50

BEYOND GOLD

2020 ANNUAL REPORT

Sagicor Group Jamaica

50

Dear Shareholder,

As we reflect on fifty years and prepare for the next fifty, we pause to honour our founders for their vision and acknowledge the sacrifices they made so we can stand **SAGICOR STRONG** today.

2020 will go down in history as one of the most challenging years, as the entire world grappled with the impact of a global pandemic. It was a special year for Sagicor as we celebrated our fiftieth anniversary in a new way, shining brightly amidst the darkest hour. We are grateful for a team that remains focused, dedicated, and productive, a living testimony to the resilience of this company.

We share this moment with you and wish for you and your families all the very best in these times, as you, too, grapple with the unknown.

We thank you for believing in us and trusting us with your investments, your health, and the well-being of your families. The pandemic has reminded us of what is most important to our humanity – connection. We remain connected using the best available technologies and creative resources to share special moments with you.

We are strong because of you and for this we are grateful. In gratitude and in confidence we move towards the next fifty years as a stronger company, committed to growth.

We thank you for your loyalty and your commitment. We recommit to excellence in service and pledge to always give only our best.

We remain grateful.

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YEARS AND BEYOND

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BEYOND GOLD

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.

Statement from the Chairman

This past year has been one of tremendous challenge but also significant opportunity at Sagicor Group Jamaica. I am happy to report that the company has weathered the unprecedented circumstances created by the COVID-19 pandemic and has emerged considerably stronger; with greater agility, focus and energy, all pointed towards satisfying the shifting needs of our customers.

I take this opportunity to thank our 2,500 'Sagicor strong' team members whose remarkable commitment to serving our customers, in the face of significant personal challenges, resulted in even greater customer loyalty and satisfaction as measured by our Net Promoter Score index.

In the midst of this unprecedented time, Sagicor celebrated its 50th anniversary. It was perhaps fitting that this milestone coincided with a significant test, one of many faced by the Group over its long history. I am pleased to note that the result was no different; we emerged as a better company for our many stakeholders.

As a Group of companies, we continue to meet the critical regulatory standards for capital and liquidity and have performed well in regard to our internal targets for Team Engagement, Corporate Social Responsibility, Client Satisfaction, Compliance and Shareholder Returns.

In its fourth year, the Jamaica Stock Exchange's Corporate Governance Index awarded the Group an A rating, reflecting our steadfast commitment to a high standard of governance. The sixty-one Board members across the Group and its subsidiaries attended an aggregate of over one hundred and fifty Board and Committee meetings in 2020; their diligence and expertise make us better at upholding our objective of continuous improvement in this area.

Sagicor continued its leading role in corporate social responsibility in support of our vision – to be a great company committed to improving the lives of the people in the communities in which we operate. If there was ever a year Jamaica and Jamaicans needed this support, it was in 2020.

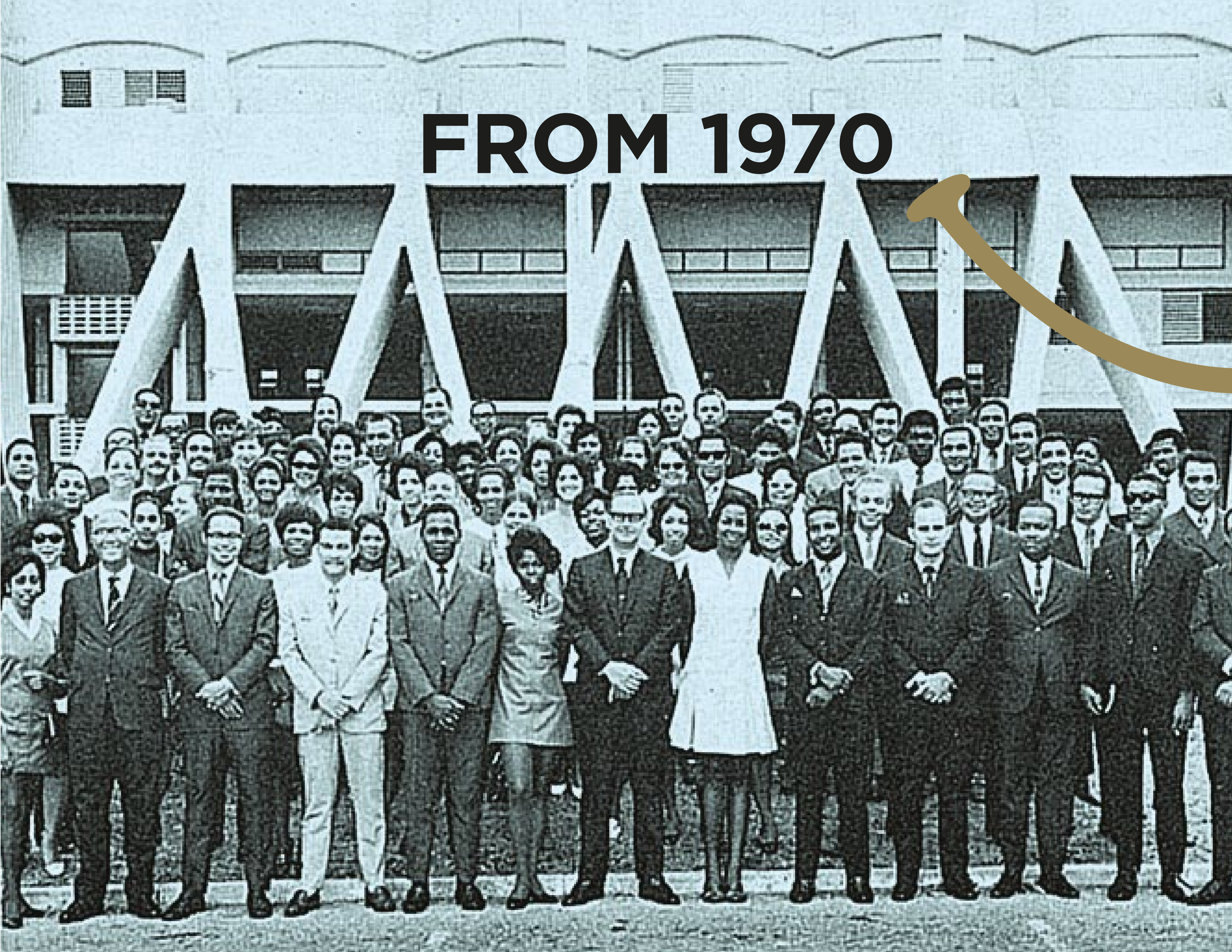
Personifying our never-say-die attitude no matter the circumstances, the Sagicor Foundation raised a record sum from our signature event, the Sigma Run, making it happen responsibly in the midst of the prevailing restrictions. This money, along with support from our endowed funds, was put to good use in the areas of health and education; two of the most impacted areas as a result of the pandemic.

While posting strong results for 2020, with a net profit of $13.78 billion (12% down on last year despite the difficult environment), we recognise that the year ahead will be one of continued challenge as our nation embarks on the long road to recovery from the body blow occasioned by the COVID-19 pandemic. As we go forward, it is imperative we build on the resilience and efficiencies gleaned from these extreme circumstances and remain laser-focused on delivering an exceptional experience to our customers, who have entrusted us with their livelihoods.

On behalf of the Board of Directors, I would like to acknowledge the exceptional leadership shown by the management team; a truer test of their mettle would be hard found. Thank you again to our outstanding team members, our shareholders and to our many loyal customers, who we will continue to serve with passion and dedication. We look forward to the challenge of a new year and wish for the health and safety of our stakeholders.

Peter K. Melhado
May 31, 2021

Peter K. Melhado
Chairman


FROM 1970

TO 2020

New insurance company
to begin operations
on June 1 this year
Example
Dividends
New business
LOJ reports on
first six month
NORTH AMERICAN LIFE
Life of Jamaica
BANK LTD.
Life of Jamaica


BEYOND GOLD
Sagicor
PETER CLAVER
PALACE AMUSEMENT CO.
PAN-JAM INV. TRUST
PROVEN INVESTMENTS LIMITED
PULSE INVESTMENTS LTD.
RADIO JAMAICA LTD.
SAGICOR INVESTMENTS JAMAICA LTD.
T. CATHERINE

BEYOND GOLD

Sagicor's journey to 50 has been filled with an unwavering commitment to its vision statement – **"to be a great company committed to improving the lives of the people in the communities in which we operate"**, and is the guiding principle that directs the strategic objectives for the Group.

1970

Life of Jamaica (LOJ) goes public on June 1, 1970.

1975

LOJ becomes the second largest life insurance company in the Caribbean.

1980

LOJ acquires 62% of Jamaica Citizens Bank and purchases 20 acres of prime land in New Kingston.

1986

LOJ became a member of the ICWI Group of Companies.

1994

LOJ purchased the Jamaican operations of ALICO (American Life Insurance Company).

1995

President & CEO of the company Hon. R. Danny Williams retired.

2001

A consortium of Barbados Mutual, Life of Barbados and Colina acquires the Government's 76% shareholding in Sagicor Life Jamaica Limited.

2002

Barbados Mutual was incorporated as Sagicor Life Incorporated, and a holding company under the name Sagicor Financial Corporation. Life of Jamaica Limited then became a member of the Sagicor Group.

2003

Operations of Island Life Insurance Company Limited were transferred to the Life of Jamaica head office.

2004

Life of Jamaica assumed the liabilities and supporting assets for Capital Life Insurance Company Limited (Capital Life) portfolio in the Cayman Islands.

Richard Byles appointed President and CEO.

2005

LOJ and First Life signed and exchanged definitive agreements with respect to the transfer of First Life's financial services business to LOJ.

LOJ acquired 53% of the outstanding PanCaribbean Financial Services share.

2008

LOJ rebranded Sagicor Life Jamaica Limited, officially becoming part of an international corporation, operating in twenty-two (22) countries.

Sagicor Life Jamaica acquired the insurance portfolio of Blue Cross.

2009

SLJ purchased an additional 33% of PanCaribbean Financial Services shares.

2012

On December 17, 2012 PanCaribbean Financial Services assumed its new name, Sagicor Investments, while PanCaribbeanBank became Sagicor Bank.

2014

Sagicor Group Jamaica acquired the RBC Royal Bank Jamaica in 2014, merging RBC with Sagicor Bank. The acquisition moved Sagicor Bank from No. 6 to No. 3 in the commercial banking sector.

2017

Christopher Zacca becomes President & CEO of Sagicor Group Jamaica.

Richard O. Byles appointed Chairman.

The Hon. R. Danny Williams appointed Director Emeritus of Sagicor Group Jamaica.

2018

Sagicor Bank revolutionizes the banking sector with the creation of two products, Swype and MyCash (in partnership with Digicel and Mastercard).

2019

July 1, 2019, Peter Melhado appointed Chairman of Sagicor Group Jamaica.

Sagicor acquires stake in Advantage General Insurance Company Limited.

Sagicor launches Sagicor Select Funds Limited, the first Listed Equity Fund in Jamaica.

The only company listed on the Jamaica Stock Exchange with 20 consecutive years of profit growth.

2020

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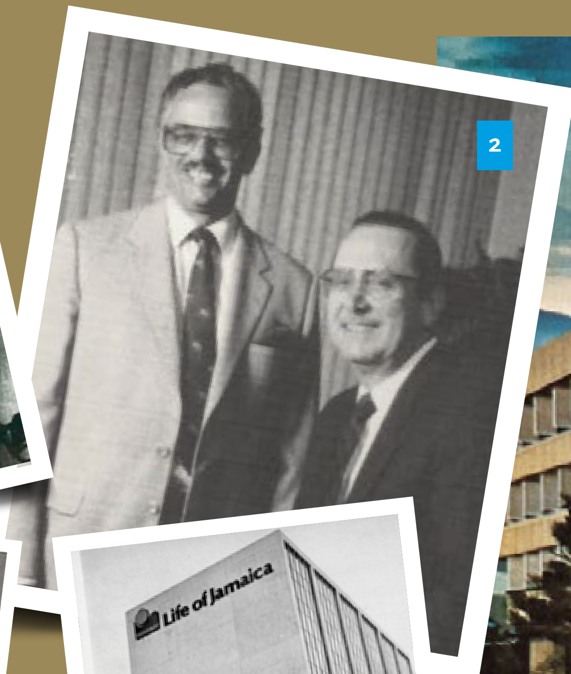
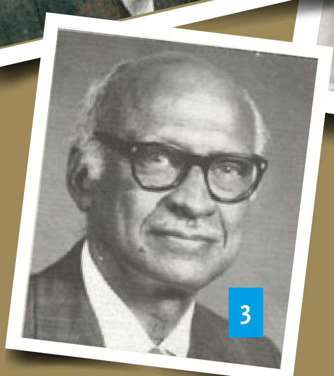
YEARS AND BEYOND

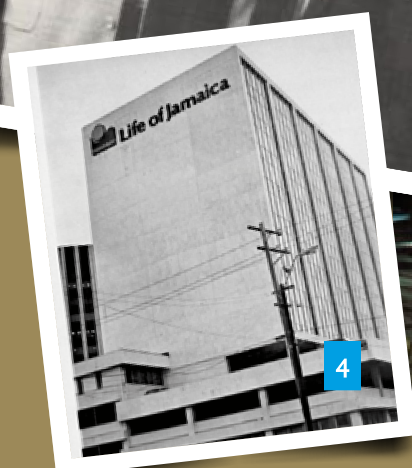
Sagicor celebrates 50 strong years

SAGICOR CELEBRATES 50 STRONG YEARS

BEYOND GOLD







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June 1, 2020 marked a significant milestone for Sagicor Group Jamaica, as the financial conglomerate celebrated its golden anniversary – 50 years of service, dedication and commitment to the financial security and overall well-being of Jamaicans.

Founded by the Hon. Dr. R. Danny Williams, Sagicor's journey began on June 1, 1970 as Life of Jamaica (LOJ), the country's first life insurance company to have public participation in its ownership. Over the years, the company grew exponentially and underwent several mergers and acquisitions to become a giant in the finance services industry. Fifty (50) years later, the company boasts a wide range of services, to include its flagship life and health insurance products, banking, investments, real estate, asset management and retirement planning. Sagicor has set the standard for excellence in helping clients plan their financial future and provide a better life for their families.

Sagicor's journey to 50 has been filled with an unwavering commitment to its vision statement – "to be a great company committed to improving the lives of the people in the communities in which we operate", and is the guiding principle that directs the strategic objectives for the Group. At the heart of the vision statement is 'people' and for 50 years, people have been the central ingredient to the company's success – our team members, our clients, our shareholders, our business partners, the people in the wider community.

1. Hon. R. Danny Williams, 1970
2. The Hon. Patrick Rousseau, Chairman and The Hon. R. Danny Williams, President and CEO, 1987
3. The Hon. Douglas Fletcher, First Chairman of Life of Jamaica
4. LOJ Head Office, Harbour Street
5. LOJ Dominica Drive Head Office (artist rendering)
6. Signing documents concluding the purchase of Jamaica-Jamaica Hotel by LOJ
7. Signing of construction contract for new head office in New Kingston, 1981
8. Sagicor Group Jamaica Head Office, Barbados Avenue

For company President and Chief Executive Officer, Christopher Zacca, the golden anniversary held much significance, as the company reflected on its past, honoured its founders, celebrated its clients and team members and looked ahead to the future.

Zacca shared how proud he is to be able to lead an organization with such a rich legacy and a dynamic team, sharing that *"Sagicor is where it is today thanks to the tremendous foundation on which the company is built - the passion and dedication of our team members, and the immense support and loyalty that we have enjoyed from our clients, shareholders and other stakeholders over these many years is truly something special."*

"Fifty years in business is a major accomplishment, a feat companies have not achieved and I am truly humbled and honoured to be able to be part of this history; it is also amazing to have had the joy of celebrating this milestone with the Hon. R. Danny Williams, founder of LOJ, who has been and remains an instrumental part of the Sagicor family,"

— ***Christopher Zacca*** —.

In light of the COVID-19 pandemic, the Group had to significantly scale back its planned 50th celebrations, however the company executed several initiatives to commemorate the occasion.

On June 1, 2020 clients across all Sagicor offices were gifted with 50th anniversary memorabilia and treats, while clients celebrating their 50th birthday also received an extra treat by way of special gifts. Locations across the island were also bedecked in the celebratory branding. The festive atmosphere set the tone and marked a great beginning for the company's anniversary activities in the months that followed.

The major highlight event for the golden anniversary was the epic staging of a first of its kind virtual concert on June 28, 2020 that featured a star-studded line-up of entertainers. Dubbed the 'Thank You for 50 Years' concert, Jamaicans at home and abroad were enthralled by the superb performances of local entertainers and hitmakers who one after the other 'wowed' their virtual audience. A first-class production, the event was streamed live across all Sagicor's social media platforms and then subsequently packaged for television.

Gospel royalty Carlene Davis, Rondell Positive, Jermaine Edwards along with VC, Carey Sayles and new acts Rhoda Isabella and Nickika, kicked off the evening by delivering winning performances which spurred robust interaction from the social media audience. Viewers were also treated to the musical stylings of Tessanne Chin, Christopher Martin and the Big Ship Captain, Freddie McGregor, who all delivered hit after hit in a high-energy production.

The velvety smooth vocals of Christopher Martin showed his prowess as he captivated the virtual

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audience, while songbird Tessanne Chin delivered fan favourites with her soulful and powerful voice and veteran reggae artiste Freddie McGregor brought the show to a truly fantastic climax with strong performances of some of his most beloved and best hits.

"The concert was absolutely amazing; it was a world class production with some of the best talent here in Jamaica, and was our way of saying "Thank You Jamaica", and showing our appreciation to everyone who has and continues to contribute to the great company that Sagicor is", Zacca said.

In keeping with its focus on giving back to the community, in honour of the 50th anniversary, the charitable arm of the Group, the Sagicor Foundation launched its inaugural Community Heroes Awards initiative.

The awards, which was launched in September 2020, was open to the public to nominate Jamaican citizens 10 years and older who exemplify and embody the spirit of volunteerism, charity, kindness, and selfless service to others. From the nominated individuals, fifty (50) persons will be selected and rewarded as Community Heroes; each person will receive a special plaque and a cash award of $50,000.

As the company goes 'Beyond Gold', Sagicor remains committed to being a fun and fit environment for its team members, a strong and wise financial partner for its clients; a solvent and profitable business for its shareholders and a responsible and caring corporate citizen that will continue to be guided by our vision for the next 50 years.

9. From left to right: Sagicor Group Jamaica Chairman, Peter Melhado; President and CEO, Christopher Zacca and Director Emeritus, R. Danny Williams.

10. As part of its 50th anniversary celebration, Sagicor treated some of its longstanding clients; here Sagicor Financial Advisor Nicholene Taylor presents client of almost 50 years, Kenneth Benjamin with a gift.

11. Veteran Reggae crooner, Freddie McGregor at the 50th anniversary 'Thank You, Jamaica' concert.

12. Sagicor's former brand ambassador Tessanne Chin with Sagicor Group Jamaica Chairman Peter Melhado (left) and President and CEO, Christopher Zacca at the "Thank You, Jamaica for 50 Years" concert.

13. Gospel artiste Jermaine Edwards performing at the 50th concert.

14. Chevaneese Radinal, Sagicor client service representation greets a client with a token during the 50th anniversary celebration on June 1, 2020 at the Sagicor Life head office.

Christopher Zacca
President and CEO

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 2020 performance.

The Year that Changed our Lives...

March 10, 2020 is a day that significantly changed the lives of all Jamaicans. It was a sudden and immense change for us, as all corners of the globe started to experience the crippling effect of the novel coronavirus (COVID-19). How we would 'normally' do business, socialize and interact with others took on a whole new look and meaning.

The COVID-19 pandemic has challenged us all in varying ways - physically, emotionally, mentally and financially.

Throughout one of the toughest times in our history, as a nation, as a people and as a company, Sagicor Group Jamaica remained committed to its core values of service, communication, respect, integrity, performance and teamwork. Above all else, the health, safety and overall well-being of our team, clients and stakeholders remained the number one priority.

2020 was also the year of our golden jubilee... 50 years of service to Jamaica and Jamaicans. While it was not the year we anticipated and planned for, as the innovative and agile Group that we are, we remained committed to celebrating this milestone, and honouring our founders, shareholders, clients, team members and all stakeholders for their contribution to making us Sagicor Strong.

It was the year that tested us all, but it was the year that cemented how resilient we are as a people, and that no matter how tough times may get, if we work together towards one common goal – to improve the lives of all Jamaicans – we will overcome... we must overcome.

Remarkable Performance during a Challenging Year

Sagicor Group Jamaica performed remarkedly well throughout what was an extremely difficult environment due to the COVID-19 pandemic. The Group's 2020 results exhibited a robustness, which is attributable to the dedicated, hardworking, and passionate team members who remained resolute and committed to serving our clients throughout the period.

Amid the pandemic, the Group's Insurance businesses continued to show remarkable performance, evidenced by net premium income being 8% above the prior year. The key metrics of our Commercial and Investment banking businesses also performed satisfactorily. For the financial year 2020, the team delivered net profits of $13.78 billion, generated from total revenues of $84.57 billion (inclusive of unrealized capital losses of $2.64 billion). Despite the fact that 2020 net profits represented a 12% decline compared to prior year, the profits of our core insurance and banking businesses, before results attributed to our tourism Associate, showed a 3% improvement compared to prior year. Total revenue decreased by 9% or $8.03 billion, a decrease of 7% ($5.39 billion) when adjusted for unrealized capital losses. The annualized return on stockholders' equity was 14% as against 19% for 2019. Net Premium Income and Net Investment Income (exclusive of realized/unrealized gains or losses and expected credit losses) both showed an increase of 8% over 2019 ($50.38 billion and $18.19 billion respectively).

Sagicor Investments showed good profitability during the period, contributing $2.78 billion (excluding the share of AGIC earnings) to the Group, which is 4% lower than prior year.

More than ever before, throughout 2020 we wanted our clients to know that through great times or challenging times, we are in their corner and with them every step of the way.

$13.78 billion
Sagicor Group Jamaica Net Profits

$4.15 billion
Sagicor Life Employee Benefits Division Profits

$7.95 billion
Sagicor Life Individual Life Division Profits

$2.46 billion
Sagicor Bank Net Profits

Sagicor Bank contributed net profits of $2.46 billion for the year, a 19% reduction when compared to 2019.

Sagicor Life Employee Benefits Division produced profits of $4.15 billion, being 3% less than in 2019. Net Group Insurance and annuity premiums earned of $19.90 billion were ahead of 2019's earnings.

Sagicor Life Individual Life Division continued its strong performance, posting improved net profits of $7.95 billion compared to $5.37 billion in 2019. Net premium income of $27.87 billion was 5% higher than the comparative 2019 period.

Maintaining a High Standard of Sound Corporate Governance

Sagicor Group Jamaica 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. 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 Group.

As a Group, we remain accountable to our over 700,000 clients, thousands of shareholders and the respective regulatory bodies that govern our businesses. We are committed to upholding the best practices that guide corporate governance, adhering to the highest standards of ethical conduct. We believe that accountability, transparency, and good decision-making are imperative to a successful business, serving our clients, creating value for our shareholders and making a positive impact in the communities in which we operate.

