019 $'000**	**2020 $'000**	**2021 $'000**	**Total $'000**
Estimate of ultimate claims incurred:							
At the end of the reporting year	276,482	14,076	12,505	144,540	750,832	896,918	
One year later	275,424	12,720	15,199	256,792	801,057		
Two years later	269,053	28,673	15,573	265,100			
Three years later	269,182	29,968	15,018				
Four years later	269,365	30,569					
Five years later	269,243						
Current estimate of cumulative claims	269,243	30,569	15,018	265,100	801,057	896,918	2,277,905
Cumulative payments to date	(269,243)	(30,473)	(13,671)	(221,895)	(605,071)	(324,569)	(1,464,922)
Recoverable recognised in the statement of financial position	-	96	1,347	43,205	195,986	572,349	812,983
Recoverable in respect of prior years							21,191
Total recoverable from reinsurers							834,174

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

	The Group						
Gross	**2015 $'000**	**2016 $'000**	**2017 $'000**	**2018 $'000**	**2019 $'000**	**2020 $'000**	**Total $'000**
Estimate of ultimate claims incurred:							
At the end of the reporting year	2,350,078	2,184,768	2,201,961	2,377,425	2,417,175	1,664,319	
One year later	2,313,112	2,710,957	2,540,167	2,614,852	2,459,377		
Two years later	2,402,011	2,793,774	2,763,897	2,724,323			
Three years later	2,315,761	2,891,941	2,907,243				
Four years later	2,336,098	2,971,183					
Five years later	2,425,683						
Current estimate of cumulative claims	2,425,683	2,971,183	2,907,243	2,724,323	2,459,377	1,664,319	15,152,128
Cumulative payments to date	(2,288,130)	(2,783,616)	(2,588,904)	(2,339,360)	(1,823,424)	(594,877)	(12,418,311)
Liability recognised in the statement of financial position	137,553	187,567	318,339	384,963	635,953	1,069,442	2,733,817
Liability in respect of prior years and ULAE							542,369
Total liability							3,276,186

The reinsurers' share of the amounts in the following table is set out below.

Reinsurers' share	**2015 $'000**	**2016 $'000**	**2017 $'000**	**2018 $'000**	**2019 $'000**	**2020 $'000**	**Total $'000**
Estimate of ultimate claims incurred:							
At the end of the reporting year	13,284	285,703	68,280	23,736	180,707	852,600	
One year later	11,461	280,488	40,422	26,430	292,959		
Two years later	8,044	274,117	56,375	26,804			
Three years later	7,909	274,246	57,671				
Four years later	10,349	274,429					
Five years later	10,350						
Current estimate of cumulative claims	10,350	274,429	57,671	26,804	292,959	852,600	1,514,813
Cumulative payments to date	(9,795)	(274,245)	(47,947)	(24,472)	(228,906)	(239,225)	(824,590)
Recoverable recognised in the statement of financial position	555	184	9,724	2,332	64,053	613,375	690,223
Recoverable in respect of prior years							19,655
Total recoverable from reinsurers							709,878

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Sensitivity Analysis of Actuarial Liabilities

The determination of actuarial liabilities is sensitive to a number of assumptions, and changes in those assumptions could have a significant effect on the valuation results.

In applying the noted methodologies, the following assumptions were made:

(i) The claims inflation rate implicitly used in the valuation is equivalent to that rate which is part of the historical data. To the extent that this has raised the average factors on which future development expectations are based, the valuation contains implicit provision for future inflationary shocks, which we believe is appropriate;

(ii) With respect to the analysis of the incurred claims development history, the level of case reserve adequacy is relatively consistent (in inflation adjusted terms) over the experience period;

(iii) With respect to the Bornhuetter-Ferguson method, the average on-level ultimate net loss ratios are representative of recent historical loss ratios. There is no evident trend in the historical net loss ratios adjusted for rate changes and cost changes;

(iv) With respect to the analysis of the gross and net paid claims development history, the rate of payment of ultimate incurred losses for the more recent years is indicative of future settlement patterns. This assumption was based on our discussion with management and the change in AGI's claims settlement practices in recent years; and

(v) Claims are expressed at their estimated ultimate undiscounted value, in accordance with the requirement of the Insurance Act, 2001.

A 10% increase in the future development assumptions increases the net total claims liability by $84,796,000 (2020 - $87,092,000) while a 10% decrease, decreases the net liability by $87,942,000 (2020 - $89,282,000).

Provision for adverse deviation assumptions
The basic assumptions made in establishing insurance reserves are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin for adverse deviation in each assumption.

Sagicor Re Insurance Company Limited
Certain casualty risks for the Group and its affiliates are covered through the subsidiary, Sagicor Re Insurance Company Limited.

The frequency and severity of casualty claims can be affected by several factors. The most significant casualty risks under the professional indemnity, directors and officers liability, medical malpractice, contractors all risk, employer's liability and public liability policies are slip and fall accidents at the insured premises, and damage to areas occupied or contents at the insured premises due to blocked drains or burst pipes. In addition, increasing level of awards, the increasing number of cases coming to court and inflation all impact on ultimate claims costs. The Group manages these risks through its underwriting strategy and proactive claims handling. The underwriting strategy concentrates on fully reinsuring the exposures to casualty risks.

Property insurance risks (Sagicor Re)

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, river flooding, hurricanes, etc.) and their consequences (for example, subsidence claims). For certain contracts, there is a maximum amount payable for claims in any policy year.

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

The Sagicor Re has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claims payment limits are always included to cap the amount payable on occurrence of the insured event. The cost of rebuilding properties, of replacement or indemnity for contents are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm or flood damage.

All of the property and casualty risks insured by Sagicor Re are reinsured, while only some of risks insured by AGI are reinsured. However, in the event that these reinsurers are unable to meet their obligations under the reinsurance agreements, the Group would be liable to pay the claims subject to deductibles and a "catch all clause". The Group mitigates the risks associated with failure of its reinsurers by transacting only with well-established and rated insurance/reinsurance companies. These are primarily international reinsurers, however, a portion of reinsurance is placed with local and regional insurers.

(b) Reinsurance risk

To limit its exposure of potential loss on an insurance policy, the insurer may cede certain levels of risk to a reinsurer. The Group selects reinsurers which have established capability to meet their contractual obligations and which generally have high credit ratings. The credit ratings of reinsurers are monitored.

For its property risks, the Group uses Treaty reinsurance - Quota Share, Excess of Loss - and Facultative reinsurance arrangements to cover single events and multiple claims arising from catastrophes. The insurer may be required to pay an additional premium to reinstate the reinsurance coverage where a claim exhausts the reinsurance limit.

For other insurance risks, insurers limit their exposure by event or per person by excess of loss or quota share treaties.