We thank the Group's dedicated Board of Directors and the many Committees of the Group and all our subsidiaries who, with their wealth of knowledge and varied experience, executed their responsibilities with diligence and continued to play an integral role in the high standard of corporate governance that is cultivated by the team.

Connecting with our Clients and Providing Exceptional Service

"Going above and beyond the call of duty" took on a new meaning in 2020, as the team had to find innovative and creative ways to stay connected to our clients. The team's efforts ensured that we continued to deliver personable, easy and simple solutions, even as we adapted to the new paradigm, which called for less physical interaction and more online/virtual/electronic transactions.

As a Group, our digital journey was fast-tracked by at least 2 years, with significant investments going into technology, hardware, systems and processes to ensure that our services, platforms and network always remained accessible to our clients. Our communication efforts were tripled, which kept our clients updated every step of the way via various channels and ensured we connected and reached our different audiences whether they were online or offline.

More than ever before, throughout 2020 we wanted our clients to know that through great times or challenging times, we are in their corner and with them every step of the way.

Sagicor Group stands as one of the most highly recommended financial institutions regionally, as measured by our world-leading Net Promoter Scores (NPS). In 2020 we achieved 43% NPS, which is above all our global benchmarks.

The Group remains focused on our digital transformation journey and driving technological solutions to the benefit of our clients. Our philosophy in delivering superb client experience remains "Only when our clients win, we win", and that will continue to be our guiding principle in ensuring we implement systems and processes that are convenient, safe and efficient for all our clients across all touch points.

Creating Unforgettable Brand Experiences and Lifelong Loyalty

2020 was an unprecedented year, and even throughout one of the most difficult periods in our history, the Group achieved a remarkable 99% brand awareness, according to independent researchers.

Sagicor is a household name in Jamaica and continues to resonate with Jamaicans as a caring company and a good place to do business. The Group's 'out of the box', creative marketing campaigns and unforgettable brand experiences start conversations and set trends.

One of the most inspirational and innovative experiences throughout 2020 was the Group's 50th anniversary "Thank You, Jamaica for 50 Years" virtual concert. It was a world-class experience and execution that could rival any first world concert. In all that we do, our aim is to deliver on our Brand Vision of "To be loved by clients and team members and admired by our competitors."

Standing Strong with Jamaicans in Support of a Better Tomorrow

Throughout 2020, the Group's corporate social responsibility efforts were significantly focused on supporting the country's fight against the COVID-19 pandemic. As part of the Private Sector Organisation of Jamaica (PSOJ) COVID-19 Response Fund, Sagicor donated JA$20 million to the initiative, which was primarily utilized to purchase ventilators to outfit the designated COVID-19 hospital wards.

Over the period, the Group invested over JA$50 million across numerous initiatives geared towards combating the virus, as well as to support efforts to assist persons impacted by the pandemic.

The Group's signature charity event held every February - Sagicor Sigma Corporate Run was a huge success, raising the highest amount of funds in the road race's 22-year history. Over JA$55.3 million in cash and kind was raised in support of these beneficiaries: The Bustamante Hospital for Children, Savanna-la-Mar Hospital, and the Clifton Boys' Home. This significant feat was made possible by the over 26,000 participants, the kind and tremendous support and donations from individuals, groups and corporate sponsors who came together to support the cause.

Our commitment to our core pillars for support through the Sagicor Foundation remained in the areas of health and education. Through the Sagicor Foundation, the Group disbursed over $34 million in scholarships to students at varying levels of their educational journey. In addition to full scholarships, the Foundation invested over $5 million in other educational initiatives in support of grants, book vouchers, computers and school supplies.

Through our Sagicor Foundation Adopt-A-School programme, we continue to invest in education by providing early childhood institutions with physical infrastructural upgrades to satisfy the Early Childhood Commission, providing educators and students with a comfortable and safe environment for learning.

In honour of the Group's 50th anniversary, the inaugural Community Heroes Awards was launched in September 2020 to recognize and reward fifty (50) extraordinary Jamaican citizens who embody the qualities of an everyday hero – the spirit of volunteerism, charity, kindness and selflessness in giving back to their communities. Each community hero was rewarded with $50,000 each and an award.

Sagicor remains committed to being a driving force of doing good in the communities in which we operate and to improve the lives of all Jamaicans as we strive towards building a stronger and better Jamaica for everyone.

I thank our entire team, our clients, shareholders, business partners and all stakeholders for their continued support. It is because of you why we have remained a vibrant and profitable company for over 50 years. It is the passion and dedication of our team that make us so special. It is the loyalty of our clients that keeps us in business. It is the confidence of our shareholders that keeps us persevering. You all keep us inspired.

As we look forward to the new financial year, and as Jamaica and the world start the journey on the road to recovery, Sagicor Group Jamaica pledges that whatever challenge may come our way, we are ready to weather the storm. We are optimistic and confident that we will continue to deliver exceptional results for all our stakeholders and, as we continue to navigate this difficult period, this will only serve to make us even stronger.

Christopher Zacca
President & CEO

May 31, 2021

Group 10 -Year Financial Statistics

YEAR ENDED DECEMBER 31, 2020

										Revised	Revised
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
SALES:											
INSURANCE AMOUNTS											
Individual Life - Sums Assured	$m	272,584	236,353	209,675	184,455	176,329	171,246	151,131	149,096	137,571	150,624
Group Life - Sums Assured	$m	7,236	7,706	5,860	11,718	6,109	9,678	6,940	4,988	1,710	2,358
Total New Insurance Amount	**$m**	**279,819**	**244,060**	**215,535**	**196,173**	**182,438**	**180,924**	**158,071**	**154,084**	**139,281**	**152,982**
NEW ANNUALISED PREMIUMS											
Individual Life and Health	$m	4,668	4,470	4,140	3,614	3,341	2,918	2,656	2,583	2,530	2,110
Individual Annuities	$m	383	209	223	103	401	387	83	117	131	194
Group Life and Health	$m	531	1,447	1,399	817	510	794	496	647	636	184
Group Health Single Premiums	$m	31	23	14	9	26	33	49	-	-	56
Group Annuities	$m	4,741	3,522	2,815	2,323	2,007	1,900	1,209	1,456	1,820	1,139
Bulk Annuities Single Premiums	$m	-	1,525	-	5,713	1,147	1,904	2,212	4,820	428	2,153
Group Pensions	$m	9,335	2,161	2,362	2,284	1,756	3,392	4,348	475	212	-
Total New Annualised Premiums	**$m**	**19,689**	**13,357**	**10,953**	**14,863**	**9,187**	**11,328**	**11,053**	**10,098**	**5,757**	**5,836**
IN FORCE:											
INSURANCE AMOUNT											
Individual Life - Sums Assured	$m	1,779,705	1,587,313	1,437,151	1,289,703	1,198,090	1,075,967	996,768	908,068	813,598	734,195
Group Life - Sums Assured	$m	1,036,284	967,899	882,103	772,050	661,581	601,357	591,020	493,945	553,171	491,577
Property and Casualty	$m	220,230	213,258	87,340	76,036	67,937	43,940	40,135	34,481	29,058	22,957
Total Insurance Amounts in Force	**$m**	**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**	**1,248,730**
Number of Individual Life policies in force		627,677	594,249	556,742	520,888	492,355	440,328	421,937	407,927	393,411	376,872
Number of New Individual Life policies		76,685	75,908	73,635	68,131	63,968	56,164	59,449	59,318	60,226	55,547
FINANCIAL POSITION & STRENGTH:											
Total Assets [1]	$m	490,695	459,999	394,133	352,037	340,955	300,390	284,216	198,310	174,532	160,372
Pension Funds under Management [2]	$m	179,605	247,537	206,359	186,761	154,734	130,311	98,209	85,506	79,725	74,399

Group 10 -Year Financial Statistics

YEAR ENDED DECEMBER 31, 2020

		2020	2019	2018	2017	2016	2015	2014	2013	Revised 2012	Revised 2011
Other Funds under Management	$m	231,099	220,631	163,180	141,023	113,842	95,616	78,865	45,692	40,683	22,304
Total Assets Under Management	**$m**	**901,399**	**928,167**	**763,672**	**679,819**	**609,531**	**526,317**	**461,290**	**329,508**	**294,940**	**257,075**
Bank Loans and Advances, net of provision for credit losses [6]	$m	87,844	84,663	69,061	61,329	56,038	43,760	37,302	10,819	9,390	9,258
Customer Deposits [6]	$m	120,570	107,250	92,264	84,280	75,166	62,924	56,044	12,468	11,411	10,600
Invested Assets [5]	$m	406,626	382,208	326,287	293,363	290,118	256,506	232,678	180,330	155,730	144,942
Policyholders' Funds (including Segregated Funds)	$m	119,697	116,991	97,623	95,493	86,390	77,617	71,143	64,538	52,534	47,532
Shareholders' Equity	$m	106,384	91,252	74,340	68,502	56,411	46,569	46,065	35,926	32,856	28,411
Market Capitalisation	$m	195,086	304,444	155,444	148,609	116,778	78,113	40,033	39,867	37,986	37,610
OPERATING RESULTS:											
Total Revenue	$m	84,573	92,600	70,657	70,444	59,701	54,998	45,630	42,356	35,507	33,108
Total Policyholder Benefits and Reserves [3,5]	$m	28,687	38,055	27,727	32,584	25,838	23,868	22,770	23,231	17,767	16,519
Total Commissions, Expenses, and Taxes [5]	$m	40,114	39,067	30,510	26,933	23,108	21,278	17,515	12,660	11,668	10,835
Net Profit, Attributable to Shareholders [5]	$m	13,780	15,650	14,232	12,070	11,258	9,793	8,513	6,298	5,865	5,523
FINANCIAL RATIOS:											
Return on Average Assets	%	3	4	4	3	4	3	4	3	4	4
Return on Average Shareholders' Equity	%	14	19	20	19	22	21	21	18	19	21
Share Price	$	49.95	77.95	39.80	38.05	29.90	20.00	10.25	10.60	10.10	10.00
Earnings Per Share	$	3.53	4.01	3.65	3.11	2.90	2.51	2.21	1.67	1.56	1.47
Price Earnings Ratio	$	14.15	19.44	10.90	12.23	10.31	7.97	4.64	6.35	6.47	6.80
Dividends Per Share	$	0.85	1.44	1.20	1.28	1.12	0.73	0.63	0.40	0.56	0.65
Administration Expenses and Depreciation to Revenue	%	32	31	31	32 [4]	29 [4]	29 [4]	29 [4]	22 [4]	19 [4]	20 [4]
"Commissions and Related Sales Expenses to net premium income"	%	14 [4]	14 [4]	15 [4]	14 [4]	14 [4]	14 [4]	14 [4]	15 [4]	14 [4]	15 [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 SEVENTH ANNUAL GENERAL MEETING of the Company will be held virtually on Friday 9th day of July 2021 at 3:00 p.m., in accordance with an Order of the Supreme Court of Judicature of Jamaica which the Company obtained on Tuesday, June 15, 2021 to receive, 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, 2020 be and are hereby adopted."

2. To elect Directors.

Resolution No. 2:

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

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 Stephen McNamara, Paul Facey, Dodridge Miller, Stephen Facey and Paul Hanworth who being eligible offer themselves for re-election.

"THAT Directors Stephen McNamara, Paul Facey, Dodridge Miller, Stephen Facey and Paul Hanworth who retire by rotation and are eligible for re-election be and are hereby re-elected as Directors of the Company en-bloc".

b) Article 96 of the Company's Articles of Incorporation provides that the Directors shall have power at any time and from time to time to appoint any other person to be a Director of the Company, either to fill a casual vacancy or as an addition to the Board and any director so appointed shall hold office only until the following Annual General Meeting when he shall retire. The director retiring under this Article is Director Gilbert Palter who being eligible offers himself for re-election.

"THAT Director Gilbert Palter, having been appointed during the year as a Director of the Company to fill a casual vacancy, now retires and being eligible for re-election be and is hereby re-elected as a Director of the Company."

3. To fix the remuneration of the Directors.

Resolution No. 4:

THAT the amount of $35,090,000.00 included in the Audited Accounts of the Company for the year ended December 31, 2020 as remuneration for their services as Directors be and is hereby approved.

4. 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.

5. To ratify interim dividends and declare them final.

Resolution No. 6:

THAT the interim dividends of Forty ($0.40) cents paid on 11th day of June 2020 and Forty-four ($0.44) cents paid on 18th day of November 2020, respectively, be and are hereby ratified and declared as final for the year ended December 31, 2020.

SPECIAL BUSINESS

5. To amend the Articles of Incorporation by special resolution.

To consider and if thought fit pass the following resolution:

Resolution No. 7:

THAT pursuant to section 10 of the Companies Act, the Articles of Incorporation of the Company be altered by adding after Article [50], the following Article to be numbered [50A]:

ELECTRONIC GENERAL MEETINGS

50A

(1) Notwithstanding anything in these Articles, the Company may, to the fullest extent permitted by applicable law, convene and hold a meeting of its members as a:

(a) hybrid meeting; or

(b) virtual meeting

and a hybrid meeting or virtual meeting shall be identified as such in the notice convening such meeting.

(2) For the purposes of these Articles:

(a) a "hybrid meeting" means a meeting that is held both at one or more physical venue/venues and a virtual venue using any technology that gives members and Directors, as a whole (including members and Directors not physically in attendance at any of the venues) a reasonable opportunity to participate by Electronic Means; and

(b) a "virtual meeting" means a meeting held at no physical venue and is held wholly at a virtual venue using any technology (which includes using an online platform) that gives members and Directors, as a whole, reasonable opportunity to participate by Electronic Means.

(3) If the Company holds a hybrid meeting it shall have power to limit the number of persons in attendance at any physical venue to such number as is reasonable in all the circumstances.

(4) Notwithstanding anything contained to the contrary in these Articles, the notice of a virtual meeting need not specify a place as a physical location but it shall include an Electronic or virtual location or details sufficient to facilitate the attendance by members at an Electronic or virtual location and such a meeting shall be recorded as held in Jamaica. The notice of a hybrid meeting shall specify a physical location and an Electronic or virtual meeting.

(5) Where the Company holds a hybrid meeting or a virtual meeting, the use of electronic means for the purpose of enabling members to participate in such meetings may be made subject only to such requirements and restrictions as are:

(a) necessary to ensure the identification of those taking part and the security of the electronic communication; and

(b) proportionate to the achievement of those objectives.

(6) Where the Company holds a hybrid meeting or a virtual meeting, it shall have powers to require reasonable evidence of the entitlement of any person, who is not a member, to participate in such meeting.

(7) The right of a member to attend a hybrid meeting or a virtual meeting may be exercised by the member's proxy and notwithstanding anything to the contrary contained in these Articles, a proxy form may be returned to the Company by fax or other electronic means and this shall be deemed as deposited for the purpose of Article 72 and valid, provided that the Company is able to identify that the proxy has been duly stamped in accordance with the applicable law.

(8) A member who, at any hybrid meeting or virtual meeting either:

(a) establishes a communication link which allows a reasonable opportunity to participate; or

(b) votes electronically

shall, for all purposes of these Articles, be treated as (i) attending the meeting in person and shall count to constitute a quorum and (ii) if he casts a vote, as voting in person.

(9) Any failure of technology or any failure or inability of a member to attend or remain in a meeting held in accordance with these Articles as a result of a mistake or of events beyond the control of the Company shall not constitute a defect in the calling of such a meeting and shall not invalidate any resolutions passed or proceedings that take place at that meeting provided that a quorum is present at all times.

DATED THIS 31st day of May 2021

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, 2020. The Financial Statements reflect the consolidated results of Sagicor Group Jamaica Limited (SGJ) and its subsidiaries.

	2020 J$000's	2019 J$000's
OPERATING RESULTS:		
Group Profit before tax	10,178,307	20,717,597
Taxation	(5,693,527)	(5,253,971)
Net Profit after tax	4,484,780	15,463,626
Attributable to:		
Stockholders of the parent company	**13,780,163**	**15,650,304**
Non-controlling interests	(9,295,383)	(186,678)

Dividends

Interim dividends of 40 cents per share were paid on June 11, 2020 and 45 cents per share on November 18, 2020.

Directors

Article 98 provides that one third of the Directors shall retire from office at each Annual General Meeting. Directors Stephen McNamara, Paul Facey, Dodridge Miller, Stephen Facey and Paul Hanworth retire under this Article and, being eligible, offer themselves for re-election. Article 96 provides that the Directors shall have power at any time and from time to time to appoint any other person to be a Director of the Company, either to fill a casual vacancy or as an addition to the Board and any director so appointed shall hold office only until the following Annual General Meeting when he shall retire. Director Gilbert Palter retires under this Article, and, being eligible, offers himself 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

May 31, 2021

A LIFE OF GIVING ...

The R. Danny Williams Story

BEYOND GOLD

"You can't live in this world alone. There is work to be done, and if all of us, no matter what our overall responsibility is, can't find time to give, then how will this nation go forward?"

– **R. Danny Williams:** I Tried to Make a Difference

Director Emeritus of Sagicor Group Jamaica, R. Danny Williams has lived a life dedicated to service. His service to people, our nation and Sagicor is remarkable. Though his story has been written many times, in many ways, as Sagicor celebrates 50 years, we say **'thank you'**, and pay homage to the man whose vision led us to where we are today.

R. Danny Williams is loved beyond measure. We love his indomitable spirit and courage that started a company that has survived for fifty years.

R. Danny Williams developed his sense of business from very early in his life, assisting his parents with funding his education. Even then, Danny was fully aware of the importance of life insurance to Jamaican people and the wider Caribbean. He understood the deep desire of every human being to protect their loved ones and to ensure that the future of their families is secured after they are no longer around to support them. Danny knew that this was a major concern of every progressive man and woman and for those who were not enlightened, he would convince them.

His words - ***"You know. It doesn't take a thing off you to help somebody. And very often it's just caring a little, a word of advice, just directing people as to how they should go,"*** – are testament to his character. He is the leader who leads by doing and Sagicor continues to emulate his heart of giving.

We **LOVE** Danny for his humanity and his benevolence which is characteristic of a selfless human being who, despite his numerous contributions, frequently utters the phrase – "I owe so much to so many people". Yet it is to him we owe so much. His outstanding contribution to his alma mater Jamaica College affords countless young men the opportunity to walk through the gates to have access to the highest quality education in an environment that facilitates learning and inspires creativity. His commitment to Jamaica College continues as he donates all proceeds from the sale of his biography to the Jamaica College Foundation R. Danny Williams Scholarship Endowment Fund. Over twenty-five million dollars have already been donated to the Fund.

His reason is simple - ***"There are so many bright, young men who attend Jamaica College who are struggling on a daily basis to find the means to go to school and to nourish their minds and bodies with the proper nutrition they need, all because of their socio-economic circumstances; I want to play my part in helping to make a difference in the lives of these young men through the scholarship fund, to give them a chance at a bright and promising future."***

His philanthropy and his passion for nation building know no bounds. He is without a doubt one of Jamaica's most patriotic sons. He holds firmly to his beliefs but his service to nation goes way beyond partisan politics. He served as Minister of Industry and Commerce, successfully managing during his tenure to secure alignment between the government and the private sector.

His commitment to nation building is unquestionable and his work in various sectors is evidence of this. Outside of Life Insurance, he has worked extensively in the fields of industry and commerce, banking, tourism, bauxite and alumina, health and education, and has given decades of service to the coffee farming industry, corporate leadership, and small business development. Danny believes in lifelong learning and has also contributed significantly to adult education, leadership training and mentorship, and services to the deaf community and other special needs persons.

A notable quality of great leaders is their ability to inspire others through their words, and Danny Williams believes that words are powerful and have the ability to persuade audiences or individuals and can make a difference to the success of an individual or company. It is of no surprise then that he was responsible for the creation of the Toastmasters Club at Life of Jamaica, the forerunner company to Sagicor Group Jamaica Limited which, "30 years later, continues to facilitate the development of better public speakers and transformational leaders".

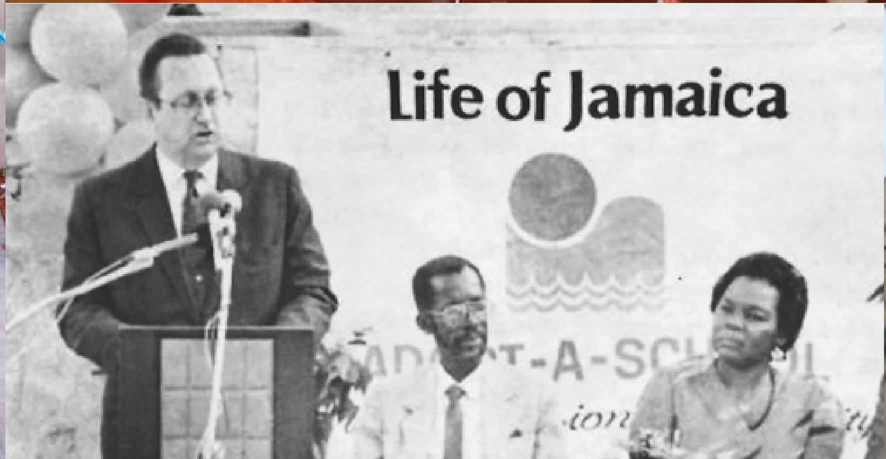
R. Danny Williams is a dedicated, formidable, kind, compassionate and magnanimous man. He inspires excellence, compelling anyone with whom he talks to walk away feeling a sense of wanting to do more.

Dr. the Hon R. Danny Williams, your life's work speaks for itself. You are the heart and soul of Sagicor as Sagicor is your heart and soul. Our story, our brand, our values, our vision, our mission, our team, are all that we are because you laid the foundation for us...

And in the words of our President & CEO, Christopher Zacca, "We admire most your love, passion and zeal for helping others; you are a true son of the soil who has created an indomitable legacy that will live on for many generations...Sagicor **LIVES** because of **YOU**."

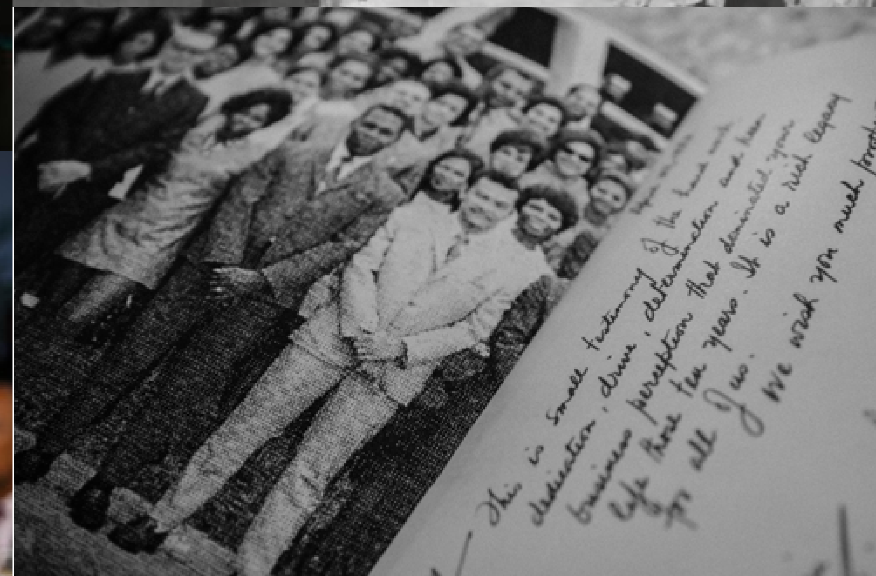
Thank you, Danny


e R. Danny Williams Bui


Life of Jamaica


Sagicor
FOUNDATION


LIVE
LIVE
SAVE A DREAM GRANT
Joseph McLeod
Two Hundred Thousand Dollars
Ashley McPherson
One Hundred & Fifty Thousand Dollars


This is small testimony of the hard work, dedication, drive, determination and
business perception that dominated your
life these ten years. It is a rich legacy
for all of us.
We wish you much


REGGAE AMBASSADORS

Board of Directors

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 and Industrial Chemical Company and as a Director on the Boards of Sagicor Bank Jamaica Limited, Sagicor Investments Jamaica Limited, British Caribbean Insurance Company, Couples Resorts, IWC (St Lucia), Advantage Communications and Red Stripe.

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 Manufacturers' Group, 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.

Our Board is 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.

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 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 the 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

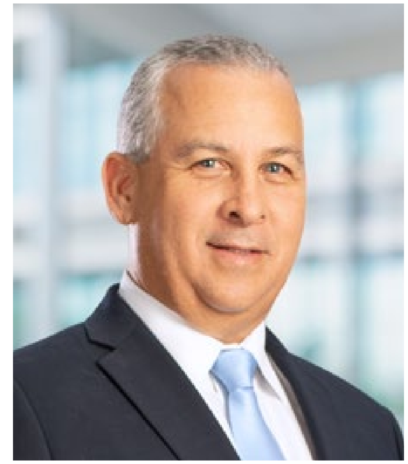
Mr. Clarke is a financial consultant. He is a director of Sagicor Financial Corporation and several other companies in the Group, including Sagicor Life Inc. and Sagicor Asset Management Trinidad and Tobago Ltd. He is the holder of a Bachelor of Arts degree in History from Yale University and a law degree from Downing College, Cambridge University.

He is the Chairman of Guardian Media Ltd., a director of the Trinidad and Tobago Stock Exchange and a director of the Trinidad and Tobago International Financial Centre Limited.

JACQUELINE D. COKE-LLOYD
Appointed 2010
Citizen of Jamaica

Jacqueline Coke-Lloyd is the Founder/Principal Director of Make Your Mark Consultants with over 30 years of expertise in General Management, Human Resource Development, Negotiation, and Employment Relations. She is a graduate of the University of Technology Jamaica and the International Training Centre of the International Labour Organisation (ILO), Turin, Italy. Mrs. Coke-Lloyd is a SHRM Certified Behavioural Coach and is currently pursuing her 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, and the Jamaica Employers' Federation (JEF), as well as on international boards such as the International Labour Organization (ILO) and the Caribbean Employers Confederation (CEC).

Mrs. Coke-Lloyd is the former CEO of Jamaica Employers' Federation (JEF). She is a member of the Women Business Owners of Jamaica (WBO), Women's Leadership Initiative (WLI), Private Sector Organisation of Jamaica (PSOJ), the Human Resource Management Association of Jamaica (HRMAJ). She also serves as Member of the International Council of Women Business Leaders (ICWBL) USA and as an advisor to the M.Sc. in Workforce Education and Training at the University of Technology, Jamaica.



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 Justice of the Peace/Lay Magistrate. She is a former President and Chief Executive Officer of the Urban Development Corporation, Jamaica.

Dr. Fyffe Campbell possesses extensive experience in Finance and Accounting, Corporate Governance, Risk Management and Property Development and Management. She is a former Adjunct Lecturer in Financial and Managerial Accounting and Enterprise Risk Management Governance at the Mona School of Business and Management. She is also a member of the Board of Directors of Sagicor Financial Corporation (SFC), Sagicor Life Cayman and Sagicor Property Services Limited.

STEPHEN MCNAMARA CBE, LLD
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.

PAUL HANWORTH M.A., M.SC., A.C.A., C.P.A
Appointed 2008
Citizen of Jamaica and the United Kingdom

Mr. Hanworth is the Chief Operating 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 and chairs the Audit Committee of British Caribbean Insurance Company, and is a director of Jamaica's National Health Fund, as well as the chair of its Finance Committee. He also sits on the board of several PanJam subsidiary and associated companies and chairs the Listed Companies Committee of the Private Sector Organisation of Jamaica. He founded Jamaica's first specialty fine wine business in 2004, which he sold in 2012.

DR. DODRIDGE MILLER
FCCA M.B.A., LLM, HON. LLD
Appointed 2001
Citizen of Barbados

Dr. Dodridge Miller was appointed Group President and Chief Executive Officer of Sagicor Financial Corporation Limited in July 2002 and has been a Director since December 2002. A citizen of Barbados, Mr. Miller is a Fellow of the Association of Chartered Certified Accountants (ACCA) and obtained his M.B.A. from the University of Wales and Manchester Business School. He holds an LLM in Corporate and Commercial Law from the University of the West Indies and, in October 2008, he was conferred with an Honorary Doctor of Laws degree by the University of the West Indies. He has more than 30 years' experience in the banking, insurance and financial services industries.

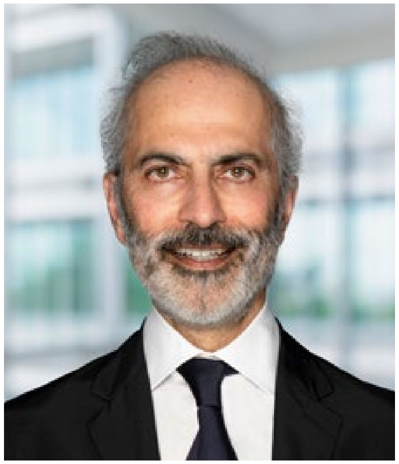
Dr. Miller also serves as a Director on the Boards of several other Sagicor Group entities.

TIMOTHY HODGSON B.COM., M.B.A.
Appointed 2020
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

Mr. Mahmood Khimji is a founding Principal of Highgate, a fully integrated real estate investment, management and development company. Mr. Khimji currently serves on the Board of Sagicor Financial Corporation, the Board of Visitors for Columbia Law School, as well as the Board of Asia Society. He is a member of the Young Presidents' Organization, a global leadership community of Chief Executives, and serves on the National Committee for the Aga Khan Foundation USA. He attended the University of British Columbia and graduated from the University of Houston, summa cum laude with a Bachelor of Arts degree. He earned a Juris Doctor degree from Columbia Law School and subsequently practised law at the Manhattan firm of Paul, Weiss, Rifkin, Wharton & Garrison.

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

Mr. Palter is a Chairman & CEO of EGADS Group and co-Founder, Chief Investment Officer and Managing Partner of EdgeStone Capital Partners, one of Canada's leading private equity firms. Prior to co-founding EdgeStone, he was Founder, Chief Executive Officer and Managing Director of Eladdan Capital Partners, a Tornoto-based private equity fund.

Mr. Palter has previously worked at Smith Barney, Clairvest Group Inc., McKinsey & Company, and Morgan Stanley. He currently serves as Chairman of Specialty Commerce Corp., Vice-Chairman of cxLoyalty Group Holdings Inc., and is also a member of the board of directors of Atlantic Power Corporation (NYSE:AT / TSX:ATP), Sagicor Financial Corporation Limited (TSX:SFC), and Porter Airlines Holdings Inc. He is a former Chairman of Aurigen Capital Limited, BFI Canada, BreconRidge Corporation, Continental Alloys & Services, Farley Windows, Hair Club Group, and Stephenson's Holdings Inc., and was previously a director of Alliance Films, Centre for Diagnostic Imaging, Lavalife, Mitel Networks, RPX Corporation (NSDQ:RPXC), Trimaster Manufacturing, Tunnel Hill Partners, and Xantrex Technology.

He holds an M.B.A from Harvard Business School and a Bachelor of Science in Computer Science and Economics from the University of Toronto.

Senior Leadership Team

CHRISTOPHER ZACCA

MARK CHISHOLM

WILLARD BROWN

TARA NUNES

KARL WILLIAMS

MARK THOMPSON


SEAN NEWMAN
CHORVELLE JOHNSON CUNNINGHAM
ANDRE HO LUNG
JANICE GRANT TAFFE
CATHERINE ALLEN
DONNETTE SCARLETT

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

President and CEO
Sagicor Group Jam ica

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 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 built Sagicor Investments into one of the leading wealth and asset management institutions in Jamaica.

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.

**Tara was appointed Chief Executive Officer and Senior Vice President of Sagicor Investments on January 1, 2021.*

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 two decades of experience in the financial sector, she joined the team in January 2018. A results-oriented individual who develops and maintains strategies that carefully balance risks and rewards to meet objectives. Chorvelle is a proponent of female empowerment. She is Jamaica's first International Women's Forum Fellow and is the current Chair of the United Way of Jamaica and the Vice President of the Jamaica Bankers Association.

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.

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

Senior Vice President,
General Counsel & Corporate Secretary

Janice Grant Taffe is the corporate secretary for the Sagicor Group Jamaica Board and its local non-banking subsidiaries and the General Counsel for the Group with oversight for its legal, regulatory and the overall corporate governance framework. Under her leadership, Janice has guided major investment and corporate strategies that have helped to position the company as a major player in the financial services and the real estate sectors. Her experience spans over 20 years in the areas of corporate and commercial law, with considerable experience in pensions, real estate transactions and insurance law. A member of the Leadership Team since 1997, Janice is a strategic and analytical thinker and an avid team player. She is a member of the Jamaica Bar Association and has served as a member of its Continuing Legal Education Committee.

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 and Secretary.

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.

Management's Discussion and Analysis

Sagicor Group Jamaica is a leading Financial Services Group in Jamaica, commanding the largest market share in many of the lines of business in which it operates. The Group has a diversified business model with the main segments being Individual Insurance, Employee Benefits and Banking (Commercial and Investments).

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 2020 financial statements dated 12 March 2020 which form a part of this Annual Report.

OVERVIEW

In March 2020, the World Health Organization declared that the novel coronavirus (SARS-COV-2), which caused the disease referred to as COVID-19, had reached the status of a global pandemic. Against this backdrop, Sagicor Group Jamaica performed commendably in spite of the resulting economic challenges. At the end of the 2020 financial year, the Group recorded notable strength across all business lines and maintained its position as the second-largest financial services group listed on the Jamaica Stock Exchange.

During 2020, Sagicor recognised that customers would experience difficulties that increase credit losses and reduce premium income, and accordingly implemented the extension of moratoriums, payment holidays and other accommodative measures. The Group saw a positive impact on the delinquency levels of our borrowing and insurance portfolios resulting from these measures. Sagicor continued to enhance the customer experience while safeguarding the health of our clientele. Sagicor continues to demonstrate a strong commitment to corporate social responsibility through many initiatives, including activities undertaken by the Sagicor Foundation and our various business lines that were geared towards supporting individuals and institutions in the education and health sectors.

The Group's Insurance businesses continued to show remarkable performance in 2020 with net premium income growing $3.9 billion (8%) over 2019. The key metrics of our Commercial and Investment banking businesses also performed satisfactorily and are expected to continue to improve as the economy recovers.

In 2020, Sagicor's total revenue amounted to $84.57 billion, a solid performance, although 9% or $8.03 billion below 2019. Hotel revenue for the Group was severely impacted by the global travel restrictions which had a debilitating impact on tourism and entertainment businesses worldwide. This impact also caused the Group to record significant losses on its tourism investments, most notably on the investment in our associate (Playa).

+8%

Growth in Net Premium Income

Increase of $3.9 billion over 2019.

$84.57 billion

Total Revenue

A solid performance, although 9% or $8.03 billion below 2019.

2020 FINANCIAL PERFORMANCE HIGHLIGHTS

	Dec 2020 Audited	Dec 2019 Audited	% Change
Operating Results (Income Statement Data):			
Net Profit, attributable to Stockholders - J$ billions	13.78	15.65	-12%
Total Revenue - J$ billions	84.57	92.60	-9%
Financial Position & Strength (Balance Sheet Data):			
Total Assets of Sagicor Group Jamaica - J$ billions	490.69	460.00	7%
Total Assets under management - J$ billions	901.40	928.17	-3%
Stockholders' Equity - J$ billions	106.38	91.25	17%
Stockholders' Equity to total assets	22%	20%	9%
Profitability:			
Return on average Stockholders' Equity (ROE)	14%	19%	-26%
Return on average assets (ROA)	3%	4%	-25%
Group efficiency ratio (Admin. expenses/Revenue)*	32%	31%	-3%
Earnings per stock unit (EPS) - J$	3.53	4.01	-12%
Dividends paid per stock unit - J$	0.85	1.44	-41%
	Dec 2020	**Dec 2019**	**% Change**
Other Market Information:			
SGJ Share Price - J$	49.95	77.95	-36%
Market capitalization - J$ billions	195.09	304.44	-36%

*Normalised & before segregated funds

At the end of the 2020 financial year, the Group recorded notable strength across all business lines and maintained its position as the second-largestfin ancial services group listed on the Jamaica Stock Exchange.

In total the shareholders of Sagicor Group Jamaica recognized $1.3 billion of losses in relation to the investment in associate primarily as a result of the impact of COVID-19. COVID-19 has caused significant declines in economic and consumer activity for key markets in which the Group operates. This impacted fee and other income, reducing it by $0.4 billion (3%), drove significant unrealized investment losses of $2.7 billion and prompted an increase in Expected Credit Loss provisions of $0.9 billion (112%) reflecting the increased risk of default being faced by businesses across the globe. Despite these setbacks, Net Profit Attributable to Shareholders remained strong at $13.78 billion, a 12% decline from 2019, representing an earnings per share of $3.53 (2019 - $4.01). It should be noted that the results for 2020 include a full year of results from Advantage General Insurance Company as opposed to three months in 2019, an increase of $0.4 billion in Net Profit. Our asset base showed growth of 7% over 2019 due mainly to growth in investment securities and cash resources. Equity attributed to stockholders of Sagicor Group Jamaica increased by 17% with return on equity of 14% (2019 - 19%).

$13.78 billion
Net Profit Attributable to Shareholders
Remained strong despite a 12% decline from 2019.

-$0.4 billion
Reduction in Fee and Other Income
As a result of significant declines in economic and consumer activity due to Covid-19 .

-$1.3 billion
Losses to Shareholders
in relation to the investment in associate primarily as a result of the impact of COVID-19.

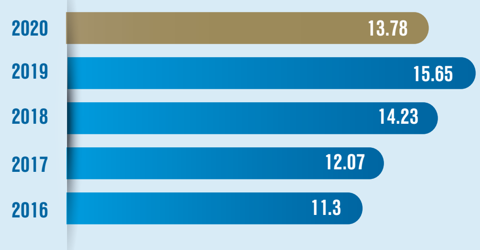
+7%
Growth in Asset Base
As a result of significant declines in economic and consumer activity due to Covid-19 .

+17%
Equity Attributed to Stockholders

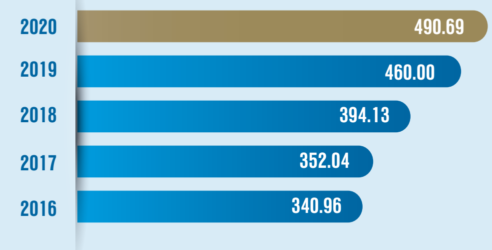
+14%
Return on Equity

OUR PERFORMANCE

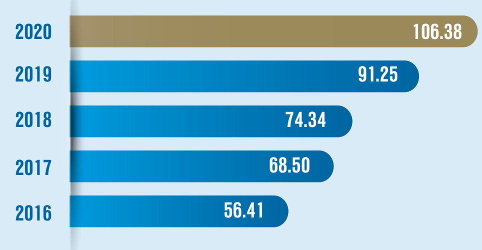
Net Profit Attributable to Stockholders
J$ BILLIONS



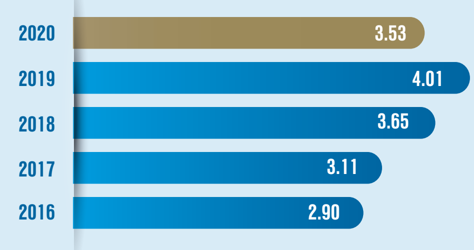
Total Assets
J$ BILLIONS



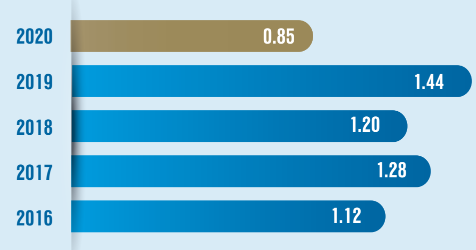
Stockholders' Equity
J$ BILLIONS



Earnings Per Share
J$ DOLLARS



Dividends Per Share
J$ DOLLARS



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 set out below:

JAMAICA

2020 brought the most widespread health pandemic in over 100 years, with Jamaica recording its first case on March 10, 2020. The Government of Jamaica (GOJ) closed the island's sea ports and airports from March 21 to June 14, 2020 in order to limit the number of imported COVID-19 cases.

The GOJ also allocated over $20 billion in national initiatives to support its citizens and various industries, which supplemented requested emergency financing from the IMF in the amount of US$520 million from the Rapid Financing Instrument. Similarly, the Bank of Jamaica (BOJ) instituted several pre-emptive measures to ensure adequate access to liquidity.

According to STATIN, the Jamaican economy is estimated to have contracted by 9.9% in 2020, ending Jamaica's seven consecutive years of economic growth. The downturn in economic activity was attributed to the global spread of COVID-19 and the associated measures implemented to mitigate its transmission, and reflects a sharp reduction in output from industries tied to the tourism sector: the Hotel & Restaurants, Transport, Storage, Communication and Other Services.

There were also notable declines in Agriculture, Manufacturing, Electricity & Water, Construction & Mining and Wholesale & Retail Trade due to the impact of lower domestic demand and reduced business activity. Producers of Government Services was the only industry that recorded growth, primarily as a result of increased employment of public workers who implemented programmes aimed at reducing the local spread and impact of the COVID-19 virus.

The unemployment rate as of October 2020 was 10.7% relative to 7.2%, or 3.5 percentage points higher than October 2019. The higher unemployment rate reflected increased rates for both genders, with the employed labour force contracting by 92,600 persons to 1,155,800 persons relative to October 2019. Furthermore, 11 of the 15 industry groups recorded lower employment levels predominantly in the hotel & restaurant and entertainment industries.

For 2020, Jamaica's annual inflation was 5.2%, within the BOJ's target range of 4% to 6%. Annual inflation stayed within target for 11 out of the 12 months, with June's results breaching the upper limit due to a temporary shock to agricultural food prices resulting from drought conditions. The impact was partially offset by a deceleration in food price inflation and lower crude oil prices. Core inflation, which removes the effects of agricultural food and fuel price changes, remained generally subdued below 4.0% during the year.

Despite the effects of the pandemic and the projected increase in Jamaica's debt-to-GDP ratio, the credit ratings from two of the three international rating agencies highlighted a stable outlook on the GOJ's long-term and senior unsecured issues. These strengths are balanced by vulnerability to external shocks, a high public debt level and a debt composition that makes Jamaica vulnerable to exchange rate fluctuations.

$20 billion
GOJ Covid-19 Emergency Financing
National initiatives to support its citizens and various industries.

-9.9%
Contraction of Jamaican Economy
Ending Jamaica's seven consecutive years of economic growth.

10.7%
Unemployment Rate
Relative to 7.2%, or 3.5 percentage points higher than October 2019.

5.2%
Inflation Rate
Relative to 7.2%, or 3.5 percentage points higher than October 2019.

Despite the effects of the pandemic and the projected increase in Jamaica's debt-to-GDP ratio, the credit ratings from two of the three international rating agencies highlighted a stable outlook on the GOJ's long-term and senior unsecured issues.

+10.2%

Commercial Bank Loans & Advances

Relative to a growth of 17.6% in 2019.

$183.6 billion

Loan Moratoriums

Stock of loans granted moratorium as at December 31, 2020 representing less than one-fifth of the total loan stock.

7.1%

Year-to-date J$ Devaluation

A 3.7% increase over 2019.

0.50%

BOJ Policy Interest Rate

A historic low held throughout 2020.

The accommodative monetary conditions continued to support growth in loans, albeit at a slower rate than the prior year. The pandemic's impact on employment and revenue earned by businesses accounted for the slower growth in loans and a slight deterioration in loan quality.

During 2020, the stock of loans and advances for commercial banks increased by 10.2%, relative to a growth of 17.6% in 2019. Lenders extended loan moratoriums to ease the financial burden of customers following the onset of the pandemic. As at December 31, 2020, the stock of loans granted moratoriums stood at $183.6 billion and represented less than one-fifth of the total loan stock.

At the end of December 2020, the BOJ's weighted average selling rate for one United States Dollar closed at $142.65, relative to $133.11 at the beginning of the year. Year-to-date devaluation of the Jamaican Dollar was 7.1%, which is an increase over the 3.7% devaluation seen in 2019. The foreign exchange market has generally observed the continuation of two-way movements in the exchange rate during 2020.

The fallout in foreign currency earnings from the pandemic-related disruption of the tourism sector resulted in some uncertainty about the economy's ability to meet its foreign currency needs. Fortunately, the BOJ implemented several policy initiatives to provide liquidity assurance to the markets in order to maintain confidence, including reducing the cash reserve requirement for both Jamaica Dollar and foreign currency liabilities, extending the BOJ's foreign currency swap arrangement, offering repurchase instruments, enabling direct sales through the BOJ's Foreign Exchange Intervention Trading Tool (B-FXITT), enabling direct sales to major foreign exchange buyers in the energy sector and implementing a bond-buying programme. From the beginning of the pandemic through to the end of December 2020, more than US$290 million was sold to the market to augment supply.

Jamaica's current account deficit remained at sustainable levels despite the global pandemic and was supported by better than expected remittance inflows and a fall in imports. Jamaica's international reserves also remained healthy at approximately US$3.1 billion at end-2020.

Throughout 2020, the BOJ held its policy interest rate at 0.50%, a historic low, based on its assessment that inflation would generally remain within the target of 4.0% to 6.0% over the next two years.

As at December 2020, treasury bill yields with 90-day and 180-day maturities were 0.77% and 0.86%, respectively. While as at December 2019, the respective treasury bill yields with 90-day and 180-day maturities were 1.32% and 1.60%.

In April 2020, the government tabled an early supplementary budget for 2020/21 fiscal year, which included initiatives to combat the impact of COVID-19 on the economy. The first supplementary budget included an increase in expenditure of approximately $16.0 billion, which largely facilitated a fiscal stimulus package, including cash grants to individuals and businesses.

As a result of reduced economic activity, revenue derived from tax declined, with tax income from international trade, production and consumption categories reflecting the most significant impacts. Consequently, Central Government operations for April to December 2020 showed a fiscal deficit of 3.4% of GDP. Therefore, it came as no surprise when the GOJ announced a two-year delay in projected achievement of its target debt-to-GDP ratio of 60.0%.