Retention limits represent the level of risk retained by the insurer. The Board of Directors approved policy retention limits. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. The retention programs used by the Group are summarised below

Type of insurance contract-2021	**Retention by insurers**
Health insurance contracts with groups	Retention per individual to a maximum J$2,500,000.
Life insurance contracts with individuals	Retention per individual to a maximum of J$35,000,000 and US$500,000
Life insurance contracts with groups	Retention per individual to a maximum of J$35,000,000 and US$100,000
General Insurance - Property Q/S Treaty	Retention – 10% of the sum insured per risk or US$800,000.
Catastrophe Excess of Loss	Retention – 10% of the sum insured per risk or US$500,000
General Insurance – Motor Excess of Loss	Retention – US$500,000.
General Insurance – Property Excess of Loss	Retention – US$500,000.

Type of insurance contract-2020	**Retention by insurers**
Health insurance contracts with groups	Retention per individual to a maximum J$2,250,000.
Life insurance contracts with individuals	Retention per individual to a maximum of J$35,000,000 and US$500,000.
Life insurance contracts with groups	Retention per individual to a maximum of J$35,000,000 and US$100,000.
General Insurance - Property Q/S Treaty	Retention – 10% of the sum insured per risk or US$700,000.
Catastrophe Excess of Loss	Retention – 10% of the sum insured per risk or US$500,000
General Insurance – Motor Excess of Loss	Retention – US$500,000.
General Insurance – Property Excess of Loss	Retention – US$500,000.

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48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk

Cash flow risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Interest rate changes may also result in losses if asset and liability cash flows are not closely matched with respect to timing and amount. The Asset and Liability Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored at least quarterly. Resulting from the financial effects of COVID 19, the Group enhanced its monitoring of its investment portfolios to determine if any action was required to protect its financial position. The Group improved its liquidity by shortening the duration of its portfolios early in the year and, post June 2020, observed improvements in cash flow and interest rate risk.

The return on investments may be variable, fixed for a term or fixed to maturity. On reinvestment of a matured investment, the returns available on the new investment may be significantly different from the returns formerly achieved. This is known as reinvestment risk.

The Group monitors interest rate risk by calculating the mean duration of the investment portfolio and the liabilities issued. The mean duration is an indicator of the sensitivity of the assets and liabilities to change in current interest rates. The mean duration of the liabilities is determined by means of projecting expected cash flows from the contracts using best estimate assumptions.

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

(i) Long term traditional insurance contracts and some investment contracts

Insurance and investment contracts with guaranteed and fixed terms have benefit payments that are fixed and guaranteed at the inception of the contract. The financial components of these benefits may include a guaranteed fixed interest rate and hence the Group's primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities is insufficient to fund the guaranteed benefits payable.

(ii) Long term insurance contracts and investment contracts without fixed terms

For unit-linked contracts the Group matches all the assets on which the unit prices are based with assets in the portfolio. There is no price, currency, credit, or interest rate risk for these contracts.

The Group's primary exposure to financial risk for these contracts is the risk of volatility in asset management fees due to the impact of interest rate and market price movements on the fair value of the assets held in the linked funds, on which investment management fees are based.

A decrease of 10% in the value of the assets would reduce the asset management fees to $397,676,000 (2020 - $339,465,000) per annum.

Unit-linked and interest-sensitive universal life type contracts have embedded surrender options. These embedded derivatives vary in response to the change in a financial variable (such as equity prices and interest rates). At year end, all embedded derivatives within insurance liabilities were closely related to the host contract and did not require separation.

For short term insurance contracts, the Group has matched the insurance liabilities with a portfolio of debt securities. The financial assets in this portfolio are characterised by interest rate risk.

Short term liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest bearing.

48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

The following tables summarise carrying amounts of statement of financial position assets, financial liabilities and insurance liabilities in order to arrive at the Group and company's interest rate gap based on earlier of contractual repricing or maturity dates.

The disclosures provided in this note are based on the Group and company's investment portfolio as at 31 December 2021 and 2020.

	The Group				
	2021				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Assets					
Cash resources	9,204,014	-	-	14,179,957	23,383,971
Cash reserve at Bank of Jamaica	-	-	-	11,084,907	11,084,907
Financial investments and pledged assets	59,960,141	44,339,924	186,045,273	42,036,097	332,381,435
Loans & leases, after allowance for credit losses	94,707,106	1,064,340	361,431	757,040	96,889,917
Reinsurance contracts	-	-	-	1,618,341	1,618,341
Premiums due and unpaid	-	-	-	4,419,045	4,419,045
Other assets	-	181,648	-	8,389,753	8,571,401
Total assets	**163,871,261**	**45,585,912**	**186,406,704**	**82,485,140**	**478,349,017**
Liabilities					
Deposit and security liabilities	210,862,954	9,847,842	498,844	642,001	221,851,641
Loan Payable	119,487	8,997,037	-	167,994	9,284,518
Other liabilities	-	181,648	-	19,359,706	19,541,354
Lease liabilities	618,218	1,468,571	435,001	-	2,521,790
Insurance contracts liabilities	5,838,531	23,329,579	65,130,445	3,698,194	97,996,749
Investment contracts liabilities	16,129,573	3,226,912	-	-	19,356,485
Other policy liabilities	1,142,752	-	-	8,749,526	9,892,278
Total liabilities	234,711,515	47,051,589	66,064,290	32,617,421	380,444,815
On statement of financial position interest sensitivity gap	(70,840,254)	(1,465,677)	120,342,414	49,867,719	97,904,202
Cumulative interest sensitivity gap	(70,840,254)	(72,305,931)	48,036,483	97,904,202	

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48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Group				
	2020				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Total assets	143,848,223	33,523,345	182,101,594	72,402,896	431,876,058
Total liabilities	223,715,090	40,636,566	66,604,976	24,325,922	355,282,554
On statement of financial position interest sensitivity gap	(79,866,867)	(7,113,221)	115,496,618	48,076,974	76,593,504
Cumulative interest sensitivity gap	(79,866,867)	(86,980,088)	28,516,530	76,593,504	

	The Company				
	2021				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Assets					
Cash Resources	431,177	-	-	-	431,177
Financial Investments and pledged assets	787,134	51,541	499,147	5,167	1,342,989
Other Assets	-	-	-	146,685	146,685
Total assets	**1,218,311**	**51,541**	**499,147**	**151,852**	**1,920,851**
Liabilities					
Deposits and security liabilities	-	11,941,842	-	61,404	12,003,246
Other Liabilities	-	-	-	4,419,002	4,419,002
Total liabilities	-	11,941,842	-	4,480,406	16,422,248
On statement of financial position interest sensitivity gap	**1,218,311**	**(11,890,301)**	**499,147**	**(4,328,554)**	**(14,501,397)**
Cumulative interest sensitivity gap	**1,218,311**	**(10,671,990)**	**(10,172,843)**	**(14,501,397)**	

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48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Company				
	2020				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Total assets	1,456,520	-	8,953	124,778	1,590,251
Total liabilities	12,888,310	2,741,626	-	3,833,037	19,462,973
On statement of financial position interest sensitivity gap	(11,431,790)	(2,741,626)	8,953	(3,708,259)	(17,872,722)
Cumulative interest sensitivity gap	(11,431,790)	(14,173,416)	(14,164,463)	(17,872,722)	

The table summarises the average effective yields by the earlier of the contractual repricing or maturity dates:

	The Group					
	2021					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	4.18	4.18	2.46	4.96	7.87	6.46
Loans	10.06	8.18	7.11	7.03	7.00	8.97
Mortgages (2)	-	7.58	7.58	7.58	7.58	7.58
Bank overdraft	2.50	-	-	-	-	2.50
Deposits	1.06	3.02	2.44	4.85	-	1.40

48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Group 2020					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	1.76	1.76	3.67	6.13	8	6.81
Loans	10.43	8.40	8.68	8.58	4.49	9.16
Mortgages (2)	-	7.91	7.91	7.91	7.91	7.91
Policy loans	-	-	-	-	11.72	11.72
Investment contracts	-	4.2	4.2	4.2	-	4.2
Bank overdraft	-	17.63	-	-	-	-
Deposits	1	1	4.5	-	-	1.35
Amounts due to banks and other financial institutions	5.58	4.68	5.54	5.27	3.76	4.70

	The Company 2021					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	4.29	4.29	3.00	1.79	8.5	5.65
Deposits	-	4.5	3	-	-	3.75

	The Company 2020					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	-	-	-	-	6.45	6.45
Deposits	-	-	3.75	-	-	3.75

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48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

(1) Yields are based on book values and contractual interest adjusted for amortization of premiums and discounts.

(2) Yields are based on book values, net of allowances for impairment and contractual interest rates.

Sensitivity
The Group's sensitivity to interest rate risk is disclosed in Note 49.

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The Group is exposed to daily calls on their available cash resources from, insurance benefits payments, working capital requirements, overnight placement of funds, maturing placement of funds, loan draw-downs and guarantees. The Group does not maintain cash resources to meet all of 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 available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

COVID-19 was expected to have resulted in increased liability run-offs; Sagicor's experience has so far indicated that the impact is moderate. Early in the year the Group improved its liquidity position, thereby enabling the Group to meet its contractual and regulatory obligations. The Group has been cautious in deploying liquidity in client segments considered particularly vulnerable to the impact of the pandemic. We continue to prudently manage liquidity across the group by maintaining adequate cash resources and investment in highly marketable instruments. This ensures that there are always resources available to meet planned and unplanned liquidity needs.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Treasury Department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit and optimising cash returns on investments;

(iv) 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 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 Group. 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.

48. Insurance and Financial Risk Management (Continued)

(d) Liquidity risk (continued)
Liquidity risk management process (continued)

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 Group and its exposure to changes in interest rates and exchange rates.

Certain investment portfolios within the Group contain securities which can only be disposed of over a period of time. In such instances, the Group 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 Group's and the company's investment portfolio as at 31 December 2021 and 2020.

The tables below present the undiscounted cash flows payable (both interest and principal cash flows) of the Group's financial and non-financial liabilities based on contractual repayment obligations. The Group expects that many policyholders/customers will not request repayment on the earliest date the Group could be required to pay. The expected maturity dates of liabilities are based on estimates made by management as determined by retention history. Liquidity risk tables are shown for insurance liabilities and financial liabilities.

	within 1 year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Undiscounted Financial Liabilities- 31 December 2021				
Deposit and security liability	212,680,151	10,894,311	943,911	224,518,373
Loans Payable	647,895	10,288,046	-	10,935,941
Other liabilities	19,435,422	181,648	-	19,617,070
Lease liabilities	755,692	1,719,799	644,483	3,119,974
Investment contracts liabilities	16,129,573	3,322,455	-	19,452,028
Total undiscounted liabilities	249,648,733	26,406,259	1,588,394	277,643,386

	Within 1 year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Undiscounted Financial Liabilities - 31 December 2020				
Deposit and security liability	199,966,466	7,968,260	3,469,070	211,403,796
Loans Payable	2,428,708	10,254,214	-	12,682,922
Other liabilities	14,492,723	263,746		14,756,469
Lease liabilities	681,320	2,160,589	683,411	3,525,320
Investment contracts liabilities	14,456,078	3,080,861	-	17,536,939
Total undiscounted liabilities	232,025,295	23,727,670	4,152,481	259,905,446

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48. Insurance and Financial Risk Management (Continued)

(d) Liquidity risk (continued)

	The Company 2021			
	Within 1 year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Undiscounted Financial Liabilities				
Promissory notes	-	12,481,841	-	12,481,841
Other Liabilities	4,419,002	-	-	4,419,002
Total undiscounted liabilities	4,419,002	12,481,841	-	16,900,843

	The Company 2020			
	Within 1 year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Undiscounted Financial Liabilities				
Promissory notes	13,560,761	2,998,890	-	16,559,651
Other Liabilities	3,777,334	-	-	3,777,334
Total undiscounted liabilities	17,338,095	2,998,890	-	20,336,985

Off-balance sheet items
The tables below show the contractual expiry by maturity of commitments.

	The Group			
	No later than 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
At December 31, 2021				
Credit commitments	6,751,638	672,960	152,111	7,576,709
Guarantees, acceptances and other financial facilities	2,740,109	1,019,058	1,336,168	5,095,335
Operating lease commitments	48,551	-	-	48,551
	9,540,298	1,692,018	1,488,279	12,720,595
At December 31, 2020				
Credit commitments	5,973,826	44,556	89,432	6,107,814
Guarantees, acceptances and other financial facilities	2,862,497	771,586	1,373,648	5,007,731
Operating lease commitments	61,783	-	-	61,783
Capital commitments	2,180,058	-	-	2,180,058
	11,078,164	816,142	1,463,080	13,357,386

48. Insurance and Financial Risk Management (Continued)

(d) Liquidity risk (continued)

The tables below reflect the expected maturities of the Group's discounted financial assets and liabilities at the year-end date.