Outlook

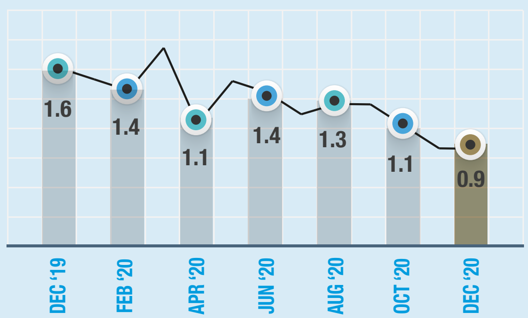
The BOJ projects that Real GDP will grow at an average rate of 3.5% to 4.5% over the March 2021 to December 2022 quarters; however, Real GDP is expected to remain below potential output. This forecast reflects an anticipated decline in Real GDP for the March 2021 quarter due to the pandemic's continuing impact on the economy, with a partial recovery in subsequent quarters based on successful global vaccination programmes and a rebound in leisure and business travel.

There remains uncertainty ahead, especially with extended periods of local lockdowns in the second quarter of 2021.

> Even with growth in economic activities for 2021, the economy is not expected to return to pre-pandemic levels until 2022. Recovery is expected to be shorter relative to the period of recovery seen after the global financial crisis in 2008. This expectation reflects better economic conditions that currently prevail relative to 13 years ago.

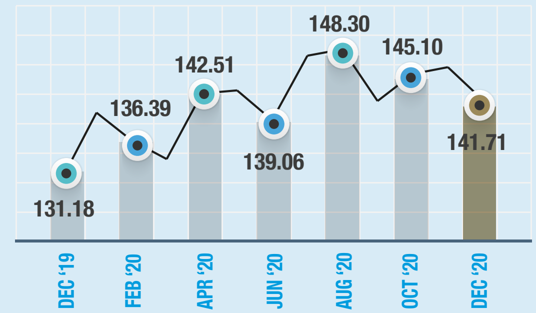
180-Day T-Bill Movements

% PERCENTAGE



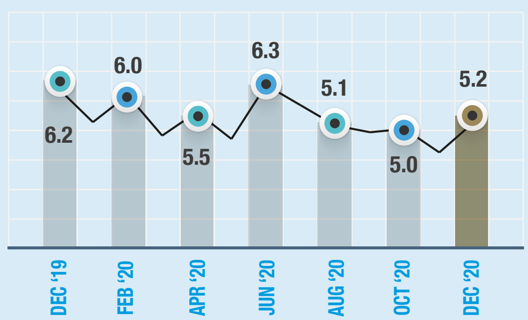
J$ vs US$ Exchange Rate Movements

$ DOLLARS

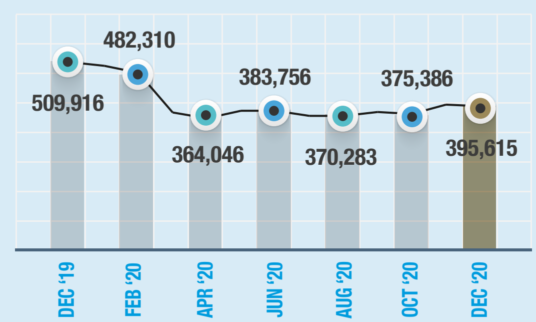


12-Month Inflationary Changes

% PERCENTAGE



JSE Main Index Movements



$16.0 billion

Stimulus Package

April 2020 supplementary budget increase in expenditure which largely facilitated a fiscal stimulus package, including cash grants to individuals and businesses.

3.4%

GDP Fiscal Deficit Apr-Dec 2020

GOJ announced a two-year delay in projected achievement of its target debt-to-GDP ratio of 60.0%.

-8.2%

Cayman Islands' Real GDP First Nine months 2020

Reflective of the generally negative impact of the pandemic on economic activity.

+18.1%

Cayman Islands' Market Capitalisation - Sep 2020

The highest level on record.

-5.5%

Costa Rica GDP - 2020

Nation's second largest economic decline since 1950, surpassed only by the 7.3% drop recorded in 1982.

-10.2%

Costa Rica Economic Activity Monthly Index

Economic activity contraction in May 2020,

THE CAYMAN ISLANDS

The Cayman Islands' Real GDP for the first nine months of 2020 contracted by 8.2% compared to the corresponding period in 2019. This was reflective of the generally negative impact of the pandemic on economic activity.

The economic contraction for the period was relatively broad-based, with only three sectors estimated to have expanded. The most significant declines were estimated for hotels and restaurants (down by 64.7%), wholesale and retail trade (down by 12.4%), other services (down by 25.8%), and transport storage and communication (down by 12.1%). Among the sectors that grew over the nine months to September 2020 was social services, which were estimated to have expanded by 16.2% stemming from increased spending to combat the impact of COVID-19.

The financing and insurance services sector, which continues to be the largest contributor to GDP, contracted by 0.7% during the review period. The Financial Services industry reflected a mixed performance during the first nine months of 2020. Three of the indicators monitored improved - mutual funds, stock exchange, and partnerships - while three declined - banks and trust, insurance and new company registrations.

The number of mutual funds increased by 6.9% at the end of September 2020 relative to the end of September 2019. With the stock exchange, market capitalisation rose by 18.1% at the end of the review period, the highest level on record. The growth in market capitalisation was attributed primarily to specialist debt securities and corporate and sovereign debt securities, up 14.6% and 29.0%, respectively. All instruments recorded higher levels of market capitalisation except insurance-linked securities, which declined 10.8%.

The insurance segment recorded a fall in the number of insurance licences, totalling 679 at the end of September 2020 relative to 681 at the end of September 2019. The primary classes of business within the captive insurance market continued to be Healthcare and Workers' Compensation, which accounted for 31.0% and 22.7% of the market, respectively. North America remained the primary source market of the captive insurance business, accounting for 90.2% of licences.

Restrictions on international travel and the fall-off associated with the COVID-19 pandemic impacted visitor arrivals in Cayman. The tourism sector reflected a sharp contraction as total arrivals to the Cayman Islands fell by 60.3% after the closure of borders in March 2020.

For January to September 2020, Cayman Islands central government's net lending (or fiscal surplus), decreased year over year, falling to CI$14.2 million from CI$135.5 million for the first nine months of 2019. This reduction was due to a decline in revenue and an increase in total expenditure. Specifically, the decrease in revenue was observed in both the taxes and other revenue categories, reflecting the general economic downturn caused by the pandemic. The increase in expenditure stemmed from an increase in the central government's expenses for social benefits, healthcare and subsidies.

The net operating balance (formerly current balance) declined to CI$27.9 million from CI$163.8 million in the first nine months of 2019.

COSTA RICA

The Economic Commission for Latin America and the Caribbean (ECLAC) estimates that Costa Rica's GDP will contract by 5.5% in 2020 due to physical distancing measures and restrictions on movement, combined with the collapse of international trade in goods and services (including tourism). This economic decline would be the nation's second largest since 1950, surpassed only by the 7.3% drop recorded in 1982. In terms of sectors, hotel and restaurant services are expected to be the most affected in 2020, owing to a collapse in tourism. The monthly index of economic activity contracted by 10.2% in

May 2020, with a particularly sharp decline in accommodation and catering activities (-26.7%).

In the first half of 2020, Costa Rica's central bank cut the monetary policy rate three times or a total of 200 basis points, leaving the annual rate at 0.75%. This is the lowest since it was introduced in 2011.

This cut in policy rate was gradually transferred to the basic deposit rate, which stood at 3.85% at the end of May 2020 compared to 5.75% in December 2019. However, lending from the banking system to the private sector continued to slow, with a growth of 0.2% year-on-year to June 2020 (1.9% in the prior-year period). The decline was due to reduced demand for loans.

In the first six months of 2020, year-on-year inflation was below the central bank's target range of 2.0% to 4.0%. As of June 2020, the inflation rate was 0.31%, owing to weak aggregate demand and lower fuel prices. Similarly, the labour market figures for the first few months of 2020 reflected the initial effects of the health and economic crisis. At the end of May 2020, the unemployment rate was 20.1%, compared to 12.4% at the end of 2019.

In the first half of 2020, central government tax revenues fell. The most significant drops in government revenue were seen in taxes on imports and consumption, which fell by 31.7% and 37.4%, respectively. Cumulative total central government spending between January and June 2020 increased by 0.4% year over year. In the first six months of 2020, central government debt grew by 7.2 percentage points as a proportion of GDP compared to June 2019, reaching 62.8% of GDP. As a result, the three leading international credit rating agencies downgraded Costa Rica's sovereign debt in 2020. In February 2020, Moody's downgraded the sovereign rating from B1 to B2 and changed their outlook from negative to stable. Fitch also downgraded Costa Rica's Long-Term Foreign Currency Issuer Default Rating (IDR) in May 2020, from B+ to B with a negative outlook. In addition, S&P lowered the country's Long-Term Foreign and Local-Currency sovereign credit ratings in June 2020 to B from B+, also giving a negative outlook.

USA

Real GDP decreased 3.5% in 2020, relative to an increase of 2.2% in 2019. The decrease in U.S. Real GDP in 2020 reflected reductions in consumption, exports, and fixed investment due to the global pandemic's impact. Reduced consumption for services was the main driver of the downturn, led by food services and accommodations, health care, and recreation services. Similarly, there were widespread decreases in the retail trade (mainly motor vehicle dealers) and wholesale trade (particularly durable goods industries). The overall decline in real GDP was offset by increases in federal government spending and residential fixed investment.

In December 2020, the unemployment rate was 6.7%, increasing relative to a rate of 3.5% in December 2019. This deterioration in the unemployment rate reflects the impact of growing COVID-19 cases and efforts to contain the pandemic.

Following the onset of the global pandemic, the Federal Reserve reduced the federal funds' rate target range to 0% - 0.25% from 1.5% - 1.75% at the end of December 2019. This move supported credit to households and businesses to minimise possible fallout in liquidity. The US consumer price index rose 1.4% over the 12 months ending December 2020. This was the smallest yearly gain since 2015 and a deceleration from 2.3% in 2019. The inflation outturn as of December 2020 was below the Federal Reserve long-term target rate of around 2%.

During 2020, the Federal Reserve maintained an accommodative stance of monetary policy to achieve inflation moderately above 2% for some time so that inflation averages 2% over time and longer-term inflation expectations remain well-anchored at 2%.

-3.5%

US 2020 GDP

The decrease in U.S. Real GDP in 2020 reflected reductions in consumption, exports, and fixed investment due to the global pandemic's impact.

6.7%

US Unemployment Rate Dec 2020

Increasing relative to a rate of 3.5% in December 2019.

FINANCIAL PERFORMANCE

The Group's consolidated net profit attributable to stockholders of $13.78 billion was generated from total revenues of $84.57 billion (inclusive of unrealized capital losses of $2.64 billion). When compared to the prior year period, profit attributable to stockholders declined by 12%. The annualized return on stockholders' equity was 14% as against 19% for 2019.

Net Premium Income and Net Investment Income (exclusive of realised/ unrealised gains or losses and expected credit losses) both showed an increase of 8% over 2019 ($50.38 billion and $18.19 billion, respectively).

The Group has recorded substantial Expected Credit Losses (ECL) on its portfolios of loans and domestic and international investment securities; the strengthening of these provisions is prudent given the slow economic recovery projected. The Group has continually monitored the health crisis and the economic impact on customers and trading partners, investments and the effect on the industries in which it operates, of note is that the value of our equity investments has shown considerable improvement since the first quarter of 2020.

Fee and other income of $13.51 billion fell 3% compared to prior year, primarily from the slowing of consumer activity and the decline in corporate financing transactions closed during the period.

Revenue by Business Segment

PERCENTAGE (%)

2020

- Individual Life................33%
- Employee Benefits 33%
- Commercial Banking..... 16%
- Investment Banking........8%
- Other 10%

2019

- Individual Life............... 36%
- Employee Benefits 30%
- Commercial Banking......15%
- Investment Banking........ 7%
- Other 12%

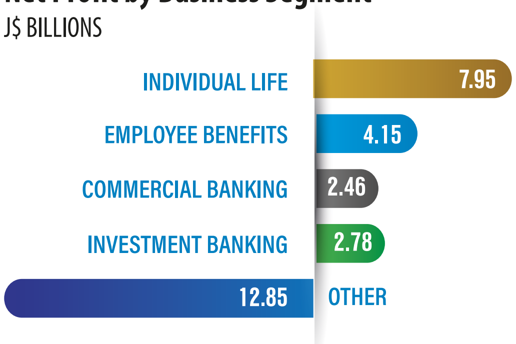
Revenue by Business Segment

	2020 J$M	%	2019 J$M	%
Individual Lines	27,966	33%	33,645	36%
Employee Benefits	28,045	33%	27,231	30%
Commercial Banking	13,199	16%	13,845	15%
Investment Banking	6,570	8%	6,677	7%
Other	8,793	10%	11,202	12%
Total	84,573	100%	92,600	100%

Sagicor Group Jamaica

Net Profit by Business Segment

J$ BILLIONS



+8%

Net Premium Income and Net Investment Income

Both showed an increase over 2019 ($50.38 billion and $18.19 billion, respectively).

Benefits by Expense Type

PERCENTAGE (%)

2020

- Living Benefits 15%
- Surrenders, Maturities & Withdrawals 3%
- Segregated Funds Withdrawals 27%
- Annuity Payments 17%
- Health Benefits 29%
- Property & Casualty 6%
- Other 3%

2019

- Living Benefits 13%
- Surrenders, Maturities & Withdrawals 3%
- Segregated Funds Withdrawals 26%
- Annuity Payments 20%
- Health Benefits 33%
- Property & Casualty 2%
- Other 3%

Benefits by Expense Type

	2020 J$M	%	2019 J$M	%
Living Benefits	4,793	15%	3,783	13%
Surrenders, Maturities & Withrawals	999	3%	935	3%
Segregated Funds Withdrawals	8,772	27%	7,477	26%
Annuity Payments	5,677	17%	5,648	20%
Health Benefits	9,599	29%	9,678	33%
Property & Casualty	1,785	6%	677	2%
Other	1,120	3%	909	3%
Total	**32,745**	**100%**	**29,107**	**100%**

Liabilities under Annuities and Insurance Contracts

	2020 $ '000	2019 $ '000
Group annuities	55,704,694	50,017,977
Group insurance	4,782,626	4,188,044
Individual insurance	30,290,402	37,235,941
Total	**90,777,722**	**91,441,962**

Total benefits and expenses of $63.11 billion were 12% less than the $71.80 billion for 2019, influenced by:

a) Lower Actuarial Liabilities as Individual Insurance continues to be positively influenced by improvements in mortality, morbidity and lapse experience. This was somewhat offset by an increase in the Group Annuities portfolio as greater business was written during 2020.

b) A 50% decline in hotel expenses stemming from the fall-off in tourism caused by global travel restrictions triggered by COVID-19.

c) Increased policy benefits, including annuity payments, health claims, surrenders and withdrawals from segregated policy funds, as portfolios grew. Property & Casualty claims for 2020 include a full year for Advantage General Insurance Company (AGIC) which was acquired in September 2019.

d) Consolidated administration expenses, including depreciation and amortisation of software, of $24.40 billion was 8% higher than in 2019 and the Group's efficiency ratio of administration expenses to total revenue, a key measure of expense management, was 32%.

The Group recognized impairment charges of $5.74 billion, resulting from the lower valuations of its investments in hotel operations, a direct result of the uncertainty surrounding the expected impact of travel restrictions caused by COVID-19.

$5.74 billion

Impairment Charges

A result of lower valuations of its investments in hotel operations, a direct result of the uncertainty surrounding the expected impact of travel restrictions caused by COVID-19.

$490.69 billion

Group Total Assets

As at December 2020, a 7% increase since December 2019, despite the effect of unrealized losses on investment securities.

$106.38 billion

Stockholders' Equity

As at December 2020, an increase of 17% or $15.13 billion over the prior year.

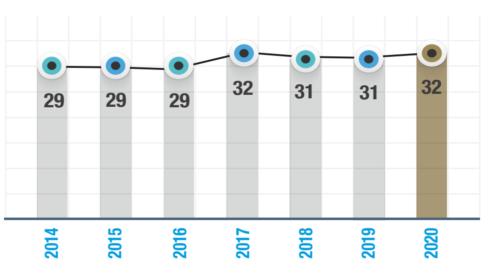
+$16.60 billion

Operating Cash Flow

Increased significantly in 2020, mainly influenced by adjustments for significant impairment charge and share of loss from investment in associate.

Sagicor Group Efficiency Ratio (normalized)

% PERCENTAGE



The Group's total assets at December 2020 were $490.69 billion, a 7% increase since December 2019, despite the effect of unrealized losses on investment securities.

Stockholders' equity of $106.38 billion as at December 2020 increased by 17% or $15.13 billion over the prior year. There were large unrealized foreign currency gains of $3.86 billion taken through Other Comprehensive Income, resulting from translation of our foreign operations.

Total Comprehensive Income, including net profit for the year and movements in reserves held in Equity was $9.41 billion (with $18.35 billion attributed to stockholders), a decrease when compared to $22.79 billion in 2019.

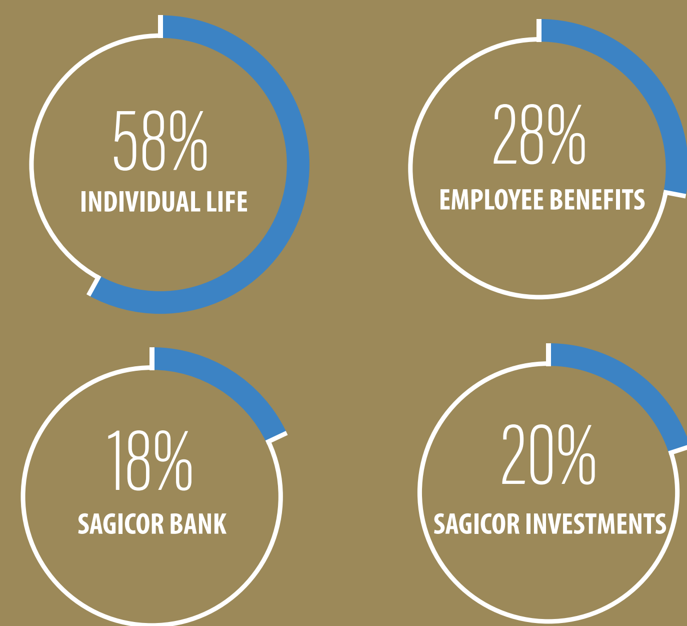
The operating cash flow of the Group has increased significantly by $16.60 billion in 2020, mainly influenced by adjustments for significant impairment charge and share of loss from investment in associate. Cash flows from Investing activities were also up in 2020 mainly due to net cash outlays from acquisition of AGIC and Bailey Williams in the prior year of $4.36 billion, while in current year inflows of $1.64 billion were recorded on the sale of Jewel Grande Montego Bay Resort and Spa. Cash flows generated from financing activities were $12.74 billion relative to $16.45 billion in 2019; this reflects lower inflows from debt facilities in current year. Liquidity of the Group continues to be strong with Cash and Cash Equivalents improving by $20.03 billion year on year.

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.

CONTRIBUTION TO NET PROFIT



Individual Insurance Division

High level P&L for 2020 and 2019

	2020 J$M	2019 J$M	% Variance
Revenue	27,978	33,666	-16.9%
Benefits	(14,549)	(12,273)	-18.5%
Movement in Actuarial liabilities	6,329	(6,098)	203.8%
Commissions	(5,474)	(4,907)	-11.6%
Expenses	(3,635)	(3,300)	-10.2%
Taxes (including asset tax)	(2,699)	(1,717)	-57.2%
Net Profit	7,950	5,371	48.0%

973

Financial Advisors

The Individual Insurance Division is serviced through a large distribution network Financial Advisors.

$7.95 billion

Contribution to Group Profit

The segment continued its strong performance, a significant improvement over 2019.

$27.98 billion

Revenues

The Individual Insurance segment continues to deliver an attractive return on the capital allocated.

67 %

Jamaica Market Share

Market Share continues to trend positively in Jamaica.

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 528 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.

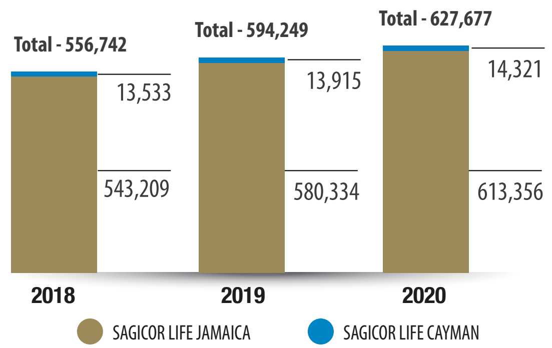
This segment continued its strong performance, contributing $7.95 billion to the Group for the year, a significant improvement over 2019. This was derived from revenues of $27.98 billion as the segment continues to deliver an attractive return on the capital allocated.

Key performance indicators continued to trend positively, including market share, which stood at 67% in Jamaica at the end of 2020.

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 2020, the Division's block of in-force policies (combined SLJ & SLCI) grew by 6% (2019 – 7%) versus a target of 5%. This represents an actual policy count of 627,677.

Net premium income for the Individual Insurance lines of business of $27.87 billion was 5% higher than the comparative 2019 period. This was driven by growth in new annualised premium income in Jamaica and Cayman being 3% ahead of last year.

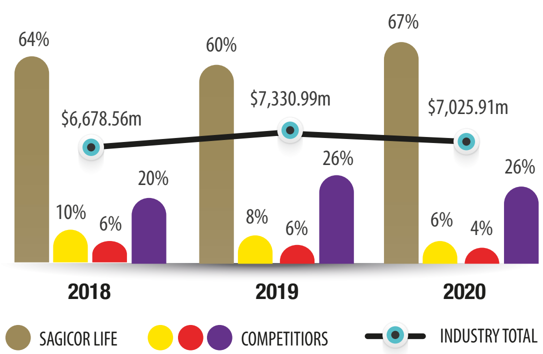
Total In-Force Policy Count



Sagicor vs The Industry

Individual Life Market Share by Gross Premium Income

YEAR OVER YEAR - (DECEMBER 2018, 2019 & 2020)



$14.55 billion

Benefits to Policyholders

An increase of $2.28 billion over 2019, due mainly to withdrawals from segregated policy funds by our clients who faced heightened economic challenges due to the impact of COVID-19.

Benefits accrued or paid to policyholders were $14.55 billion, an increase of $2.28 billion over 2019, due mainly to withdrawals from segregated policy funds by our clients who faced heightened economic challenges due to the impact of COVID-19. The actuarial liabilities continue to be positively influenced by improvements in mortality, morbidity and lapse experience.

> **In 2020, SLJ was one of the first insurance companies to implement extended grace periods to ensure our clients maintained their valuable insurance coverage as we navigated the first few months of the pandemic. We further improved our first to market eLife® application that enabled more of our clients to easily purchase insurance coverage needed from anywhere – all online. We also stepped up the delivery of Electronic Policy Contracts through our e-Contract portal.**

In addition, we made major improvements to our process flow which improved turnaround times for our clients' requests. We continued our roll-out of our fully digital processes for policy withdrawals, premium payments through ClientWeb, all a part of our Go Green initiative which not only positively impacted our clients' experience but also reduced our carbon footprint.

In Cayman, our top priority was the development of innovative ways for our clients to pay premiums and view their policy details as we navigated a most difficult and unprecedented year. With having a full and total lock-down for three months due to COVID-19, SLCI launched its Client Web platform which allows clients to view their policy details 24/7 and make single and recurring payments directly through the portal.