	The Group			
	2021			
	Within 1 Year	1-5 years	Over 5 years	Total
Financial Assets	$000	$000	$000	$000
Cash resources	23,383,971	-	-	23,383,971
Cash reserve at Bank of Jamaica	11,084,907	-	-	11,084,907
Financial investments & pledged assets excluding equities	60,637,725	46,217,976	187,068,488	293,924,189
Loans and leases, after allowance for credit losses	25,447,261	35,516,744	35,925,912	96,889,917
Reinsurance contracts	1,216,592	325,096	76,653	1,618,341
Premium receivable and unpaid	4,419,045	-	-	4,419,045
Other assets	8,389,753	181,648	-	8,571,401
Total financial assets	134,579,254	82,241,464	223,071,053	439,891,771
Financial Liabilities				
Deposit and securities liability	211,339,130	9,874,348	638,163	221,851,641
Loan payable	342,974	8,941,544	-	9,284,518
Other liabilities	19,359,706	181,648	-	19,541,354
Investment contract	16,129,573	3,226,912	-	19,356,485
Insurance contracts liabilities	5,816,537	23,305,150	68,875,062	97,996,749
Lease liabilities	617,644	1,469,145	435,001	2,521,790
Other policy liabilities	8,244,838	1,317,788	329,652	9,892,278
Total financial liabilities	261,850,402	48,316,535	70,277,878	380,444,815
On statement of financial position interest sensitivity gap	(127,271,148)	33,924,929	152,793,175	59,446,956
Cumulative interest sensitivity gap	(127,271,148)	(93,346,219)	59,446,956	

	2020			
	Within 1 year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Total assets	99,596,735	70,019,785	227,333,802	396,950,322
Total liabilities	228,771,717	38,650,286	67,567,723	334,989,726
On statement of financial position interest sensitivity gap	(129,174,982)	31,369,499	159,766,079	61,960,596
Cumulative interest sensitivity gap	(129,174,982)	(97,805,483)	61,960,596	

Equities securities balance of $38,457,246,000 (2020-$34,925,726,000) held within underlying assets is excluded from the table above.

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48. Insurance and Financial Risk Management (Continued)

(d) Liquidity risk (continued)

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

	The Company			
	2021			
	Within 1 year	1-5 years	Over 5 years	Total
Assets	$000	$000	$000	$000
Cash resources	431,177	-	-	431,177
Financial investments & pledged assets	792,301	51,540	499,148	1,342,989
Other assets	146,685	-	-	146,685
Total assets	1,370,163	51,540	499,148	1,920,851
Liabilities				
Promissory notes	-	12,003,246	-	12,003,246
Other liabilities	4,419,002	-	-	4,419,002
Total liabilities	4,419,002	12,003,246	-	16,422,248
On statement of financial position interest sensitivity gap	(3,048,839)	(11,951,706)	499,148	(14,501,397)
Cumulative interest sensitivity gap	(3,048,839)	(15,000,545)	(14,501,397)	

	2020			
	Within 1 year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Total assets	1,529,765	51,532	8,954	1,590,251
Total liabilities	12,927,887	2,757,752	-	15,685,639
On statement of financial position interest sensitivity gap	(11,398,122)	(2,706,220)	8,954	(14,095,388)
Cumulative interest sensitivity gap	(11,398,122)	(14,104,342)	(14,095,388)	

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection, investment securities and other eligible bills, loans and advances to banks, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financing institutions.

48. Insurance and Financial Risk Management (Continued)

(e) Market risk

The Group takes on exposure to market risk, 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 risk mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Investment department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

The Group's investment portfolios were impacted by the widening of credit spreads and resulted in significant fall-off in asset prices. The Group has continually monitored its portfolios to determine if any further action would have been needed to protect the Group's balance sheet and have re-balanced portfolios where necessary. The investment portfolios across the group, particularly in the main asset classes (fixed income, equities and real estate) were positively impacted in the recovery both locally and internationally. Concerns remain around the variants of Covid-19 and therefore the Group continues to monitor and build strategy to provide protection within its portfolios.

(i) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price, other than those arising from currency or interest rate risk, whether those changes are caused by factors specific to the instrument or affecting all similar instruments in the market.

The Group is exposed to equity securities price risk because of investments held by the Group and classified as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.

The Group's investments in equity securities are publicly traded on the Jamaica Stock Exchange (JSE), the National Association of Securities Dealers Automated Quotation System (NASDAQ) and the New York Stock Exchange (NYSE). The Group's sensitivity to equity securities price risk is disclosed in Note 49.

(ii) Currency risk

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

Foreign exchange risk occurs when the Group takes an open position in a currency. To control this exchange risk the Asset and Liability Committee (ALCO) 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 ALCO.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

The tourism sector is a significant foreign currency generator for the countries in which the Group operates. Travel restrictions caused by COVID-19 have severely impacted foreign currency inflows which resulted in increased foreign currency volatility. This was tempered by increased inflows from remittances. The Group has carefully managed its currency exposures to limit losses generated during the period and enhanced monitoring continues.

The Group's operations in the Cayman Islands, Costa Rica and United States of America (USA) create two additional sources of currency risk:

- The operating results of the Group's foreign subsidiaries in the Group financial statements are translated at the average exchange rate prevailing during the period.
- The equity investment in the foreign subsidiaries is translated into Jamaican dollars using the closing exchange rate.

Concentrations of currency risk

The Group and the company are most sensitive to currency risk in its operating currencies which float against the United States dollar.

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48. Insurance and Financial Risk Management (Continued)

(e) Market risk (continued)

(ii) Currency risk (continued)

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

	The Group 2021			
	Jamaican $	US$	Other	Total
	$'000	$'000	$'000	$'000
Financial assets				
Cash resources	6,831,369	14,802,724	1,749,878	23,383,971
Cash reserve at Bank of Jamaica	3,649,261	7,165,510	270,136	11,084,907
Financial investments and pledged assets	169,333,318	161,621,834	1,426,283	332,381,435
Loans & leases, after allowance for credit losses	76,368,764	20,521,153	-	96,889,917
Reinsurance contracts	1,330,144	288,197	-	1,618,341
Premium due and unpaid	4,031,445	280,009	107,591	4,419,045
Other assets	7,738,756	831,680	965	8,571,401
Total assets	269,283,057	205,511,107	3,554,853	478,349,017
Financial liabilities				
Deposit and security liabilities	104,721,868	114,565,011	2,564,762	221,851,641
Loans Payable	2,073,971	7,210,547	-	9,284,518
Other liabilities	16,821,203	2,609,906	110,245	19,541,354
Lease Liabilities	2,521,790	-	-	2,521,790
Insurance contracts liabilities	54,980,319	36,266,580	6,749,850	97,996,749
Investment contracts liabilities	11,872,330	7,378,210	105,945	19,356,485
Other policy liabilities	8,640,267	534,107	717,904	9,892,278
Total liabilities	201,631,748	168,564,361	10,248,706	380,444,815
Net on statement of financial position	67,651,309	36,946,746	(6,693,853)	97,904,202

	The Group 2020			
	Jamaican $	US$	Other	Total
	$'000	$'000	$'000	$'000
Total assets	240,383,086	188,767,874	2,725,098	431,876,058
Total liabilities	189,427,254	155,999,992	9,855,308	355,282,554
Net on statement of financial position	50,955,832	32,767,882	(7,130,210)	76,593,504

As of December 31, 2021, the Company's maximum exposure to foreign currency exchange rate risk pertains to financial investments, pledged assets and cash resources amounting to J$430,254,000 (2020: J$579,603,000).