It was another record-setting year in Jamaica; the Division was able to produce New Annualised Premium income of $4.385 billion, 4% better than in 2019. New Individual Life and Health policies sold were 75,098, showing a 1% increase when compared to 2019 and was accompanied by an increase in average premium written per policy compared to 2019. The number of new cases sold represented 63% of total cases sold by the entire industry.

SLCI generated New Individual Life and Annuities Premium Income of US$2.14 million, whereas US$1.97 million was delivered in 2019. Cayman's performance was boosted by several operational and strategic changes made in 2020; these included the launch of the ClientWeb E-Commerce 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. It 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 Employers and Pensioners Health Insurance Scheme. 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 investment income generated on the assets required to support the liabilities and surplus of its insurance and annuities portfolios. The Division generated profits of $4.15 billion on revenues of $28.04 billion during 2020, a modest decrease of 3% when compared to $4.30 billion in 2019.

Segment revenue of $28.04 billion was 3% ahead of 2019 as a result of good premium income growth. The Annuity line of business performed well ahead of expectations for 2020, amassing premiums of $4.73 billion. Group Health premiums were 7% above prior year and Group Life premiums improved by 4%. Policy benefits expense of $16.39 billion grew in line with the business and were just 2% higher than last year, contributing to the favourable ratio of claims-to-premium income. The increase in actuarial liabilities was due primarily to portfolio growth in Annuity Business.

New Business from annuities, group life and health portfolios totalled $5.30 billion, and despite being lower than 2019, this is a robust outcome for a year like 2020.

The Pensions line of business also showed strong performance, with $9.34 billion in new deposits and regulatory reporting compliance of about 96%. Our clients continue to have a positive perception of our service delivery and reward us with their loyalty (100% conservation). Our clients are committed to keeping their pension plans in place, even during in this difficult period.

Employee Benefits Division

High level P&L for 2020 and 2019

	2020 J$M	2019 J$M	% Variance
Revenue	28,045	27,231	3.0%
Benefits	(16,411)	(16,158)	-1.6%
Movement in Actuarial liabilities	(2,924)	(1,979)	-47.8%
Commissions	(1,216)	(1,178)	-3.2%
Expenses	(3,021)	(3,032)	0.4%
Taxes (including asset tax)	(630)	(596)	-5.7%
Share of Profit/(Loss) from Joint Venture	311	15	-1973.3%
Net Profit	**4,154**	**4,303**	**-3.5%**

The Pensions line continued to strategically pursue digital solutions aimed at creating a 'next level' service experience for our pension fund members, with the development of the self-help online facility Statements on the Fly and the first-of-its-kind in Jamaica mobile pension application, My Sagicor App. Both of these tools have allowed members to continue on their journey to retirement, with the confidence that Sagicor has their best interest at heart.

We also took deliberate steps to alleviate the impact of COVID-19 on new retirees, who would have seen a reduction of their asset values at the point of retirement.

We allocated some $60 million of our investment fees toward top-ups to pensions for this most vulnerable group and these pensioners have responded with gratitude.

$4.15 billion

Contribution to Group Profit

A modest decrease of 3% when compared to $4.30 billion in 2019.

SECTOR PERFORMANCE

COMMERCIAL BANKING

Sagicor Bank Jamaica (SBJ) performed well in 2020, producing net profits of $2.46 billion. This performance was against the backdrop of the economic fallout from the pandemic and represents a 19% decline compared to 2019.

These profits were produced from revenues of $13.21 billion, which were 5% less than prior year, impacted primarily by the increase in provision for credit losses, as well as lower fee-based and other income. SBJ maintained its position of being the third largest authorized foreign exchange dealer in 2020.

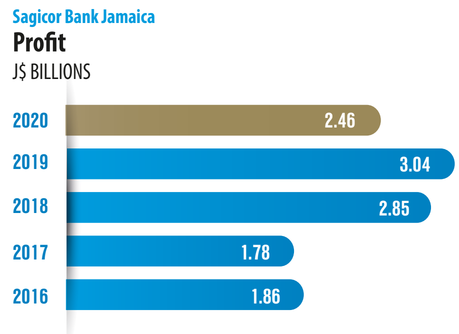
Total assets of $157.61 billion were 10.6% above the December 2019 total of $142.48 billion. Loans and advances, net of provision for loan losses, were $87.42 billion, 3% higher than the December 2019 balance.

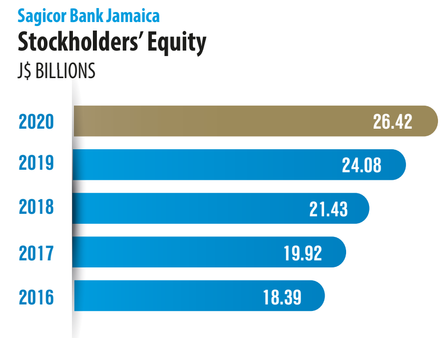
In 2020, the Bank continued to reap positive results from its many strategies to grow the business, expand its client base, raise client satisfaction and improve efficiencies; these strategies include the roll-out of Sagicor Bank on Wheels, Virtual Onboarding of customers and the eCommerce solution, all of which are expected to deliver cost savings over the next 2–3 years.

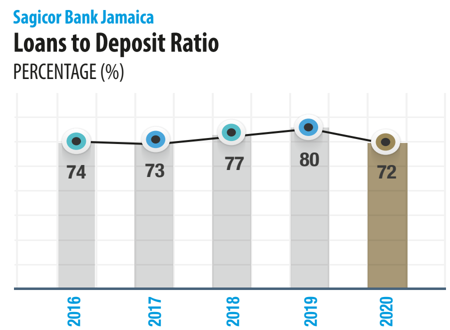
As the fourth largest commercial bank in Jamaica, Sagicor Bank continued to cement its reputation of being "in our Clients' Corner" by delivering "Easy, Simple & Personal" service by constantly listening to client feedback and making further improvements to exceed expectations.

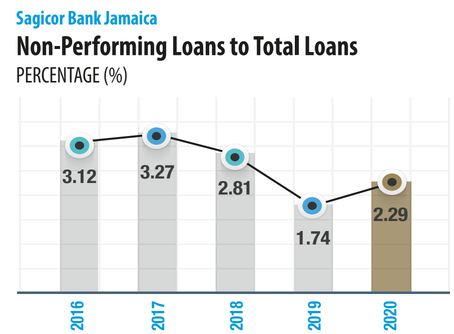
We recognize that financial inclusion is critical for the growth of our economy. As such, we continue to pursue strategies to grow Small and Medium Enterprises through the establishment of our SME Resource Centre, as well as solidifying key partnerships and hosting educational seminars. The use of our flagship products such as SWYPE and MYCASH has continued with key enhancements being made, such as bill pay and top up. The addition of our Star Savers product and the enhancement of our E-advantage deposit product has boosted our deposit portfolio balance.

Total revenue of $13.21 billion showed a reduction of 5% or $646.77 million over the 2019 financial year. This revenue comprised net interest income, fees and commission income and other fee-earning activities. Net interest income increased by 7%, while net interest margin reduced to 7.5%, down from 8% in 2019.









In our core business (deposits & loans), the loan portfolio grew by 3% and the credit card spend grew by 20% year over year, while deposits grew by 14%.

Our lending portfolio increased by $2.2 billion, driven by our retail lending activities. The new loan business was largely funded by customer deposits, which grew by $15.53 billion. Return on allocated assets fell to 1.64%, down from 2.3% in 2019. Return on allocated equity also fell to 9.8% from 13.4% in 2019.

Non-interest income fell by 8% over the prior year. Notwithstanding, fees from our electronic payments segment grew 3% over prior year.

Operating costs increased marginally over the prior year. The major contributors to the operating expenses related to technology as a result of upgrades and/or new product enhancements, increased costs relating to our electronic channels, as well as increased expenditure on staffing. This was offset by cost management initiatives with greater focus placed on effective procurement strategies.

Sagicor Bank Key Performance Indicators		
Indicators	**2020**	**2019**
Profitability		
Return on assets	1.64%	2.29%
Return on equity	9.76%	13.37%
Efficiency		
Operating efficiency	72.99%	64.61%
Net interest margin	7.49%	7.94%
Credit Quality		
Non-performing loans to gross loans	2.29%	1.74%
Provisions to total loans	2.00%	1.57%
Financial leverage		
Deposits to total assets	77.77%	75.27%
Capital Adequacy	14.00%	14.07%

Commercial Banking Division

High level P&L for 2020 and 2019

	2020 J$M	2019 J$M	% Variance
Revenue	13,207	13,853	-4.7%
Expenses	(9,085)	(8,947)	-1.5%
Taxes (Corporation & Other)	(1,663)	(1,863)	10.7%
Net Profit	**2,459**	**3,043**	**-19.2%**

$2.46 billion

Net Profit

This performance was against the backdrop of the economic fallout from the pandemic and represents a 19% decline compared to 2019.

$157.61 billion

Total Assets

6% above the December 2019 total of $142.48 billion.

SECTOR PERFORMANCE

INVESTMENT BANKING

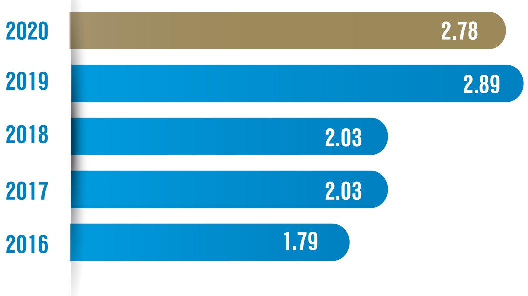
Sagicor Investments Jamaica (SIJ) is the investment banking, asset management, trading and wealth management arm of SGJ. In 2020, the company generated net profit of $2.78 billion, a 4% reduction from prior year, excluding the share of AGIC earnings. This was a strong performance considering the significant downturn in market activity due to the pandemic that impacted several revenue-generating lines of the business, particularly our Capital Markets unit.

Our Asset Management segment through our SIGMA funds continued to lead the market both in performance and funds under management, commanding a 42% share of the market and continuing to offer the most extensive range of fund options. Six of these funds held the top six market positions in terms of performance for 2020 in the Fixed Income segment. We continue to take pride in offering these diverse range of products for our clients in keeping with our strategic focus of providing innovative solutions to enable clients to create, grow and preserve their wealth.

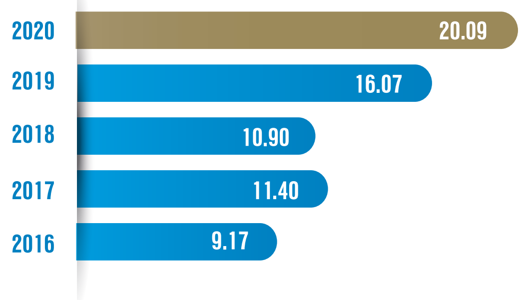
Our Treasury & Trading segment delivered another strong year of performance. We remained a leading player in the stockbrokerage market, attaining the #1 position in trading volumes with over 25% of the total volume traded. We were also proud to be awarded the Chairman's Award for Top Member Dealer at the Jamaica Stock Exchange's Best Practices Awards for the second consecutive year and to receive the top awards in the categories of Revenue Generation and Market Activity, Expansion of Investor Base and Expansion of Listed Companies Base as well. The treasury team had another excellent year in terms of trading, increasing net trading income over the prior year by 2%.

Delivering exceptional service remained a key focus for the team; the Wealth Management teams located in the Kingston Metropolitan Area, and West, North and Central Regions continue to provide our clients with tremendous service, and found new ways to engage and meet the needs of our customers within the limitations imposed by the pandemic. Through the initiatives of our research teams, we provided clients with sound advice and guidance during turbulent times. The business support unit and group treasury

Sagicor Investments Jamaica
Profit
J$ BILLIONS



Sagicor Investments Jamaica
Stockholders' Equity
J$ BILLIONS



Sagicor Investments Key Performance Indicators

Indicators	2020	2019
Profitability		
Return on assets	2.72%	3.22%
Return on equity	14.77%	21.44%
Efficiency		
Operating efficiency	38.59%	36.60%
Net interest margin	2.37%	1.98%
Financial Leverage		
Interest bearing liabilities to total assets	79.09%	78.10%
Capital Adequacy	15.18%	19.64%

operations continued to focus on delivering efficient service while seamlessly transitioning to a robust work-from-home programme and were instrumental in supporting the revenue teams as they delivered strong results.

> **During the year, we accelerated our digital transformation initiatives with a number of projects completed and several others significantly advanced. SIJ expects that additional project implementation will improve efficiencies and enhance our client experience; this remains a key strategic initiative for the company.**

In 2020, SIJ's total revenue of $6.50 billion declined marginally over the 2019 financial year. This revenue comprised net interest income, fees and commission income and trading income. Net interest income was 36% higher than 2019 as the company focused on balance sheet growth. Non-interest income comprised 65% of total revenue, down from 77% in 2019. This source of revenue shows a 24% decline over the prior year resulting from lower fee and commission income of 32%. The major contributor to this fall-off in earnings was lower fee-based income from Capital Markets activities due to the execution of a lower number of deals during the year.

Consequently, net interest income contributed 36% of the operating income compared to 23% in 2019. Net interest margin increased to 2.37% compared to 2.0% in 2019.

Operating costs reduced by 3% over the prior year primarily from reduced public relations and advertising.

Return on equity was 14.8% compared to 21.6% in 2019. The return on allocated assets reduced to 2.7% compared to 3.2% in 2019 due primarily to an increase in assets.

Investment Banking Division

High level P&L for 2020 and 2019

	2020 J$M	2019 J$M	% Variance
Revenue	6,502	6,649	-2.2%
Expenses	(2,313)	(2,292)	-0.9%
Taxes (including asset tax)	(1,413)	(1,471)	3.9%
Net Profit	**2,776**	**2,886**	**-3.8%**

$6.5 billion
Total Revenue
In 2020, SIJ's total revenue declined marginally over the 2019 financial year.

+36%
Net Interest Income
An increase over 2019 as the company focused on balance sheet growth.

SECTOR PERFORMANCE

SAGICOR GROUP TREASURY AND ASSET MANAGEMENT DIVISION

Group Treasury & Asset Management (GTAM) is geared towards the effective management of key financial assets of SGJ and was 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

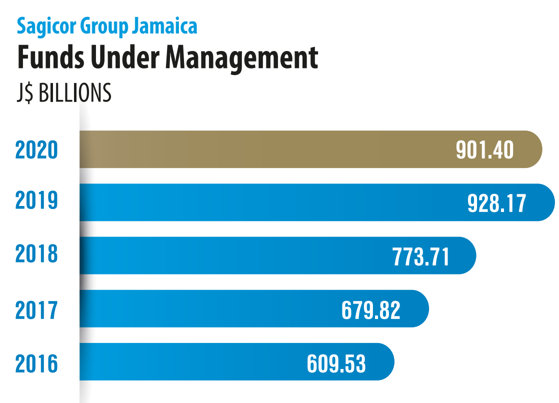
To effectively utilise the Group's assets, GTAM includes a matrix structure to allow coordination of the Treasury-related activities of Sagicor Life Jamaica, Sagicor Life Cayman, Sagicor Bank Jamaica, Sagicor Investments Jamaica and Advantage General Insurance Company.

GTAM's function also incorporates oversight for:

- Commercial real estate including assessment, project management & development, sales, 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) and Insurance Funds.

The Division successfully re-engineered the Group Treasury 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 Operations coordinates activities related to settlement, liquidity and regulatory risk while providing internal control for Treasury-related activities.



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

As at December 31, 2020, the Division's total assets under management was $670.37 billion.

Sagicor Life General Fund

The total invested assets of Sagicor Life Jamaica (SLJ) General Fund increased 12% from $100.98 billion in 2019 to $113.06 billion at the end of 2020. The portfolio generated income before capital gains and interest expense of $7.44 billion, representing a yield of 7%. SLJ's General Fund is invested primarily in GOJ bonds denominated in Jamaica and United States Dollars, as well as other sovereign and corporate bonds and notes, mortgage loans, equities and real estate.

The invested assets of Sagicor Life of the Cayman Islands (SLCI) General Fund increased by 29% to $20.18 billion at the end of 2020. The investments in this portfolio are heavily weighted towards international corporate bonds with an Investment Grade rating at acquisition. The portfolio produced income of $735.27 million, before capital gains and interest expense charges, with a yield of 4%.

+12%

SLJ Total Invested Assets

Increased from $100.98 billion in 2019 to $113.06 billion at the end of 2020.

+29%

SLCI Total Invested Assets

Increased to $20.18 billion at the end of 2020.

Segregated Policy Investment Funds

Sagicor manages segregated investment funds on behalf of policyholders of both SLJ and SLCI. The policyholders share all the rewards and risks associated with the performance of these funds. SLJ's segregated investment funds under management totalled $32.6 billion at the end of 2020, representing a slight decrease over the prior year's total. The funds are unitised and provide clients with the opportunity to create diversified portfolios across asset classes, mainly local and international stocks, bonds and real estate, both locally and globally. In addition, policyholders can structure their portfolios and invest in assets that protect against the major investment risks, namely currency risk, interest rate risk and inflationary risk.

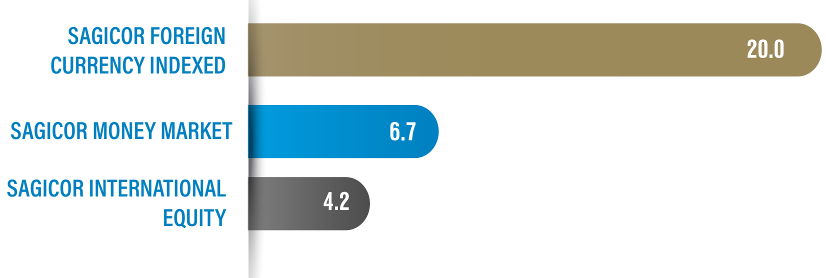
The Sagicor Foreign Currency Indexed, Money Market and International Equity Funds were the top performing funds for the year, generating positive returns of 20.0%, 6.7% and 4.2%, respectively, for its investors.

The SLJ segregated funds continue to create wealth and has generated solid medium- to long-term returns for our policyholders over the past 30 years.

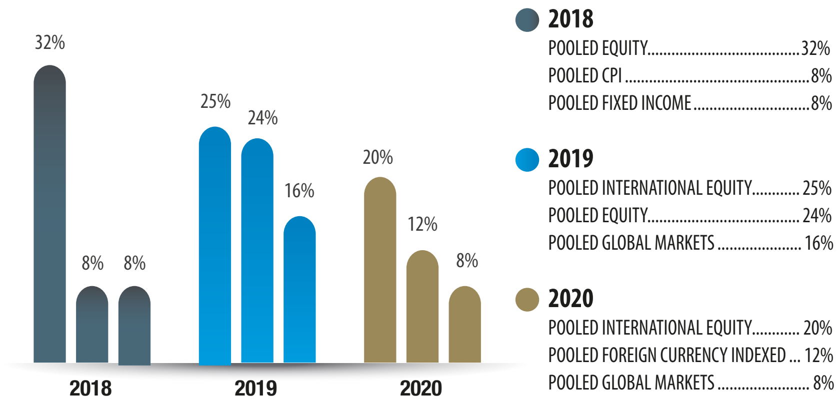
SLCI's segregated funds under management totalled $3.83 billion, an increase of 21% over the prior year. These funds are invested in global equities and fixed-income securities.

> **As at the year-end, all funds generated positive double-digit returns for investors, with the International Equity, Investment and Fixed Income funds providing a return of 14.84%, 14.81% and 13.1%, respectively.**

Sagicor Group Jamaica
Top 3 Segregated Policy Investments Funds
PERCENTAGE YIELD (%)



Sagicor Group Jamaica
Top 3 Performing Pension Funds 2018 -2020
PERCENTAGE RETURN (%)



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, 2020 stood at $204.43 billion, which represents a 4% decrease over 2019's $212.73 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 diversified 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.

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.

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 (PIF) 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 concerted effort on the part of the GOJ to improve the country's debt position and overall fundamentals. Key macroeconomic indicators, such as inflation and the country's NIR continue to be within ranges deemed to be adequate, and debt-to-GDP remained below the 100% mark through to the end of 2020.

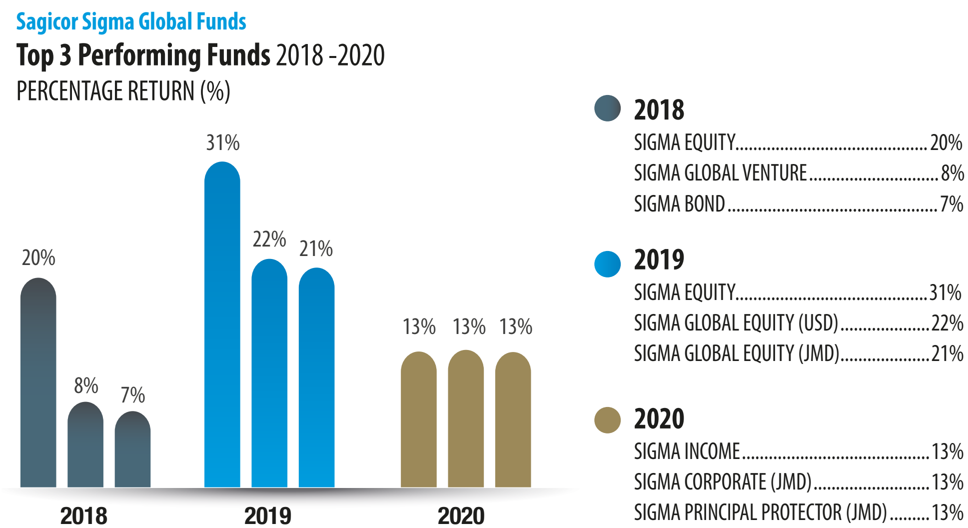
The top performing Pooled Fund was the Pooled International Equity Fund, which hedges against local currency devaluation and has exposure to global equities; this generated 12-month returns of 20%. This was followed by the Pooled Foreign Currency Indexed and Pooled Global Markets Funds, which also hedge against devaluation; these generated returns of 12% and 8%, respectively.

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.

Sagicor Sigma Global Funds

The Sigma Income, Sigma Global Corporate JMD and Sigma Principal Protector JMD Funds, mainly invested local fixed income securities, were the top performing portfolios, all generating a return of approximately 13%. Sigma Global Bond, which hedges against devaluation and has exposure to GOJ global bonds, also provided strong return of 11% for 2020. Sigma Global Corporate USD and Sigma Global Income, two of our six United States Dollar-denominated portfolios, also provided excellent returns for our clients of 9% and 7%, respectively. Despite the financial market challenges and the impacts from the pandemic, the Sigma Global Funds continue to outperform competitors with the top five fixed income portfolios in 2020, a testament to the expertise of our fund managers.



Sagicor Sigma Global Funds maintained its coveted position as the largest collective investment scheme (CIS) in the region. Despite the financial market challenges and the impacts from the pandemic, the Sigma Global Funds continue to outperform competitors with the top five fixed income portfolios in 2020, a testament to the expertise of our fund managers.

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. In 2020, Sales, Rent and Lease Commissions all exceeded targets by 4%, 10% and 9% respectively. Other areas of the business, however, were negatively impacted for the majority of the year by the onset of the pandemic, particularly the level of property management fees earned. As a result, total revenues fell below budget by 10%. Expenses, however, were well managed, resulting in overheads falling 5% below budget. SPS has adapted to this new environment and is positioned to do well in 2021.