49. Sensitivity Analysis

Actuarial liabilities for the Group's life and health insurance contracts comprise 75.09% (2020 – 75.84%) of total Policyholders' Funds. The determination of actuarial liabilities is sensitive to a number of assumptions, and changes in those assumptions could have a significant effect on the valuation results. These factors are discussed in detail in Note 3(a).

(i) Sensitivity arising from the valuation of life insurance and annuity contracts

In summary, the valuation of actuarial liabilities of life insurance and annuity contracts is sensitive to:

- the economic scenario,
- the investments allocated to back the liabilities,
- the underlying assumptions used, and
- the margins for adverse deviations.

The Appointed Actuary tests the actuarial liabilities under several economic scenarios. These tests have been done and the liabilities have been derived from the scenarios which produce the worst results.

The assumption for future investment yields has a significant impact on actuarial liabilities. The other assumptions to which the actuarial liabilities of the Group are most sensitive, are in descending order of impact:

- Mortality and morbidity
- Operating expenses and taxes
- Lapse rates

(ii) Dynamic capital adequacy testing (DCAT)

DCAT is a technique used to assess the adequacy of an insurer's future financial condition in the light of different future economic and policy experience scenarios. DCAT assesses the impact over the next 5 years on the insurer's financial position and financial condition under specific scenarios.

The financial position of an insurer is reflected by the amounts of assets, liabilities and equity in the statement of financial position at a given date.

The financial condition of an insurer at a particular date is its prospective ability at that date to meet its future obligations, especially obligations to policyholders, those to whom it owes benefits and to its shareholders.

The purpose of the DCAT is:

- to develop an understanding of the sensitivity of the total equity of the insurer and future financial condition to changes in various experience factors and management policies;
- to alert management and the Board to material, plausible and imminent threats to the insurer's solvency; and
- to describe possible courses of action to address these threats.

The DCAT does not test any correlation that may exist between assumptions. The use of differing sensitivity rates by insurers reflects differences in the insurers' environment.

The following table represents the impact of changes in the assumptions to net actuarial liabilities for the Group resulting from changes in the variables listed below. The table below shows the impact on the insurance liability at the end of the year, based on the respective variable changes, and is not reflective of the results of the DCAT assessment.

		The Group	
Variable	**Change in Variable**	**2021 Change in Liability $'000**	**2020 Change in Liability $'000**
Worsening of mortality/morbidity	+10%.	7,570,789	6,967,091
Improvement in annuitant mortality	-10%.	1,450,417	1,409,713
Lowering of investment return	-1%.	9,394,381	11,945,715
Worsening of base renewal expense and inflation rate	+10%	1,360,778	2,431,058
Worsening of lapse rate	+10%	1,506,678	12,531,820
Higher interest rates	+1%.	(7,447,858)	(16,027,659)

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49. Sensitivity Analysis (Continued)

(iii) Sensitivity arising from a decline in equity prices

The Group is sensitive to fair value risk on its financial assets at FVTPL and FVTOCI equity securities. The effects of an increase by 10% and a decrease by 5% in equity prices at the year-end date are set out below.

	The Group		
	Carrying Value $'000	**Effect of 10% decrease at 31 December 2021 $'000**	**Effect of 5% increase at 31 December 2021 $'000**
Financial assets at fair value through profit or loss and other comprehensive income equity securities:			
Listed on Jamaica Stock Exchange	6,509,764	(650,976)	325,488
Listed on US stock exchanges	5,544,503	(554,450)	277,225
Other	26,402,979	(2,640,298)	1,320,149
	38,457,246	(3,845,724)	1,922,862

(iv) Sensitivity arising from currency risk

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

The effect of further depreciation and appreciation in the Jamaican dollar (JMD) relative to the United States dollar (USD) at the year-end date is considered in the following tables.

	The Group					
	2021			2020		
	Balances Denominated in other than JMD $'000	**Effect of a 6% depreciation at 31 December 2021 $'000**	**Effect of a 2% appreciation at 31 December 2021 $'000**	**Balances Denominated in other than JMD $'000**	**Effect of a 6% depreciation at 31 December 2020 $'000**	**Effect of a 2% appreciation at 31 December 2020 $'000**
Statement of financial position:						
Assets	209,065,959	196,522,003	213,247,280	191,492,972	180,003,394	195,322,831
Liabilities	178,813,067	168,084,283	182,389,328	165,855,300	155,903,982	169,172,406
Net position	30,252,892	28,437,720	30,857,952	25,637,672	24,099,412	26,150,425
Impact on Net Profit						
Other comprehensive Income		(1,815,173)	605,059		(1,538,250)	512,753

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49. Sensitivity Analysis (Continued)

(iv) Sensitivity arising from currency risk (continued)

	The Company					
	2021			2020		
	Balances Denominated in other than JMD $'000	Effect of a 6% depreciation at 31 December 2021 $'000	Effect of a 2% appreciation at 31 December 2021 $'000	Balances Denominated in other than JMD $'000	Effect of a 6% depreciation at 31 December 2020 $'000	Effect of a 2% appreciation at 31 December 2020 $'000
Statement of financial position:						
Assets	430,254	404,439	438,859	579,603	544,827	591,195
Impact on Net Profit						
Other comprehensive Income		(25,815)	8,605		(34,776)	11,592

(v) Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on profit or loss and other components of equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the floating rate of non-trading financial assets and financial liabilities. The sensitivity of other components of equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates.

	The Group			
	Effect on Net Profit Before Tax 2021 $'000	Effect on Other Comprehensive Income 2021 $'000	Effect on Net Profit Before Tax 2020 $'000	Effect on Other Comprehensive Income 2020 $'000
Change in basis points:				
Decrease – JMD- 100 and USD-100	10,793,004	8,197,356	6,279,872	9,107,548
Increase – JMD – 100 and USD-100	(8,846,481)	(10,609,565)	(3,895,105)	(7,934,244)

50. Capital Management

The capital adequacy of the principal operating entities within the Group is set out below.