At the end of 2020, 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 managers 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.

Sagicor Real Estate X Fund Limited

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 loss attributable to stockholders of $9.99 billion compared to $0.038 billion 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, Jamziv disposed of its 20,000,000 ordinary shares in Playa for which it received inflows of US$96 million. The strong inflow of liquidity will be redeployed into investment opportunities with a projected positive outcome.**

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 22 members - 19 Caribbean governments and three Central American governments – 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, the Excess Rainfall Product, Electric Utilities Products, Fisheries and plans for new Drought in the 2021/22 policy year. 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 conceptualised and managed by non-governmental organisations (NGOs), community-based organisations (CBOs), charity organisations in local communities as well as academic institutions across 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 intermediaries, insurance and reinsurance companies in the region and elsewhere.

Sagicor Costa Rica

Sagicor Costa Rica, a joint venture with Banco Promerica, celebrated its 8th fiscal year as a composite insurance company with sustained profitability, a more robust structure and new capabilities to build upon the future. Years of disciplined and consistent use of innovative approaches to profitably access new life and P&C markets has grown its market share, while deepening its relationships with its customers, sponsors and brokers. The 2020 financial performance of Sagicor Costa Rica now places it as one of the top performers in its insurance market based on rate of return.

Sagicor Costa Rica is committed to continuing its drive to create a healthier Costa Rica, an enhanced customer experience and sustained growth via its systematic approach to new initiatives (including expanding its e-commerce capabilities), while maintaining a positive impact on its local environment.

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.

The Jamaica Insurance Act and Regulations require life insurance companies to carry a Minimum Continuing Capital and Surplus Requirement (MCCSR) ratio of at least 150%. The MCCSR measures the ratio of available capital to required capital for insurance companies. Sagicor Life Jamaica (SLJ) carried a ratio of 180.6% as at December 31, 2020, compared to the 178.6% ratio for last year. This increase was due primarily to retained earnings growth tempered by dividend distributions to its parent company and increased negative reserves.

The Cayman Islands Insurance (Capital and Solvency) (Class A Insurers) Regulations stipulate that the minimum capital requirement for a local Class A insurer shall be 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. The prescribed capital must be at least 125% of the minimum capital requirement. As at December 31, 2020, the prescribed capital requirement for Sagicor Life of the Cayman Islands (SLCI) was US$15.84 million (2019: US$10.88 million) and available capital when expressed as a percentage of prescribed capital was 363.9% (2019: 475.9%). This reduction was due mainly to higher asset default risk. At the same time, the MCCSR ratio for SLCI, based on Canadian Regulatory Standards, was 260.5% (2019: 249.4%).

Capital adequacy of Sagicor Bank Jamaica Limited (SBJ) and Sagicor Investments Jamaica Limited (SIJ) is managed in accordance with techniques based on guidelines developed by the Financial Services Commission, the Bank of Jamaica, Basel 11 and the Board of Directors' Risk Management Committees. The regulated required capital base to risk weighted assets is 10% for both entities. At the year-end 2020, SIJ had a ratio of 15.2% (2019: 19.6%) and SBJ 14.0 % (2019: 14.1%).

CAPITAL RATIOS

Regulated Entities	Key Regulatory Ratios	Minimum Statutory Requirements	Dec 31, 2020	Dec 31, 2019
Sagicor Life Jamaica Limited	Minimum continuing capital and surplus requirements ratio (MCCSR)	150.0%	183.1%	178.6%
Sagicor Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	14.0%	14.1%
Sagicor Investments Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	15.2%	19.6%
Sagicor Life of the Cayman Islands Limited	Minimum capital requirement (MCR)	125.0%	363.9%	475.9%
Advantage General Insurance Company Limited	Minimum capital test ratio (MCT)	250.0%	371.9%	344.2%

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

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 September 2020, 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.

SUBSEQUENT EVENTS

Subsequent to the year-end on 15 January 2021, the Group completed the disposal of its 14.87% (20,000,000 Ordinary Shares) equity interest in Playa Hotels and Resorts N.V. (Playa) for a net cash consideration of US$96,000,000 (approximately J$13,604,000,000). Sale of the shares occurred in a public offering of 11,499,000 Ordinary Shares held by the Group, concurrent to an underwritten public offering of 25,000,000 new shares by Playa at a public offering price of US$5.00 per share. These transactions were simultaneous with an assignment of an additional 8,501,000 ordinary shares held by the Group to Sagicor Financial Corporation Limited, for cash consideration, at a price equal to the price offered through the public offering less commission expenses associated with the public offering. A disposal loss of approximately J$233,089,000 is recognised upon completion of this disposal in 2021.

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.

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 information, technology infrastructure, and customer databases as a top priority. We have implemented and continually maintain or improve the requisite policies, standards, procedures and technologies required to protect against, detect and report on critical system failures, loss of service availability or any material breach of data privacy and security, particularly involving confidential customer data.

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 authorised access, which is also monitored.

The Group operates under a detailed and rigorous cyber/data/information security and privacy policy and programme designed to protect the confidentiality, integrity, and availability of our customers' information and also their data rights.

The Board of Directors has approved this policy and programme, and the Board is kept informed of the overall status of our cyber/data/information security and data privacy programmes. These programmes are also subject to ongoing examination by auditors and regulators. In addition, we have a strict code of ethics for all employees. This code requires confidential treatment of customer information. Additionally, all employees with access to customer information must complete information protection training annually. The Group also maintains physical, electronic and procedural safeguards to protect against unauthorised access to customer information.

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 and Compliance framework is aligned to international best practice standards and is designed to identify new and emerging risk exposures by nature or source. 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. These 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 ERM Framework includes assessing the severity of risks, prioritising risks and developing an enterprise-wide view of risks. This is supported by innovative risk tools to ensure that risks are managed adequately, and the three lines of defence/ 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 ongoing and the Group's Key Risks and Risk Appetite and Tolerance Statements are reviewed annually to ensure that they adequately reflect the Group's 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 the 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 Internal Audit Department and the Enterprise Risk Management & Group Compliance Department as the third and second lines of defence, respectively. The Internal Audit Department undertakes both regular and ad hoc reviews on the adequacy of internal controls, risk management controls and procedures, the results of which are reported to the Audit Committee and the full 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 changes in external markets, prices, rates and liquidity. This includes credit risk, market risk and liquidity risk.

The impact and spread of COVID-19 during the year ended 2020 have caused volatility in financial markets globally. This caused great economic uncertainty which increased the Group's financial risk exposures. As a result, the Group heightened its monitoring and implemented additional risk controls to minimize the adverse impact of this pandemic.

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. Monitoring of these exposures have been ramped up during 2020 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.

As a result of the COVID-19 pandemic, more frequent and active monitoring of the Company's market exposures by using such measures as stress testing, stop losses and other sensitivity assessments have been used across all entities to minimize losses.

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 Risk Management Committee on a periodic basis. During the reporting period, Sagicor adopted key liquidity metrics such as the Liquidity Coverage Ratio as stipulated by the Bank of Jamaica and the Liquidity Ratio as stipulated by the Financial Services Commission to regularly monitor liquidity to ensure that it meets the regulatory requirements and that there is sufficient liquidity for the Group.

Insurance Risk

Change in value due to a deviation of the actual claims' payments from the expected amount of claims payments, including expenses. Insurance risks include the pricing of products or services offered related to various assumptions, the reserving of money to pay policyholders who have filed or are expecting to file legitimate claims on their policies and assessing or underwriting risks associated with insurance policies. Sagicor's Insurance Risk is managed through the establishment of underwriting guidelines, carefully selected to match its business objectives and risk tolerance.

Operational Risk

Losses resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk losses can be catastrophic and as such require close monitoring and effective management. To this end, the Group has 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 risks, Human Resource risks, Data, Information and Technology risks and risks related to Processes.

Data, Information & Technology Risk

Sagicor treats the reliability and security of its information, technology infrastructure and customer databases as a top priority. The spread of COVID-19 during the year 2020 has seen an increase in the usage of technology and Fintech within the financial industry. This has increased the risk exposure of cyber security, external and internal data breaches. In this regard, 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 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 employees that requires confidential treatment of client information. Additionally, all employees with access to client information must complete information protection training annually. The Group also maintains physical, electronic and procedural safeguards to protect against unauthorized access to customer information.

Compliance Risk

Money laundering is the concealment of the illegal origins of income from criminal activities, while terrorist financing refers to providing financial support to terrorist organizations. Regulatory Compliance seeks to ensure compliance with laws, regulations and other guidelines which govern the operations of the Group.

Group Compliance is responsible for the development and maintenance of the Group's Anti Money Laundering & Counter Terrorist Financing (AML/CFT) and Regulatory Compliance framework, which includes: implementing AML/CFT & Regulatory Compliance policies, interrogating financial transactions to identify reportable items, monitoring and filing the required AML/CFT reports with the Designated Authority and keeping the Board of Directors and Management abreast of laws and regulations affecting Sagicor, and providing guidance on regulatory changes to ensure the appropriate implementation of operational processes to conform with these changes. Management is responsible for ensuring and enforcing compliance with AML/CFT & Regulatory Compliance policies.

The year 2020 has seen the Bank of Jamaica informing stakeholders of its intended phased approach regarding the implementation of elements of the Basel II and III capital framework. The Group has started to take steps to ensure that there is a smooth implementation when this regulation becomes effective. In addition, the regulators have moved towards risk-based supervision and licensees are required to meet increasing regulatory requests in this regard.

Human Resource Risk

This includes the risks to the organization and its performance that can be attributed to the employees. It includes the personnel experience associated with performance, productivity, conduct, recruitment, retention, compensation and benefits, succession planning, organized labour activity, codes of conduct, or internal policies. Group HR is responsible for the management of Sagicor's Human Resource risks. 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 maintains a robust succession plan and continuously trains employees to ensure that the workforce is maintained at the highest standard.

With the increase spread of COVID-19 during 2020, the Group has increased the roll out of its 'Work From Home' policy in order to reduce the spread of the virus amongst team members and, by extension, the wider population.

Strategic Risk

This refers to risks related to unexpected changes in key elements of a strategic nature to the organization and may arise from non-viable design of strategy and ineffective execution of strategy, 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. The Board of Directors has responsibility for overseeing strategic risk management.

Strategy Development and Execution

On an annual basis, the Group uses a robust strategic planning and approval process to formulate its strategic initiatives. On an ongoing basis, Heads of Business Lines and Units identify, manage, and assess the internal and external risks which could impede the achievement, or progress of strategic initiatives. 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.

Reputational Damage

This refers to the negative publicity or public perception that has an adverse impact on Sagicor's value, revenue or its relationship with external stakeholders such as the media, clients, consumer advocates, etc. Reputational damage is a key consideration in all activities that the Group undertakes. The Group has various policies, systems and controls in place to ensure proactive identification, assessment and management of threats to its reputation. Team members and directors have a responsibility to conduct their activities in accordance with Sagicor's Code of Conduct.

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.

Annually, the overarching vision and objectives are first set at the Group level. In support of the Group vision and objectives, each business unit and operating department conducts detailed SWOT analyses, determine specific objectives and identify strategies to address the SWOT and attain 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 exploit our advantages and opportunities while managing risks and exposures. We also remain committed to developing, implementing and delivering strategic objectives which will add value to our stockholders, clients and team members.

In 2021, Sagicor Group Jamaica will be guided by 5 key pillars which facilitate alignment across the Group and will propel growth and increase stockholders' value.

OUTLOOK

The World Bank disclosed that global output has contracted 4.3% in 2020 and is expected to expand 4% in 2021 but remain more than 5% below pre-pandemic projections. Remittances worldwide are expected to fall, with declines in 2021 for Latin America and the Caribbean, projected at 8%. The COVID-19 pandemic disrupted the Jamaican economy and discontinued the trend of fiscal surpluses over the past three years with the country set to post a fiscal deficit this year. However, recent experience suggests that the Jamaican economy is more resilient to the downturns in the Tourism and Entertainment sectors than first thought. The Bank of Jamaica (BOJ) has estimated economic contraction of between 10% and 12% for 2020 with partial recovery in 2021 into 2022. The BOJ has also projected the unemployment rate over the December 2020 to September 2022 quarters to increase between 13% and 15%. Inflation for 2020 and 2021 is expected to remain within the target of 4%-6%.

In December 2020 Standard and Poor's affirmed Jamaica's credit rating at B+, signalling its confidence in our future. The Minister of Finance and the Public Service has stated that "Jamaica is poised to return to economic growth in fiscal years 2021-2022, although pre-COVID level of economic output will occur in the medium term." Despite the downward turn in optimism among businesses, consumer confidence has remained stable. For the six-month period April to December 2020, Jamaica's net remittance inflows have increased by 31.6% compared to the same period in 2019 and are higher than that of Mexico, Guatemala and El Salvador. Fitch Solutions opines that Jamaica's tourism product is a strong performer within the Caribbean, therefore as ports reopen, travel and tourism-related activities will gradually resume, this is expected to fuel economic recovery in the latter part of 2021. Fitch projects arrivals to grow year-on-year in 2021 and 2022 and surpass pre-COVID levels by 2024.

The risk of a prolonged spread of COVID-19 and continued travel restrictions may hinder Jamaica's road to economic recovery in 2021, at least until vaccines are widely available. Accordingly, a high degree of uncertainty persists and our company continues to carefully monitor and assess the economic conditions. We remain committed to the health and wellness of our team, clients and stakeholders by implementing a multidimensional approach to safeguard health, minimize risk and ensure business continuity. Sagicor Group Jamaica remains cautiously optimistic about the future but feels it prudent to take a conservative view of the potential impact of COVID-19 and manage our businesses accordingly.

ACKNOWLEDGEMENT

We would like to express our deep gratitude to our Team members, Financial Advisors and Brokers for being able to adapt to serving our customers in these difficult times and continuing to embody Sagicor's Values. To our customers for the trust and confidence they have placed in us; we will continue to protect you during these difficult times. Thank you to our supportive business partners and to our stockholders for their continued confidence. Particularly in these difficult times, we recognize our Directors for their diligence and wise counsel.

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

ANDRE HO LUNG
CHIEF FINANCIAL OFFICER

Sagicor's COVID-19 Response

For a safer and better Jamaica

As at March 2020, life as we knew it changed drastically, with the novel coronavirus (COVID-19) reaching pandemic levels globally and negatively affecting lives and livelihoods as was never experienced before in modern history.

In Jamaica, the first case of the virus was confirmed on March 10, 2020. Since then, everyday activities such as handshakes and hugs were replaced with elbow bumps and head nods; our businesses, family and social lives were impacted and everyone had to adjust, adapt and pivot to a new paradigm of mask wearing and social distancing. Online and the virtual world became the new norm - virtual meetings, virtual school and virtual celebrations.

With the implementation of an internal COVID-19 Steering Committee, led by its President and CEO, Christopher Zacca, Sagicor Group Jamaica was very proactive with its response processes and adapted quickly to the changes that were brought on by the pandemic. The company accelerated its digitization processes to better serve its clients, expanded its Work from Home programme to have up to 70% of team members working from home, implemented strict health and sanitization protocols across all its locations and played an instrumental role in supporting national initiatives to combat the effects of the virus.

As part of the Private Sector Organisation of Jamaica (PSOJ) COVID-19 Response Fund, Sagicor donated JA$20 million to the initiative, which raised an overall JA$150 million with support from several other private sector entities. The fund was primarily set up to purchase ventilators to outfit the designated COVID-19 hospitals.

"Public-private partnership is especially important during times like this as we have to tackle this virus as one united country, doing all we can to lessen the impact on the lives of all citizens," Zacca said at the time of the initiative in March 2020.

Throughout 2020, Sagicor, through the Sagicor Foundation, invested millions of dollars across numerous initiatives geared towards combating the virus, as well as to support efforts to assist persons impacted by the pandemic.

The Group also implemented several initiatives across its business lines to support its clients and maintain uncompromised client experience. There was an even greater emphasis and focus on the utilization of Sagicor's various electronic/online platforms to transact business where possible, thereby reducing the need to physically come into a location. The promotion of these key messages was further boosted by the company's robust marketing campaigns via its social and digital platforms providing numerous tips, advice, practical guides and steps to conduct business online.

In support of its clients and to help with alleviating some of the challenges being faced, Sagicor also implemented the following measures:

- Allocation of over $60 million to some new retirees reeling from a reduction in their retirement income due to the adverse effects of the pandemic on market conditions; the funds were allocated from a portion of the company's pension fund investment fees.
- Health insurance clients were able to obtain up to a 90-day supply of maintenance drugs for chronic illnesses, up from 30 days.
- Life insurance clients were able to use client web to view insurance information, make payments and receive payouts electronically.
- Support for SMEs and Corporate Clients offering (on a case by case basis), moratorium on various loan payments.
- Reduction of online trading fees for investors.

COVID-19 Response Donations

Some of the contributions made as part of its COVID-19 Response included the following:

$2.5m

CITIZENS RESPONSE JAMAICA

Donation towards the development of life-saving medical equipment.

$5m IN CASH AND KIND

EDUFOCAL

Donation to e-learning platform EduFocal to provide free study materials to students preparing for exams.

$1m+

PERSONAL PROTECTIVE EQUIPMENT

Donation of personal protective equipment to nursing students for the completion of their clinical examinations.

$3m

DIGITAL INTERACTIVE SERVICES LTD. (Ready TV)

Donation for the implementation of a television study programme targeted at students in rural Jamaica with limited or no Internet access.

50+

TABLETS

Donations made to varying institutions to assist students with online school.

KINGSTON & ST. ANDREW MUNICIPAL CORPORATION

Donation of numerous hand washing stations to the Kingston and St. Andrew Municipal Corporation (KSAMC) for distribution to the various public markets in the municipality in aid of sanitation efforts

"Sagicor's main priority, even as we continue to deal with the effects of the pandemic, remains the health, safety and overall well-being of our team members, clients, our various other stakeholders and our beloved country, Jamaica"

— Christopher Zacca —

Sagicor Sigma Run 2020

The spectacle of the 22nd staging of the Sagicor Sigma Corporate Run permeated the atmosphere with an overwhelming spirit of togetherness and generosity, as over 26,000 participants gathered in the streets of New Kingston on Sunday, February 16, 2020 in a show of overwhelming support for the annual charity road race.

It was another magnificent year for the organizers of the run, as it represented another record-breaking year for the total funds raised. Through the tremendous and kind support of corporate Jamaica, individuals, race enthusiasts, donors and the Sagicor team, the $55 million target that was set was exceeded, with over $55.3 million in cash and kind raised for beneficiaries – Bustamante Hospital for Children, Savanna-la-Mar Hospital and the Clifton Boys' Home.

On race day, the Knutsford Boulevard stretch of New Kingston was a kaleidoscope of colours. There was an electrifying rush of energy and excitement as patrons converged at the start line and got ready to run, walk and wheel for a worthy cause. The atmosphere came alive as the crowd sang along to gospel artiste Jermaine Edwards' live performance of his hit single "It's a beautiful day" during the official kick-off of the early morning event. As part of the formalities before the participants took to the streets to complete their 5.5 km race, Sagicor executives along with the race patrons gave warm greetings to the crowd, thanking them for their continuous love and support over the years. The 2020 Sigma Run patrons were Jamaican comedian Ian Ity Ellis and fitness instructor Shani McGraham-Shirley.

Staying true to its fun-run identity, Sigma Run, as the Caribbean's largest road race, also featured its signature breathtaking road surface mural at the start-line, vibrant cheerleaders to motivate participants along the route, as well as the Sigma Run Fun Zone outfitted with a foam pit, motivational road decals and a misting tent for the patrons' delight.

A calendar event for Jamaicans at home and abroad, the Sagicor Sigma Corporate Run has for the past 22 years galvanized Jamaicans to support and embolden the most vulnerable in society. Raising over $455 million for charities over the years, the race continues to deliver on the company's promise to positively improve the lives of Jamaicans.

It was another magnificent year for the organizers of the run, as it represented another record-breaking year for the total funds raised.

$55.3m+ IN CASH AND KIND

SIGMA CORPORATE RUN TOTAL FUNDS RAISED

$455m+

RAISED FOR CHARITIES OVER 22 YEARS

1. Celebrating the over $55.3 million raised in cash and kind, are Sagicor executives and representatives from the beneficiaries.
2. Sagicor Group Jamaica Chairman, Peter Melhado (left) and President and CEO, Christopher Zacca (right) engage in conversation with Prime Minister Andrew Holness.
3. A wheelchair participant makes his way to the finish line.
4. Top three winners in the male category of the charity road race.
5. Sigma 2020 Road Mural

Corporate Governance

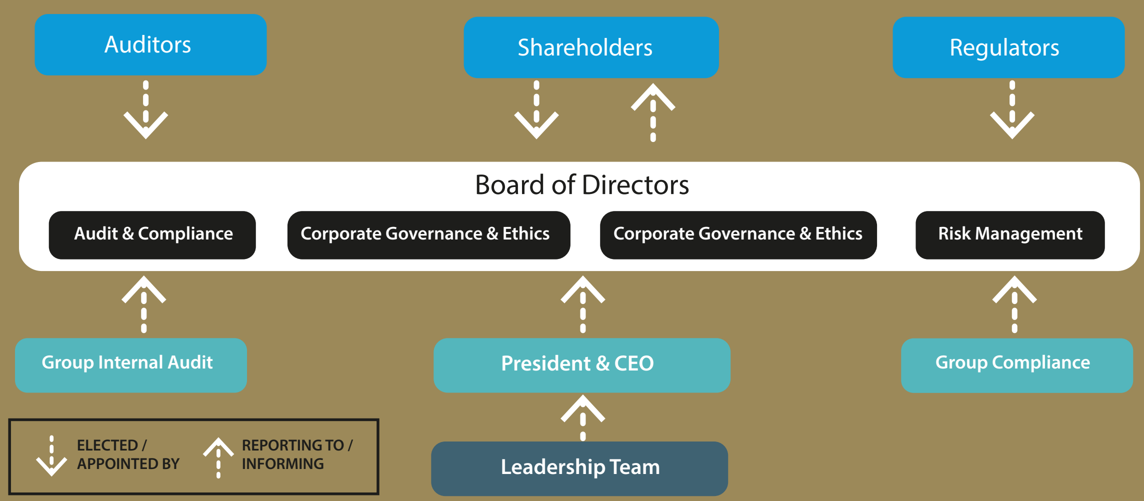
Sagicor Group Jamaica Limited (and its subsidiaries) remains committed to maintaining a high standard of corporate governance by adopting and complying with the principles and guidelines set out in its Corporate Governance Code. This Code is influenced by applicable laws and regulations and internationally accepted corporate governance best practices, which is available on our website at www.sagicor.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 are substantially compliant with 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 Meetings (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 are readily provided via the Company's website, social media accounts and through media briefings, in terms of transparency on our financial results, as well as print media 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

- 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 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.

First Board of Directors' Meeting of Life of Jamaica.

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. 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 and each Committee Chairman presents a report to the Board on the Committee's activities. 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 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 2020

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 full attendance at all meetings held.

AUDIT AND ACCOUNTABILITY

External Auditors

The external auditors, PricewaterhouseCoopers (PWC), were recommended by the Audit Committee and Board and approved by the shareholders at the Annual General Meeting. 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 2020

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 2020 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;
- 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.