(i) To comply with capital requirements established by insurance, banking and other financial intermediary regulatory authorities;

(ii) To comply with internationally recognised capital requirements for insurance, where local regulations do not require these international standards;

(iii) To safeguard its ability to meet future obligations to policyholders, depositors, note-holders and stockholders;

(iv) To provide adequate returns to stockholders by pricing insurance, investment and other contracts commensurately with the level of risk; and

(v) To maintain a strong capital base which is sufficient for the future development of the Group's operations.

The Group deploys its capital resources to activities carried out through various lines of business in operating companies which are either insurance entities or provide other financial services. The capital is deployed in such a manner as to ensure that each line of business generates the desired return on capital employed, that the operating companies have adequate and sufficient capital resources to carry out their activities and to meet regulatory requirements.

Required capital adequacy information is computed for regulated entities of the Group on a monthly basis and assessed by Management. These metrics are reported to Boards of Directors quarterly, and are filed with the Regulators in Jamaica monthly, in Cayman annually and in Costa Rica monthly.

The capital adequacy of the principal operating entities within the Group is set out below.

(a) Sagicor Life Jamaica Limited

Capital adequacy is managed at the operating company level. It is calculated monthly by the Appointed Actuary and reviewed by Executive Management and the Board of Directors. In addition, Sagicor Life Jamaica Limited seeks to maintain internal capital adequacy at levels higher than the regulatory requirements. To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is one of the core measures of financial performance. The risk-based assessment measure which has been adopted is the Minimum Continuing Surplus and Capital Requirement (MCCSR) standard as per the Insurance Regulations, 2001. The minimum standard required Insurance Regulations 2001 at the year-end date is an MCCSR of 150%. Sagicor Life Jamaica Limited as at 31 December 2021 had met the standard required.

(b) Sagicor Life of the Cayman Islands Ltd.

During 2014, the Cayman Islands Insurance (Capital and Solvency) (Class A Insurers) Regulations became effective. The minimum capital requirement (MCR) for a local Class A insurer was established as the greater of US$300,000, or the square root of the sum of the square of five risk components – assets, policy liabilities, subsidiaries, catastrophe exposure and foreign exchange. Additionally, the prescribed capital for a local Class A insurer must be at least 125% of the minimum capital requirement. The MCR for the Sagicor Life of the Cayman Islands Ltd as at 31 December satisfied the regulatory capital requirements.

(c) Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited

The Bank's objectives in managing their 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 Banks' ability to meet its obligations to depositors, note-holders and other stakeholders.

(iv) To safeguard the Banks' ability to continue as solvent going concerns.

(v) To maintain an appropriate capital base to support the growth and development of its business.

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50. Capital Management (Continued)

Capital adequacy, capital management ratios and the financial statements of the Bank and Investment Company are monitored monthly by management. These are reviewed quarterly by the Boards of Directors. Capital is managed based on prudent best practices and employing techniques and guidelines developed by the Financial Services Commission (FSC), the Bank of Jamaica (BOJ), Basel II and the Board of Directors Risk Management Committees. The required information is filed with the respective Regulatory Authorities at stipulated intervals.

The BOJ and the FSC require each regulated entity to:

(i) Hold the minimum level of the regulatory capital; and

(ii) Maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

The regulatory capital is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and

(ii) Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and revaluation on property, plant and equipment.

Any investment in subsidiaries is deducted from Tier 1 and Tier 2 capital to arrive at the regulated capital.

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-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited at the year-end were compliant with the regulatory capital requirements.

The subsidiary AGI manages capital to:
(i) Comply with the capital requirements set by the FSC; and
(ii) Safeguard the company's ability to continue as a going concern.

For Jamaican property and casualty companies, the Minimum Capital Test (MCT) is used as a measure of capital with a minimum ratio of 250%. AGI was compliant with the regulatory capital requirements as at 31 December 2021.

51. Fiduciary Risk

Certain subsidiaries in the Group provide custody, trustee, corporate administration, investment management or advisory services to third parties which may involve these subsidiaries making allocation and purchase and sale decisions in relation to a wide range of financial instruments. These assets are not included in these financial statements. As at 31 December 2021, these subsidiaries had financial assets under administration as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
Pension and insurance funds	238,572,712	214,943,973
Mutual funds, Unit trusts and other Investment funds	189,738,612	195,760,361
	428,311,324	410,704,334

52. Contingent Liabilities

Legal proceedings
The Group and the company are subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group 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 Group which is immaterial to both the financial position and results of operations.

Significant matters are as follows:

(a) Suit has been filed by a customer against one of the Group's subsidiaries 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 subsidiary. No provision was made in these financial statements for this claim as the matter has not been heard.

(b) Suit has been filed by an independent contractor against one of the Group's subsidiaries for breach of contract arising from an alleged contractual agreement. The Claimant alleges that the subsidiary failed to pursue initiatives contemplated by the contract with a third party and that by not doing so, it caused the Claimant company significant losses which they have estimated at over US$300,000,000. No provision was made in these financial statements for this claim as the claim has been stayed to accommodate arbitration as required under the Agreement between the parties.

53. Litigation

On March 17, 2014 the Supreme Court of Jamaica granted judgement in favour of a claimant in a case brought against Sagicor Bank Jamaica Limited (formerly RBC Royal Bank Jamaica Limited). This claim pre-dated the acquisition of the Bank by Sagicor Group Jamaica Limited, and also predated the acquisition of control of the Bank by RBTT from Finsac Limited ("Finsac") in 2001.

By virtue of the Share Sale Agreement entered into between Finsac, RBTT Financial Holdings Limited and RBTT International Limited, Finsac agreed to fully indemnify RBTT International Limited against any loss the bank may suffer in this matter. As the current owner of Sagicor Bank Jamaica Limited, Sagicor Group is the current beneficiary of the Indemnity. The Indemnity from Finsac is further supported by a Government of Jamaica Guarantee on a full indemnity basis.

Sagicor appealed the Supreme Court decision and Judgment was delivered on July 31, 2018 which ruled that the award previously awarded to the Claimant be reduced with costs to the Claimant subject to an accounting exercise to determine the apportionment of costs between the parties. This reduced award took into account lower interest rates applying simple interest rather than compounding interest. The issue of costs remains to be determined by the courts following a subsequent application to amend the judgment which was delivered in January 2019. The amount previously awarded to the Claimant has been recorded as payable to the claimant with accrued interest and correspondingly receivable from Finsac/Government of Jamaica.

On July 1, 2019 the Claimant filed an application for conditional leave to appeal to the Privy Council on the issue of cost leave with final leave to appeal being granted on October 26, 2020.

The reproduced record of appeal for the Privy Council was finalized on June 3, 2021 and our external counsel are awaiting a Statement of Facts and Issues to be agreed. The Privy Counsel has set the appeal matter for hearing on the May 11-12, 2022.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

53. Litigation (Continued)

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, offered 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 and 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 completed 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 adjustment to the carrying value of the holdings has been recorded in the financial statements in respect of this suit as at 31 December 2021.

54. Offsetting Financial Assets and Financial Liabilities

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

	The Group						
	2021						
					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 amounts $'000
Assets							
Cash resources	34,468,878	-	34,468,878	-	(941,626)	-	33,527,252
Financial investments	429,271,352	-	429,271,352	(93,436,958)	-	(215,901)	335,618,493
	463,740,230	-	463,740,230	(93,436,958)	(941,626)	(215,901)	369,145,745
Liabilities							
Due to banks and other financial institutions	221,834,908	-	221,834,908	(79,003,526)	-	-	142,831,382
Derivative financial instruments	16,733	-	16,733	-	-	(16,733)	
	221,851,641		221,851,641	(79,003,526)	-	(16,733)	142,831,382
	2020						
Assets							
Cash resources	32,363,822	-	32,363,822	-	(832,930)	-	31,530,892
Financial investments	388,708,682	-	388,708,682	(86,948,948)	-	(193,990)	301,565,744
	421,072,504	-	421,072,504	(86,948,948)	(832,930)	(193,990)	333,096,636
Liabilities							
Due to banks and other financial institutions	207,358,482	-	207,358,482	(79,400,370)	-	-	127,958,112
Derivative financial instruments	-	-	-	-	-	-	-
	207,358,482	-	207,358,482	(79,400,370)	-	-	127,958,112

54. Offsetting Financial Assets and Financial Liabilities (Continued)

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

	The Company						
	2021						
				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 amounts
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash resources	431,177	-	431,177	-	-	-	431,177
Financial investments	1,342,989	-	1,342,989	-	-	(439,997)	902,992
	1,774,166	-	1,774,166	-	-	(439,997)	1,334,169
Liabilities							
Due banks and other financial institutions	12,003,246	-	12,003,246	-	-	-	12,003,246
	12,003,246	-	12,003,246	-	-	-	12,003,246
	2020						
Assets							
Cash resources	233,623	-	233,623	-	-	-	233,623
Financial investments	1,233,920	-	1,233,920	-	-	(557,800)	676,120
	1,467,543	-	1,467,543	-	-	(557,800)	909,743
Liabilities							
Due banks and other financial institutions	15,685,639	-	15,685,639	-	-	-	15,685,639
	15,685,639	-	15,685,639	-	-	-	15,685,639

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

55. Non-Controlling Interest

The non-controlling interests represent the share of net assets and net profit not attributed to Sagicor Group. The amounts were calculated as follows:

	2021				
	Travel Cash	Sagicor X Fund	AGI	Bailey Williams	Total
	$'000	$'000	$'000	$'000	$'000
Total assets	975,044	31,265,465	12,505,766	1,809,932	
Total liabilities	(290,681)	(8,942,794)	(9,241,731)	(1,749,109)	
Net Assets	**684,363**	**22,322,671**	**3,264,035**	**60,823**	
Non-controlling interest	**408,347**	**17,920,772**	**1,515,526**	**111,446**	**19,956,091**
Revenue	290,472	5,219,189	4,315,531	4,366	
Net profit for the period	157,965	673,891	429,425	3,410	
Other comprehensive income	-	256,236	(112,741)	-	
Total comprehensive income	**157,965**	**930,127**	**316,684**	**3,410**	
Non-controlling interest	**77,403**	**86,892**	**132,739**	**(49,377)**	**247,657**
Cashflows from operating activities	29,005	1,549,668	(575,192)	95,697	
Cashflows from investing activities	(53)	7,640,042	276,000	(57,666)	
Cashflows from financing activities	-	(3,479,394)	-	-	
Net increase/ (decrease) in cash and cash equivalents	28,952	5,710,316	(299,192)	38,031	

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

55. Non-Controlling Interest (Continued)

	2020				
	Travel Cash	Sagicor X Fund	AGI	Bailey Williams	Total
	$'000	$'000	$'000	$'000	$'000
Total assets	810,671	32,289,246	13,334,119	414,740	
Total liabilities	284,273	10,896,640	8,736,771	353,599	
Net Assets	**526,398**	**21,392,606**	**4,597,348**	**61,141**	
Non-controlling interest	**330,945**	**17,883,389**	**2,087,835**	**160,824**	**20,462,993**
Revenue	246,199	1,374,155	4,694,084	(3,260)	
Net profit/(loss) for the period	125,916	(15,280,975)	736,541	(5,260)	
Other comprehensive income	-	(384,060)	(104,521)	-	
Total comprehensive income	**125,916**	**(15,665,035)**	**632,020**	**(5,260)**	
Non-controlling interest	**61,699**	**(9,577,456)**	**221,952**	**(1,578)**	**(9,295,383)**
Cashflows from operating activities	10,180	(141,020)	495,991	(305,233)	
Cashflows from investing activities	(115)	1,351,668	1,825,531	(1,716)	
Cashflows from financing activities	-	(2,218,195)	(650,146)	251,681	
Net increase/ (decrease) in cash and cash equivalents	10,065	(1,007,547)	1,671,376	(55,268)	

The information above represents amounts before intercompany eliminations.

56. Subsequent Events

I. Subsequent to year- end, the Group entered into a Definitive Agreement for the purchase of 100% of the shares in Alliance Financial Services Limited (AFSL). The transaction is subject to due diligence and regulatory approval and the Group have already commenced the process of applying for a cambio license and a remittance license from the Bank of Jamaica.

II. There were no dividends declared by the Group subsequent to the year-end.

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Disclosure of Shareholdings

SHAREHOLDINGS OF THE TEN LARGEST SHAREHOLDERS

AT 31 DECEMBER 2021

	LIST OF SHAREHOLDERS		TOTAL NO. OF SHARES	%
1.a	Sagicor Life Inc	650,663,398	1,918,137,454	49.11%
	LOJ Holdings Limited - connected company	1,267,474,056		
1.b	(Sagicor Pooled Equity Fund - connected company)	77,507,560	85,764,292	2.20%
	(Trustee Sagicor Long-Term Incentive Plan - connected company)	6,543,675		
	(Sagicor Life Jamaica Share Purchase Plan 2003)	222,339		
	(Trustee of the SLJ of Employee Share Purchase Plan)	1,490,718		
	(Trustee SIJL of Employee Share Inv Trust)	-		
2	PanJam Investment Limited	1,179,742,497	1,180,501,476	30.23%
	(C. B. Facey Foundation - connected company)	718,400		
	(Orange Hall Estates - connected company)	40,579		
3	National Insurance Fund		47,611,210	1.22%
4	SJIML 3119		47,416,703	1.21%
5	Ideal Portfolio Services Ltd	34,123,354	39,289,331	1.01%
	(Ideal Global/Ideal Group/Ideal Betting/Ideal Finance - Con. Co.)	5,165,977		
6	ATL Group Pension Fund Trustee Nominee Limited		28,755,022	0.74%
7	GraceKennedy Pension Fund Custodian Ltd. for GraceKennedy Pension Scheme		28,143,819	0.72%
8	Donwis Ltd	19,567,360	22,895,477	0.59%
	(Donovan/Gertrude/Katheryn/Luke Lewis - connected persons)	3,317,200		
	(DALK - connected company)	10,917		
9	Prime Asset Management - JPS Employees' Superannuation Fund	16,597,480	21,678,054	0.56%
	(JPS Co. Ltd. (Original 1973) EMPL. Pension Plan PAM - Fund Managers - connected company)	5,080,574		
10	JCSD Trustee Services Ltd - Sigma Equity		20,793,723	0.53%
	Total		**3,440,986,561**	88.10%
	Others		**464,648,355**	11.90%
	Total Issued Shares		**3,905,634,916**	100.00%