There were several changes to the Board during 2020. On January 1, 2020, the Board comprised thirteen (13) Directors and was chaired by Mr. Peter Melhado. At the Board Meeting of Directors held on May 13, 2020, Messrs. Jeffrey Cobham and Richard Downer resigned as Directors of Sagicor Group Jamaica. Messrs. Timothy Hodgson, Mahmood Khimji, Reza Satchu and Ms. Lisa Lake were appointed to fill casual vacancies as Directors of Sagicor Group Jamaica. Mr. Satchu later resigned on August 31, 2020 and on October 12, 2020, Mr. Gilbert Palter was appointed a Director of the Company to fill this vacancy.

As of December 31, 2020, the Board is composed of fifteen (15) directors - fourteen (14) 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 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. Currently 7 of 15 of the Directors of the Board are independent members.

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. It includes:

- 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 director's compensation) 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 2020 the Directors who met the independent criteria were:

- Dr. the Hon. R. Danny Williams
- Mr. Peter Melhado
- Mrs. Jacqueline Coke-Lloyd
- Dr. Marjorie Fyffe Campbell
- Mr. Peter Clarke
- Mr. Stephen McNamara
- Ms. Lisa Lake

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 for a specified term 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: -

- July 10, 2020 – General Orientation and Risk Governance/Management presented by Consultant, Mr. Nathaniel Samuels
- August 28, 2020 – Basel II and III Overview (including LCR, NSFR, capital requirements, Banking Services Act Overview, and BOJ's Standards of Sound Best Practices presented by Consultant, Dr. Damion McIntosh
- September 11, 2020 – The Responsibility of the Board for AML/CFT Compliance, Risk-Based approach to AML/CFT reviews presented by Mr. Keith Darien and Nicolai Green from the Financial Investigations Division (FID), Ministry of Finance and IT Related Risks, presented by Mr. Andrew Burke from Sagicor Group Jamaica Limited
- November 6, 2020 – Material changes in IFRS (17 – insurance contract and 16 – leases), Interpretation of Financial Statements: significant changes to reported performance presented by Mr. Andre Ho Lung (Group Chief Financial Officer) and Catherine Allen (Corporate Actuary and Senior Vice President, both of Sagicor Group Jamaica Limited)

The annual offsite strategic Board/Management Retreat was held virtually on November 17, 2020. 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.

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.

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 diagram below illustrates the diverse skill set of the Directors.

SKILLS & EXPERTISE	BOARD MEMBERS														
	Paul Facey	Stephen McNamara	Stephen Facey	Paul Hanworth	Marjorie Fyffe-Campbell	Peter Melhado	Jacqueline Coke-Lloyd	Hon. R.D. Williams	Dodridge Miller	Peter Clarke	Christopher Zacca	Lisa Lake	Timothy Hodgson	Mahmood Khimji	Gilbert Palter
General Management	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
International Business		X		X			X		X		X	X	X	X	X
Finance	X		X	X	X	X			X		X		X	X	X
Strategic Management	X		X	X	X	X	X	X	X		X	X	X	X	X
Corporate Law		X							X	X					
Banking	X					X		X	X				X	X	
Corporate Finance (Mergers & Acquisitions)			X	X		X			X	X	X		X		X
Asset Management	X					X			X	X			X	X	X
Insurance				X		X		X	X				X		X
Human Resource Management					X		X						X		X
Property	X	X	X	X	X		X	X			X	X		X	
Information Technology									X						X
Corporate Governance		X			X		X								
Marketing & Public Relations							X								
Regulatory Experience													X		

Independent Director

The Board seeks members who combine a broad and relevant spectrum of experience and expertise with a reputation for integrity. 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.

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 Paul Hanworth, Stephen Facey, Paul Facey, Dodridge Miller, and Stephen McNamara shall retire by rotation and are eligible for re-election. Additionally, Director Gilbert Palter, who was appointed in 2020 to fill a casual vacancy, shall retire as per Article 96 of the Company's Articles of Incorporation and be eligible for re-election. All six (6) 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 2020

MEETING ATTENDANCE

	Board	Audit Committee	Investment and Capital Allocation Committee	Risk Management Committee	Corporate Governance & Ethics Committee	Human Resource & Compensation Committee
Hon. R. D. Williams	9/11	-	4/4	-	-	3/4
Dr. Dodridge Miller	9/11	-	2/4	0/3	-	4/4
Stephen Facey	11/11	-	-	-	4/4	4/4
Paul Hanworth	11/11	6/6	-	3/3	-	-
Jeffrey Cobham	4/11*	-	-	0/3*	-	-
Marjorie Fyffe-Campbell	11/11	6/6	-	-	4/4	4/4
Richard Downer	6/11**	4/6**	-	1/3**	-	-
Stephen McNamara	10/11	-	-	-	-	-
Peter Melhado	11/11	-	4/4	2/3	4/4	4/4
Jacqueline Coke-Lloyd	11/11	6/6	-	-	4/4	4/4
Paul Facey	11/11	6/6	4/4	-	-	-
Peter Clarke	11/11	2/6******	-	2/3******	-	-
Christopher Zacca	11/11	-	4/4	2/3	-	-
Lisa Lake	5/11***	-	-	2/3***	-	-
Timothy Hodgson	6/11****	-	1/4****	-	-	-
Mahmood Khimji	4/11*****	-	-	-	-	-
Gilbert Palter	2/11	-	-	-	-	-

*Mr. Jeffrey Cobham resigned from the Board as at May 13, 2020 and is no longer a member of the Risk Management Committee as at May 13, 2020

** Mr. Richard Downer resigned from the Board as at May 13, 2020, Mr. Downer is no longer a Member of the Audit and Risk Management Committees as at June 18, 2020 and May 13, 2020, respectively

***Ms. Lisa Lake was appointed to the Board on May 13, 2020, and appointed a Member of the Risk Management Committee as of June 18, 2020

****Mr. Timothy Hodgson was appointed to the Board on May 13, 2020, and appointed member of the Capital & Allocation Committee on July 7, 2020

*****Mr. Mahmood Khimji was appointed to the Board on May 13, 2020

******Mr. Peter Clarke was appointed Chairman of the Audit and a Member of the Risk Management Committees as at June 18, 2020

******* Mr. Gilbert Palter was appointed to the Board on October 12, 2020

Each Committee operates under its terms of reference with clearly defined mandates given by the Board. The Board Committees meet periodically (typically quarterly) to examine issues that fall within their respective mandate and report on its activities to the Board.

BOARD MEETINGS

In 2020, the Board held eleven (11) 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. With the onset of the COVID-19 pandemic in March 2020, all meetings were held virtually in observance of social distancing protocols. 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 for 2021-2024;
- Consideration and approval of interim dividend payments to stockholders;
- Approval of major investment activities including new 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
- 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
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

COMMITTEE	MEMBERS	KEY RESPONSIBILITIES
Investment & Capital Allocation Committee	Peter Melhado Chairman Paul Facey Tim Hodgson 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 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.

A RATING received by the Group on the Corporate Governance index which is monitored and assessed by the JSE using a number of criteria including :	1. Shareholders' Rights 2. Equitable Treatment 3. Role of Stakeholders 4. Disclosure & Transparency 5. Responsibilities of Board	6. JSE Requirements which assesses the Financial Reports, Website, Management's Discussion and Analysis in the Annual Report, Timely Disclosure and Communication.

Directors' Remuneration

Fee structure for the period ended December 31, 2020

Board/Committee ($J)	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

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.

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 Group Compliance Officer, and the Directors, 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 onward transmission to the Group Compliance Officer.

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.

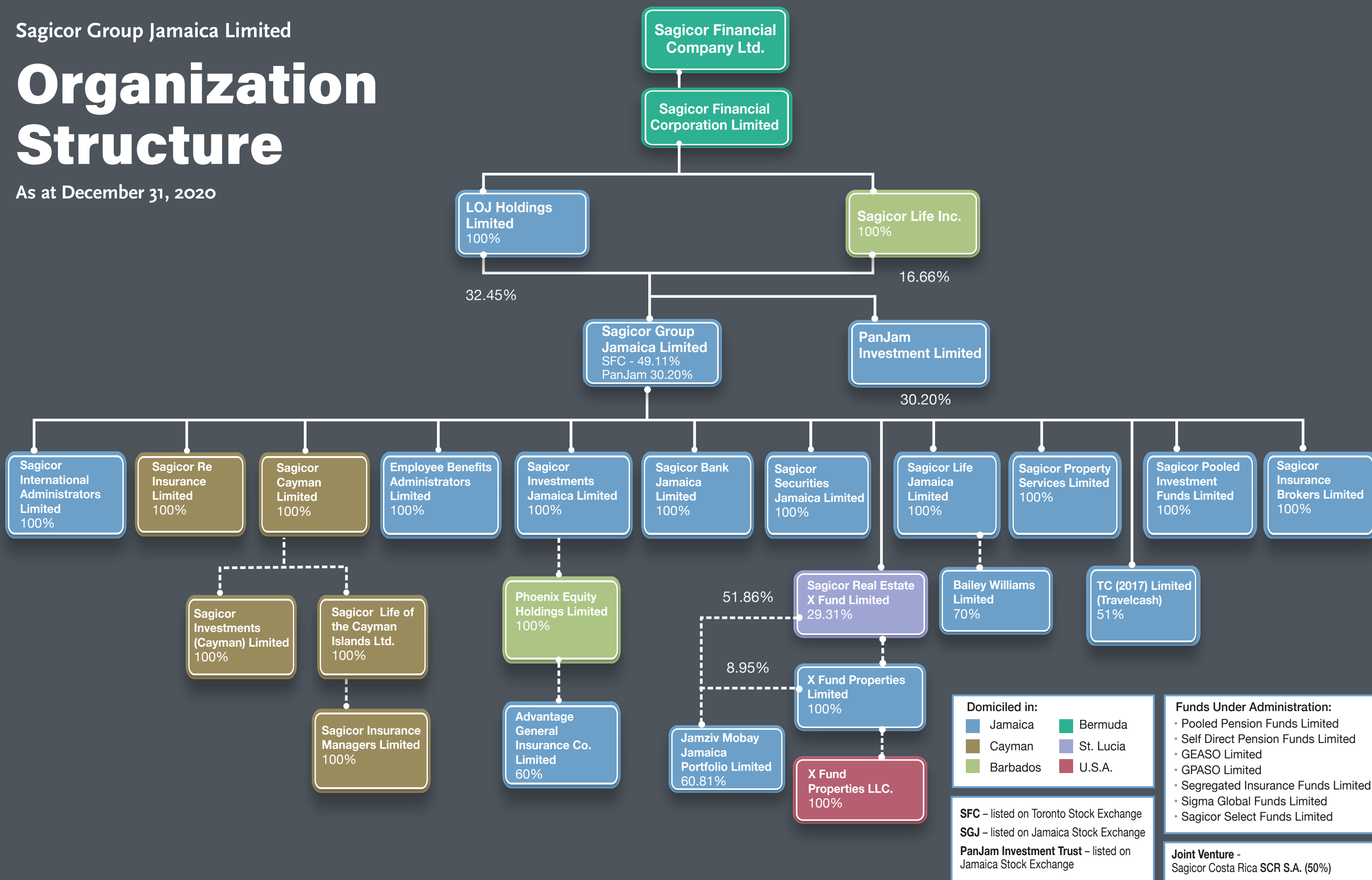
The Company guarantees in its Fraud and other Wrongdoing Policy that it will not permit any reprisal, retaliation, or disciplinary action to be taken against anyone for raising a concern in good faith.

Marjorie Fyffe Campbell
Chair
Corporate Governance & Ethics Committee
9 April 2021

Sagicor Group Jamaica Limited

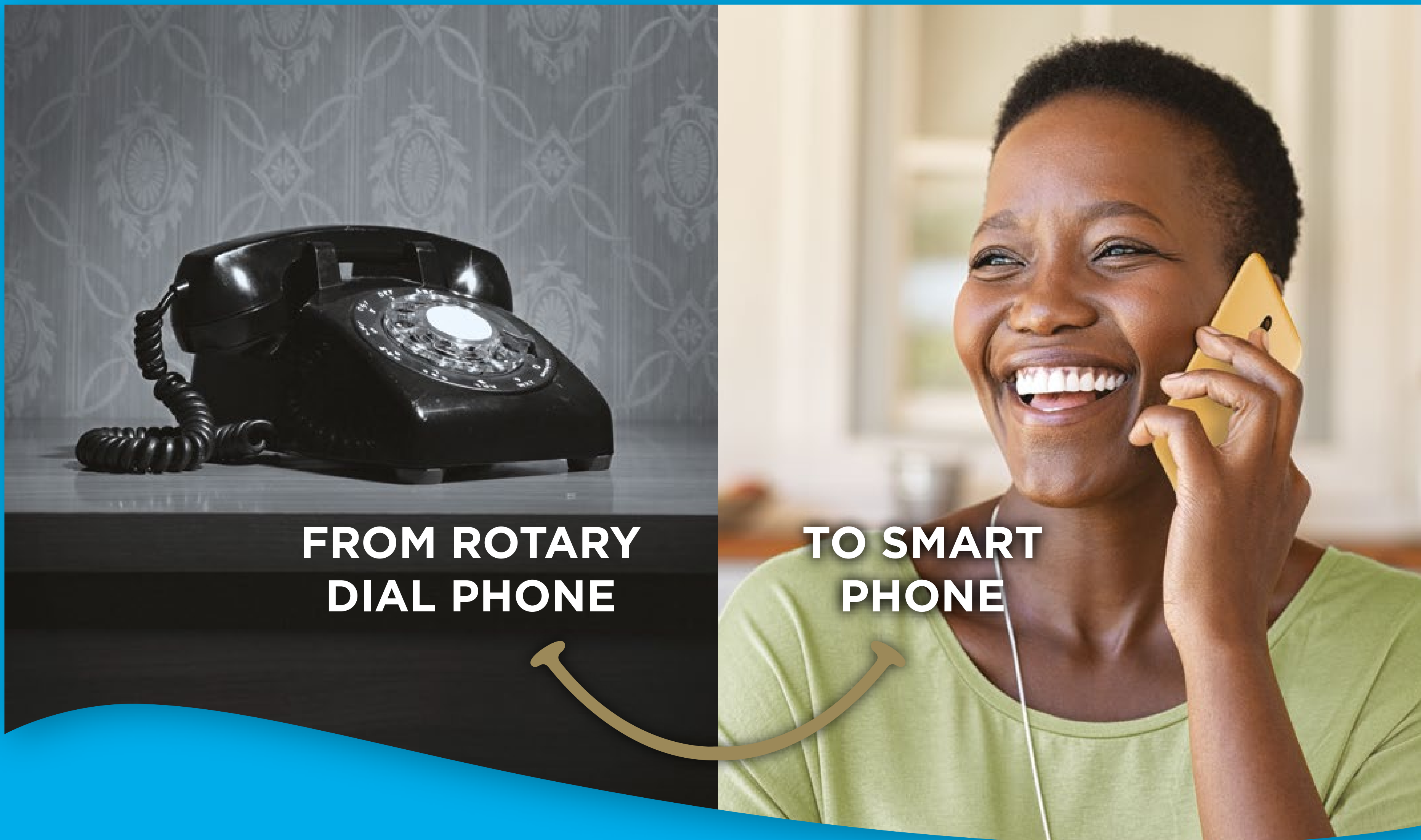
Organization Structure

As at December 31, 2020



Notes:

1. Percentages in the boxes reflect ownership interest of the significant shareholders.
2. Ownership interest of 29.31% in Sagicor Real Estate X Fund Ltd:
   i. Sagicor Group Jamaica Ltd. – 21.22%
   ii. Sagicor Segregated Funds – 8.09%
3. Jamziv Mobay Jamaica Portfolio Limited holds 15.33% of Playa Hotels & Resorts N.V.
4. AGI acquisition was finalized September 30th 2019.
5. Bailey Williams Limited acquisition was finalized November 30th 2019.
6. Reorganization of the Cayman entities took effect December 31st 2019.


FROM ROTARY
DIAL PHONE
TO SMART
PHONE

Sagicor Group Jamaica

Corporate Social Responsibility 2020

Caring. Inspiring. Serving.

With a mantra of Caring, Inspiring and Serving, Sagicor Group Jamaica, through its charitable arm Sagicor Foundation, continued to demonstrate its corporate social responsibility in 2020 through its dedicated commitment to improving the lives of Jamaicans, most notably in the areas of health and education.

During what was an unprecedented year in 2020 with the COVID-19 pandemic, more than ever, the company remained resolute in staying true to its vision: "to be a great company committed to improving the lives of people in the communities in which we operate."

By spreading its philanthropic spirit across the island, the Sagicor Foundation spearheaded and supported various initiatives geared towards improving institutions and individuals within the education and health sectors, as well as provided significant assistance to various stakeholder groups at the national level in response to the adverse effects of the COVID-19 pandemic.

The Sagicor Foundation continued to inspire hope among Jamaicans during what was one of the most difficult and challenging years in modern history for the country, showing that no matter what challenges may come, Sagicor remains committed to caring, inspiring and serving the people of Jamaica.

HEALTH

Sagicor Sigma Corporate Run

Sagicor Group Jamaica hosted the 22nd staging of its annual 5.5 km charity road race, the Sagicor Sigma Corporate Run, on Sunday, February 16, 2020. The anticipated calendar event was supported by over 26,000 participants who gathered on the Knutsford Boulevard corridor in New Kingston in unity for the noteworthy causes.

With the kind contribution and support from corporate Jamaica and individuals, a record $55.3 million in cash and kind was raised for three beneficiaries: The Bustamante Hospital for Children, Savanna-la-Mar Hospital, and the Clifton Boys' Home.

Jamaican comedian, Ian Ity Ellis, and fitness instructor, Shani McGraham Shirley were the patrons of the run.

COVID-19 Support (Health)

As part of the national efforts in the fight against the COVID-19 pandemic, Sagicor provided in excess of $20 million in funding to the Government of Jamaica to assist in the procurement of much-needed ventilators and personal protective equipment (PPE) to bolster the country's health system. PPE were also donated to several nursing students to help in the completion of their clinical examinations.

The Group also provided numerous hand wash stations in markets across the Kingston Metropolitan Area to encourage proper sanitization among vendors and shoppers.

Jamaica Cancer Society

In a continued show of support for the Jamaica Cancer Society, Sagicor made monetary contributions to the organisation in support of its initiatives and programmes throughout the year.

26,000
PARTICIPATED IN SIGMA CORPORATE RUN

$55.3m IN CASH AND KIND
RAISED BY SIGMA

+$20m
DONATED TO FIGHT COVID-19 PANDEMIC

+$60m IN CASH AND KIND
DONATED IN SUPPORT OF EDUCATION

1. Sigma Run stakeholders pause to take a selfie with the over 26,000 participants at the start-line.
2. Sagicor team members Natalee Stewart Solomon (left) and Tonilee Wallace (3rd left) along with a new mom and a nurse from the Savanna-la-mar Hospital show some of the gifts that were presented to new moms for Mother's Day.
3. Howard Smith, Manager – SME Business Banking pose with nurses at the Victoria Jubilee Hospital during the donation of a Christmas tree during the yuletide season.

An additional donation was made in October in recognition of Breast Cancer Awareness Month. Sagicor Foundation donated cash and kind to support the organisation's Keeping Abreast virtual fund-raising luncheon and concert.

EDUCATION

Sagicor Foundation Scholarship Programme & Educational Grant Support

Sagicor Foundation provided scholarships to seventy-one (71) students, investing over $34 million in cash and kind to support the students at the secondary and tertiary levels of their educational career. As part of the Foundation's annual scholarship programme and in honour of Sagicor's 50th anniversary, fifty (50) tertiary-level students received awards for their academic performance, community involvement, volunteerism, strong leadership potential and financial need. This number represents a doubling of the usual 25 scholarships awarded at this level annually.

Twenty-one (21) children of Sagicor clients and team members were awarded secondary-level scholarships based on their exceptional performance in the Primary Exit Profile (PEP) examination, administered by the Ministry of Education.

Valued at $50,000 per annum, the secondary scholarships are renewable for up to five years, while the tertiary scholarships awardees receive up to $300,000 towards tuition and educational expenses for a maximum of four years. Tertiary scholars were selected from some of Jamaica's top universities, including: The University of the West Indies, University of Technology Jamaica, Mico University College, the Caribbean Maritime University, Northern Caribbean University, and the Edna Manley College of the Visual and Performing Arts.

Adopt-A-School Programme

In 2020, Sagicor Foundation invested over $18 million in cash and kind to support its Adopt-A-School programme, which is aimed at improving the physical infrastructure and environment of early childhood institutions across Jamaica.

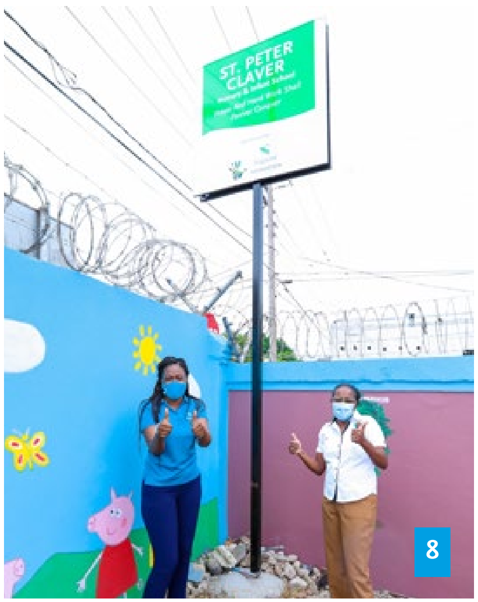
The three adopted schools for the 2019/2020 programme were Petersville Basic School in Westmoreland; St. Peter Claver Basic School in Kingston; and the Prime-Time Early Childhood Institution in Clarendon. Each school received significant infrastructural upgrades, including the building of additional classrooms, refurbishing of bathrooms, upgrading of the play area, fencing, and installation of hand wash stations in response to the COVID-19 pandemic. Each school also received a computer and a printer to assist with the preparation and printing of material needed for distance learning.

An official handover was done in July 2020 for the upgrades to the schools.

For the 2020/2021 academic school year, three new schools were welcomed to the Adopt-A-School programme in September 2020; they are Beeston Spring Basic School in Westmoreland, Sligoville Early Childhood Institution in St. Catherine and Cornwall Gardens Basic School in St. James. In December 2020, in celebration of the Christmas season, the students at each of the newly adopted schools were gifted with educational and fun toys.

4. Natalie Reid-Ross, Sagicor Financial Advisor, presents a gift to this little one during a Christmas gifting treat at Sligoville Basic School.

5. Sagicor Investments team member, Anthony Howard (left), makes a symbolic cheque presentation to members of the Dunoon Park Technical High Schools' Robotics team.



6. Bianca Nam (right), Assistant Vice President, Sagicor Investments, makes a presentation of tablets to Dr. Maolynne Miller, Founder and Chairperson, Jamaica Kidney Kids Foundation.

7. Shernette Rose Rayner, Sagicor team member, and a little one from Petersville Basic School smile for the camera during the Health Day activities.

8. Sagicor team member, Michelle-Ann Letman (left), and Karen Reynolds, principal of the St. Peter Claver Primary and Infant School give the new school sign 'thumbs up'.