5% AND MORE

AT 31 DECEMBER 2021

	LIST OF SHAREHOLDERS	TOTAL NO. OF SHARES	%
1	LOJ Holdings Limited	1,267,474,056	32.45%
2	PanJam Investment Limited	1,179,742,497	30.21%
3	Sagicor Life Inc	650,663,398	16.66%
	Total	**3,097,879,951**	79.32%
	Others	**807,754,965**	20.68%
	Total Issued Shares	**3,905,634,916**	100.00%

Disclosure of Shareholdings (Cont'd)

SHAREHOLDINGS OF DIRECTORS

AT 31 DECEMBER 2021

	LIST OF DIRECTORS		NO OF SHARES	%
1	Peter Melhado - Chairman		Nil	0.00%
2	Christopher Zacca - President & CEO	1,960,558	1,960,618	0.05%
	(Karen E. Zacca - connected person)	Nil		
	(Edward Zacca - connected person)	60		
3	Dr. The Hon R. Danny Williams	Nil		
	(Ravers Limited - connected company)	12,500,000	12,500,000	0.32%
4	Dr. Dodridge D. Miller		25,389	0.00%
5	Dr. Marjorie Fyffe-Campbell		25,000	0.00%
6	Paul Facey	948,999	2,272,511	0.06%
	(Heather Facey - connected person)			
	(Robert A Facey - connected person)	550,000		
	(Angela G. Nathan - connected person)	773,512		
7	Stephen Facey	1,027,791	1,135,254	0.03%
	(Wendy Facey - connected person)			
	(Alexander & Matthew Facey - connected person)	107,463		
8	Paul Hanworth		49,799	0.00%
9	Peter Clarke		Nil	0.00%
10	Dr. Jacqueline D Coke-Lloyd		43,375	0.00%
11	Stephen McNamara		Nil	0.00%
12	Lisa Lake		Nil	0.00%
13	Mahmood Khimji		Nil	0.00%
14	Gilbert Palter		Nil	0.00%
15	Timothy Hodgson		Nil	0.00%
16	Janice Grant Taffe (Company Secretary)		2,236,281	0.06%
	(Joseph Taffe - connected person)			

SHAREHOLDINGS OF LEADERSHIP TEAM

AT 31 DECEMBER 2021

	LIST OF LEADERSHIP TEAM		NO OF SHARES	%
1	Christopher Zacca - President & CEO	1,960,558	1,960,618	0.05%
	(Karen E. Zacca - connected person)	Nil		
	(Edward Zacca - connected person)	60		
2	Andre Ho Lung		56,649	0.00%
3	Dr. Sharma Taylor		NIL	0.00%
4	Mark Chisholm		4,230,391	0.11%
	(Te-Anne Chisholm - connected person)			
	(Sharo Anne Chisholm - connected person)			
	(Jonel Chisholm - connected person)			
5	Willard Brown		2,343,602	0.06%
6	Karl Williams		2,097,620	0.05%
7	Chorvelle Johnson		138,131	0.00%
8	Sean Newman		2,628	0.00%
	(Georgia A. Nelson-Newman - connected person)			
	(Norma H. Newman - connected person)			
9	Donnette Scarlett		632,261	0.02%
	(Merrick Scarlett - connected person)			
	(Monique Scarlett - connected person)			

Corporate Directory

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SAGICOR GROUP JAMAICA

Form of Proxy

Sagicor Group Jamaica

I_____of _____

being a member of Sagicor Group Jamaica Limited hereby appoint _____

of_____ or failing him_____

of _____as my proxy to vote for me on my behalf at the Annual General Meeting of the Company to be held at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, on Friday the 27th day of May 2022 at 3:00 p.m. and at any adjournment thereof.

The Proxy will vote on the undermentioned resolutions as indicated:

Resolutions	For	Against
1. To receive the Audited Accounts and Report of the Directors for the year ended December 31, 2021.		
2. To elect Directors "That the election of directors be made en-bloc."		
3. To elect Directors. **a)** In accordance with Article 98 Peter Clarke Mahmood Khimji Lisa Lake Peter Melhado		
4. To fix the remuneration of Directors.		
5. To appoint and authorize the Directors to fix the remuneration of the Auditors.		
6. To ratify interim dividends and declare them final.		

NOTE: If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

As witness my hand this _____ day of _____2022

Signature _____

_____

$100.00
Stamp to
be affixed

Connect with us!

We welcome your feedback. Please use these convenient channels to keep up to date on developments at our company or to send us your comments and queries.

SHAREHOLDERS →	Connection Points
Contact our Registrar for: • Dividends • Change in share registration and address • Lost share certificates • Estate transfers • General shareholder requests	**Corporate Trust** Ground Floor R. Danny Williams Building 28-48 Barbados Avenue Kingston 5 sbj_registrar@sagicor.com sgj_legalcounsel@sagicor.com (876) 929-5583 ext. 2215 - 7 and 2221-2 (876) 764-0356 (876) 920-5804
To obtain additional printed copies of the Annual Report or make enquiries about company news and initiatives	**Investor Relations** sbj_InvestorRelations@sagicor.com (876) 929-5583

CLIENTS →	Connection Points
Get general information on the company's activities, policies, products and services.	**Client Relations** infoja@sagicor.com 888-SAGICOR (724-4267)
View information on Sagicor Group Jamaica online	**Website** sagicor.com
Receive the latest company news or learn more about Sagicor Group Jamaica	**Public Relations** sgj_publicrelations@sagicor.com
Call toll free	Within Jamaica - 888-SAGICOR (724-4267) From Canada & USA - 1-800-SAGICOR From Canada 1-800-947-7886 From U.S.A 1-800-550-7886 From the U.K. 1-800-895-903

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