Prime Minister's Youth Awards for Excellence

Sagicor remains committed to youth education and development at varying levels. The company contributed over $1.7 million in cash and kind in support of the Prime Minister's Youth Awards for Excellence with 35 awardees benefitting from cash grants. Awardees also received special gift packages courtesy of Sagicor.

Back-to-school Donations

Sagicor Foundation donated almost $1 million worth of book vouchers and educational supplies to several back-to-school initiatives in 2020. The donations assisted students across the island in purchasing books and school supplies for the academic year.

COVID-19 Support (Education)

Due to the pandemic, schools were significantly disrupted, and online learning became the 'new norm' for children across the island. This left a huge gap for children who did not have access or could not afford the tools to learn remotely. To close the digital divide, Sagicor donated some 50 tablets to various institutions and groups to assist students to access their learning materials online.

Over $5 million in support in cash and kind was also given to Edufocal – an online learning website for primary and secondary students – to help students with accessing study materials as well as a donation to Ready TV for a television learning/study programme targeting students in rural Jamaica.

COMMUNITY DEVELOPMENT & OUTREACH

Sagicor Community Heroes Awards

In honour of Sagicor's 50th anniversary, the Group launched its inaugural Community Heroes Awards in September 2020 to recognize and reward fifty (50) extraordinary Jamaican citizens who embody the qualities of an everyday hero – the spirit of volunteerism, charity, kindness and selflessness in giving back to their communities.

Sagicor supports children/ child-related initiatives

In partnership with the Jamaica Food and Drink Festival, Sagicor Foundation provided support in kind to over 200 residents across four state-care homes with personal care packages. Cash support was also provided to children advocacy organisation, Hear the Children Cry, to assist with their various programmes and initiatives.

Miscellaneous Donations

Sagicor Foundation also supported and executed activations to encourage a spirit of cheer across the island. In celebration of Mother's Day, Sagicor surprised new mothers at the Savanna-la-Mar Hospital – one of the 2020 Sigma Run beneficiaries – with delightful gift baskets to brighten their day.

Additionally, during the yuletide season, Sagicor spread Christmas cheer at several hospitals and children's homes with the donation of decorated Christmas trees in the institutions' lobbies and main areas.

50

YEARS OF GOLDEN SERVICE TO OUR CLIENTS

Sagicor Client Experience 2020

In our Golden 50th year we look back with authentic pride and satisfaction knowing that our clients continue to be our reason. Many things have changed but our commitment to helping our clients achieve their financial goals has never wavered. At every stage of our journey we innovated our products and services, improved our service delivery, and used our clients' feedback to learn and grow. Every day, in every way, we reminded our team that "only when our clients win, we win", ensuring all of Sagicor remained focused on the most important stakeholder in all our undertakings. Today, as we celebrate our Jubilee, the Sagicor Group stands as one of the most highly recommended financial institutions regionally, as measured by our world-leading Net Promoter Scores (NPS). Our clients love us, and our competitors admire us, our key energizers for #SagicorBeyond.

As we reflect on 2020, which was a truly extraordinary year for the Sagicor Group, we witnessed a global economy rattled by the COVID-19 pandemic, with uncertainty and anxiety being dominant themes among the population. Martin Luther King Jr once remarked, "the ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy". Motivated by this quote, we faced this new normal with renewed commitment and unbridled focus. We fast-tracked our digital agenda, transformed the way we do business and served our clients, causing minimal disruptions to our Sagicor Standard and subsequent clients' experiences. Our Business Units and World Class Contact Centre continued to serve unprecedented numbers of clients as they connected with us using the traditional and non-traditional touch points. During the year, we resolved, via our phone, chat and email channels over 450,000 client queries. We maintained industry best in quality interaction and first call resolution of 95% and 99%, respectively.

Sagicor Innovation was on display when our Bank launched the first ever fully virtual enrolment of clients wishing to open savings accounts without ever needing to leave their homes. Our innovation changed the face of banking in Jamaica and our clients praised us for this transformation in convenience banking. To further solidify our commitment to making banking services available to all Jamaicans, we also rolled out in 2020 our easy access account opening requirements with Simplified Due Diligence. This enabled some category of citizens to open bank accounts with only their ID, TRN and declaration of source of funds. We remain committed to ensuring we lived up to our promise of always being in our client's corner.

Sagicor Life Jamaica was one of the first insurance companies to halt policy lapses to ensure our clients maintained their valuable insurance coverage as we navigated the first few months of the pandemic. We further improved our first to market eLife® application that enabled more of our clients to easily purchase coverage for their families from anywhere – all online. In addition, we made major improvements to our process flow which improved turnaround times for our clients' requests. We continued our roll-out of our fully digital process for policy withdrawals with our Go Green initiative which not only positively impacted our clients' experience but also reduced our carbon footprint. In Cayman, finding innovative ways for our clients to pay premiums and view their policy details was top priority to Sagicor Life of the Cayman Islands (SLCI) as we navigated the most difficult and unprecedented year. With a full and total lock-down for three (3) months due to COVID-19, SLCI launched our Client Web platform which allows clients to view their policy details 24/7 and make ad hoc and recurring payments directly on the portal. Our dedication and unquestionable commitment resulted in the Sagicor Life Individual Life Division both in Jamaica and the Cayman Islands copping the Group's highest NPS at 58% and 54% respectively – beating all our global benchmarks.

BEYOND GOLD

At Sagicor, no matter the tide or realities of the moment, we remain committed to our clients' success.

Marvia Brown, Branch Manager, Sagicor Bank Dominica, greets a client in branch on June 1, 2020 with a sweet treat as part of the Group's 50th anniversary celebration.

95%
Customer Satisfaction Score (CSAT)
World-leading score for our Pension business, the highest in the Sagicor Group.

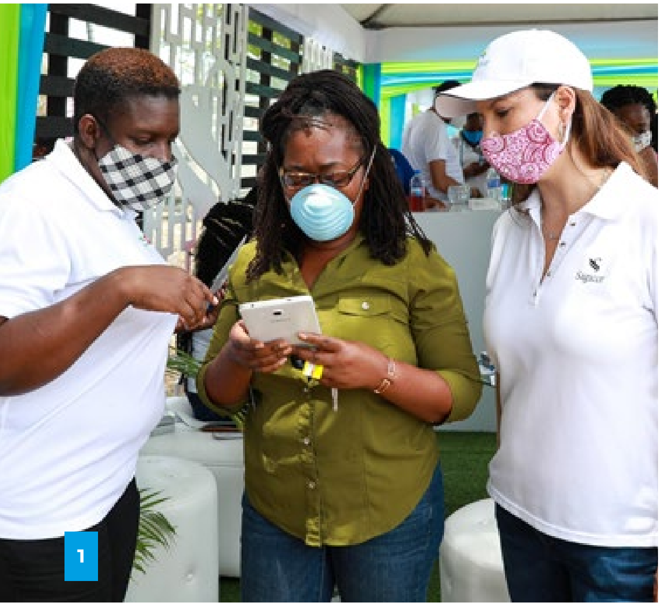
95%
Claims Paid within 5 Days
Our commitment to faster claim payment, helping our clients maintain financial security during difficult times.

At Sagicor Investments we launched our Service Hub that allowed clients to submit requests directly to a team of client service experts which reduced the need for them to physically visit our service centres to complete their investment transactions. With increasing volumes, this enabled us to proactively address any possible dip in our service quality standards. Our teams on site were now more fully equipped and able to support our visiting guests with selecting the right investment solutions that are aligned with their varying life goals. We continued the roll out of our Contact Management System enabling us to better serve our clients and improve on service delivery times.

Our Pension business, with a world-leading Customer Satisfaction Score (CSAT) of 95% - highest in the Sagicor Group – expanded its support of the Group's digital transformation agenda, successfully automating a number of administrative processes such as benefits payments, contribution and regulatory reporting – all without compromising our accessibility and service. We further cemented our commitment to our clients and Trustees by providing timely investment communication regarding the impact of COVID-19 on pension funds. These communiqués were tailor-made for clients terminating their employment or retiring during this period, equipping them with information so they could make well-informed decisions during this critical time of uncertainty. We soft launched our My Sagicor Pension App in November 2020, making pension information more accessible to all our members and bringing pension planning into the palm of their hands.

With the launch of our Sagicor Connect (SC) portal, we are transforming health insurance service delivery that rivals first world experiences. Our clients can now auto enrol for group health and supplemental insurance coverage, submit their manual health and telemedicine claims electronically and so much more. Losing or having no access to their benefit card is also a thing of the past as once a client is enrolled on SC, they always have access to their electronic benefit card, making it seamless to access services at providers anywhere. We cemented our commitment to faster claim payment by paying over 95% of all claims submitted within our 5-day turnaround, helping our clients maintain financial security during difficult times.

No matter the tide or realities of the moment, we remain committed to our clients' success. We continue to engage our clients for their feedback to ensure we are always delivering on our promises and address with outmost priority any gaps they may experience on their respective Sagicor journeys. We continue our mission where every single client will see us as their dedicated financial partner. To every client, a Sagicor Group where brilliance, excellence, authenticity, and pride define the Sagicor Way.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CORONATION
MARKET
#PREPARETOPROTECT
2


Sagicor Life
SUPREME
VENTURES
GROUP
3


Sagicor
Centre
Let's Talk
COVID-19
Sagicor
6


7

Staying Connected with our Clients, Always

Our clients are at the centre of all that we do.

From the financial products and services the Group offers to the various initiatives and activities we undertake, we do it all with our clients in mind. At Sagicor Group, we value the relationships we have cultivated over the past 50 years and will continue to nurture those relationships for the next 50 years and beyond as we celebrate with you.

1. Sagicor Bank Vice President, Cards and Payment, Sabrina Cooper (right) and MyCash representative Letrecia Higgins interact with a client during the cashless Farmers' Market.
2. Michelle-Ann Letman, Manager, Public Relations and Corporate Social Responsibility does an 'elbow bump' with Mayor of Kingston, Senator Councillor Delroy Williams following the donation of handwash stations for the municipal markets.
3. Willard Brown (right), Executive Vice President, Employee Benefits Division, Sagicor Life, and Xesus Johnston of Supreme Ventures Limited (SVL) pose for a photo following the signing of an agreement for Sagicor to provide health insurance coverage for SVL retailers.
4. Sagicor Group Jamaica CEO, Christopher Zacca (left) makes a presentation to the winning students from the University of Technology, Jamaica at the inaugural Sagicor Innovation Challenge.
5. Sagicor Bank CEO Chorvelle Johnson Cunningham (centre) with clients at Sagicor's International Women's Day event.
6. Minister of Health and Wellness, the Hon. Christopher Tufton (left) joined Sagicor Group Jamaica President and CEO Christopher Zacca along with Vice President, Group Marketing Alysia White for an educational forum on COVID-19.
7. Meila McKitty Plummer (3rd left), Sagicor Life Corporate Circle Branch Manager, pose with nurses after Sagicor treated them to gift baskets and a spa day.
8. Vice President, Corporate and SME Business Banking, Michael Willacy addresses clients during a financial enrichment session.

50 Strong Years of Team Engagement

Fifty years in business is a noteworthy achievement and speaks volume to any organisation that has had the fortitude to get to its golden anniversary. But what exactly is the secret recipe that makes for a successful company that has withstood the test of time.

In addition to being forward thinking and possessing strong business acumen, Sagicor boasts an indomitable culture focused on driving 'team engagement', which the company attributes to its longevity over the past 50 years.

"Team engagement has been an integral part of Sagicor's winning formula since the company's inception. From the days of Life of Jamaica (LOJ) under the leadership of Founder, R. Danny Williams, the company's talented team members have always been the driving force behind our success. Most of the years in the prime of your adulthood life is spent working and with your colleagues, your workplace becomes like a second family, so having an engaged team is something we take so seriously," said Karl Williams, Senior Vice President, Group Human Resources and Corporate Services, who has been with the company for over 28 years. He further added that research tells us that when team members are engaged, their productivity improves by 60%; noting that there is a business case for team engagement that goes beyond simply job satisfaction.

As the company commemorates its 50th anniversary, it also celebrates the people – past and present, who have contributed to the achievement of this tremendous milestone.

"The leadership of Sagicor has always placed a great focus on investing time, effort, energy and resources in ensuring that team members are fully engaged, which encompasses looking at how we can enhance the overall well-being of every team member – physically, emotionally, mentally, and financially," Williams said.

Williams, who has been leading the company's human resources team for over a decade shared just how tenacious the group has been over the years in developing a culture of engagement, noting numerous initiatives and programmes that have been staple calendar events for decades, some as longstanding as the company itself, like the annual Corporate Awards, as well as the company's Long Service Awards, others going strong for almost 40 years, such as the Sagicor Motivational Seminar (SMS) and Showcasing Talent and Recognising Staff (S.T.A.R.S.) week.

AT SAGICOR, EVERY TEAM MEMBER, EVERY WIN AND EVERY ACHIEVEMENT ARE CELEBRATED.

There is a winning philosophy that runs through Sagicor that shows itself whether we are at work or play. In fact, a fun, friendly environment is one of the company's promises made to all team members. This is evident when it comes to the epic events Sagicor hosts; the company knows business, but they also know how to have a good time.

A prime example of this great complement of working hard and playing hard is demonstrated at the company's annual Corporate Awards ceremony. Here our high achievers and top performers are given a public platform to be recognized and rewarded for their hard work and achievements. The company not only shines the spotlight on these bright stars of the Group and celebrate their accomplishments, there is also the staple 'After Party', where team members unwind, have fun and revel in the joys of their achievements.

BEYOND GOLD

Karl Williams
Senior Vice President, Group Human Resources and Corporate Services

Sagicor is blessed with a plethora of talented team members and as Michelle Distant, Relationship and Team Engagement Manager for the Group, shared "the annual S.T.A.R.S. week is a special celebration dedicated to our team members who literally enrich us through magical performances." The period consists of engaging, fun, and entertaining activities fully focused on getting team members active and involved and showcasing their talents. During S.T.A.R.S. week team members can expect heightened excitement, fun activities, many chances to win extraordinary prizes, as well as opportunities to participate in new experiences. There is also the Mr. and Miss Sagicor competition, which is fiercely competitive with a strong focus on talent. The highlight of this week, and undoubtedly the most anticipated event of the year, is the annual Staff Party, which is usually the climactic event that closes out the calendar year. Here team members definitely 'let their hair down', adorn in the latest fashion and get fully immersed in the experience.

With the company boasting a People First culture where they value high-performance and positive team member experience, keeping the team motivated is always a top priority for the financial conglomerate. Motivational initiatives are critical strategic priorities and form an essential part of the calendar of events for the Group, with an annual kick-off session at the start of the year in January, dubbed 'Blast Off." This yearly event is aimed at setting the tone for the rest of the year as the leadership team rally team members around the company's common goals. The company supports continuous engagement activities and as such the team is kept highly motivated through various motivational sessions. One greatly anticipated motivational event for the team members is the Sagicor Motivational Seminar (SMS). This seminar is held every two years over a three-day period. It is an all-encompassing weekend of themed events, workshops, power talks, insightful and impactful motivational sessions with local, regional and international speakers. This marvellous and astounding experience usually leaves the team members feeling recharged, rejuvenated, invigorated and ready to take on any challenge.

As one of the persons in charge of championing exceptional team engagement activities, Distant shared that in addition to the major initiatives, there are everyday programmes that provide team members with work-life balance. Some of these fit, fun and friendly activities include exercise sessions, 5K road race participation, self-defence classes, hikes, sports day and much more. There are also sports teams for inter-department competitions as well as for participation in business house competitions; teams include football, cricket, basketball, netball, table tennis and dominoes.

Currently, Sagicor has a team complement of over 2,500 strong, which accounts for its financial advisors and administrative staff. And even with the countless initiatives and programmes on the company's roster to foster and strengthen team engagement, the Group Human Resources team charged with bolstering team engagement is not slowing down anytime soon.

Over the last year the world has changed dramatically with the COVID-19 pandemic, however, one thing is certain according to Williams and Distant, Sagicor's commitment to team engagement is unwavering and the company maintains an active schedule of activities to bring team members together, even in a virtual world. With a thriving Work from Home programme and limitations on gatherings, the company known for its epic event executions and captivating marketing campaigns continues to innovate and create unique events utilizing technology and creativity to produce 'wow' experiences for the team.

"As we go 'Beyond Gold' and look ahead to the next 50 years, the goal is to ensure a successful legacy where team engagement continues to be a critical strategic initiative that is woven into the culture of Sagicor," Williams said.

To borrow from the great Aristotle "if we are what we do repeatedly, then this excellence at team engagement which we have been doing for over fifty golden years is not a coincidence but an action which is inculcated in our Sagicor DNA.

The company supports continuous engagement activities and as such the team is kept highly motivated through various motivational sessions.

Group Human Resources Highlights and Achievements

2020 was a challenging but tremendous year for Group Human Resources. Operating against the backdrop of the COVID-19 pandemic, the Group HR team quickly pivoted and prioritized on keeping the Team safe while ensuring that productivity and team engagement remained high. This was evidenced through our swift adoption and implementation of technological solutions, as we prioritized connecting with team members through virtual means.

COVID-19 Response

Ahead of the introduction of the first novel coronavirus (COVID-19) case to Jamaica, several measures were implemented to prepare the Sagicor Group Jamaica and our Team Members. These measures included consistent communication regarding the COVID-19 related activities by the Group and ensured the health and safety of our Team.

Strong Change Management Plan

Our actions have been directed and led by our President & CEO, Christopher Zacca, who quickly initiated a steering committee to marshal activities and implement a coordinated approach to manage COVID-19, with our priority being to protect team members. He also hosted several online team meetings, inclusive of the sales teams.

A robust communication plan was developed to include general information on the novel coronavirus (COVID-19), as well as measures for protecting ourselves from the virus through the promotion of handwashing and hygiene protocols. In addition, an email address was created to facilitate Team Members' queries or concerns related to the virus and an information bin was also created on the Intranet Home Page to house COVID-19 related content for easy access by the Team. As the status of COVID-19 evolved in Jamaica, daily/weekly emails were sent to the team outlining several new protocols to be observed including Travel, Social Distancing & Stay at Home Orders.

Strict Adherence to Protocols

Contactless hand sanitizer stations were installed across all locations and care kits with personal protective equipment were distributed to all client-facing areas. New protocols for using the elevators at our locations were also developed to support the mandatory social distancing requirement.

Another improvement to our social distancing efforts included an increase in work from home arrangements, which resulted in 69% of our team temporarily working from home (TWFH) by April 30, 2020. To support this growth, our technical resources were increased and additional protocols were developed to support the relocation of desktop machines to Team Members' homes, where a laptop was unavailable. Further to the lifting of Stay at Home Orders by the Government of Jamaica (GOJ) in June 2020, the Group has maintained a minimum of 30% of our team formally working from home and developed and initiated a Business Resumption Plan (BRP) which guided the safe return to offices.

Ahead of the mandatory requirement by the GOJ regarding the wearing of masks in public spaces, the Company began encouraging this activity and distributed one (1) reusable mask to each team member. Our HR Policy was updated to include sanctions for breaches of the COVID-19 protocols.

Keeping the Team Engaged

As a Group, we have a rich legacy in providing uplifting, inspiring and engaging team events and activities throughout the year for our team. However, in light of this pandemic and the social distancing measures being implemented within our company, we were deliberate in trying to change the negative narratives surrounding the pandemic to boost the mood, morale and productivity of the team, particularly since the majority of the team was on TWFH. In this regard, we hosted several online team engagement activities.

In November 2020, a Pulse Survey was conducted as a means of checking in with the team to identify how best we can continue to support each other during these unprecedented times. This survey replaced the usual LOMA Team Member Opinion Survey. Ninety-two per cent (92%) of the team participated in providing feedback on engagement, leadership, communication, work from home support, and concerns relating to the pandemic. The Team gave positive ratings for Communication & Leadership, ranking them favourably at 83% and 75%, respectively. Feedback from the survey is being used to strengthen our protocols and guide actions in 2021.

Reaching our Community

As a responsible corporate social citizen, SGJ has also provided support in various areas to the COVID-19 response on a national level – the company made a contribution of $20 million towards the purchase of ventilators, which will help to provide critical care for those who may need it; a donation of $5 million was also made to the online educational platform Edufocal, which helped some 30,000 primary school students to access PEP study materials. Several handwash stations were donated to the Kingston and St. Andrew Municipal Corporation for distribution to the various public markets in the municipal to aid with sanitation efforts for the vendors and shoppers in the markets. A commitment of $2.5 million was made to Citizens Response Jamaica which has been doing tremendous work at the local level in the development of life-saving medical equipment. A further $3 million was donated towards the Ready TV educational television programme being implemented in the rural areas of Jamaica. It is our duty to continue to look for ways to lend assistance during this time and we will do so.

The Group also continues to engage with its clients via its digital and social media platforms by providing various tips on how persons can protect themselves and their loved ones from contracting the virus. We will continue to innovate, provide our clients with exceptional products and service and find the opportunities for growth during this global crisis.

Business Resumption

With the forecast that we will have to manage activities around the novel coronavirus (COVID-19) for the foreseeable future, we developed a plan to support the resumption of business and living and flourishing through this pandemic. The Business Resumption Plan includes actions to get us back to work in a manner that propels, “Living and Flourishing through COVID-19” and support the Group through the following mandates.

1. Keep all Team Members safe and well informed
2. Manage & 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.

As such, protocols were developed to guide Workplace Safety, Health & Wellbeing, Communication, New Hire/ Onboarding procedures, Training, Remote Work, and Business Continuity.

This plan successfully steered the Group through 2020 and into 2021 as all our COVID-19 protocols remain in force in support of maintaining and ensuring a safe & healthy environment for the Sagicor team.

For 2021, we will continue to check the Pulse of the Sagicor Team. As vaccinations become available, we are providing information that will assist team members to choose to be vaccinated as we are a strong supporter of the Private Sector Vaccination Initiative (PSVI).

83%
TEAM POSITIVE RATING FOR COMMUNICATION

75%
TEAM POSITIVE RATING FOR LEADERSHIP

$30.5m+
DONATION TOWARDS COVID SUPPORT INITIATIVES

Training Completed in 2020

Online Training.............. 69%
Face to Face Training...... 31%

43,980 hrs

TOTAL NUMBER OF TRAINING HOURS FOR THE YEAR

15,051

TOTAL NUMBER OF PARTICIPANTS TRAINED OVER 56 COURSES FOR THE YEAR

Training Initiatives

Development Programmes:

SagicorLEAD Leadership Development Programme Cohort 2 – 17 participants

Rated -M – Development Programme for male team members

The training courses below were created with COVID-19 in mind for the following reasons:

» **Cash Course: Managing Your Money** – One of the areas that COVID-19 has impacted people is in terms of their financial needs; because of this we found it necessary to equip our team with the tools necessary to traverse these uncertain times as best as possible.

» **Facilitating Value-based Client Conversations in Difficult Times & Financial Management - Investment Essentials** – Given that the face to face method our sales teams used to garner new clients on a regular basis may not be practical in these times, we sought to provide our teams with new methods to gain new clients.

» **Managing & Embracing Change** – The circumstances of 2020 drove us to ensuring that all team members had the tools to work with in light of the plethora of changes that we faced. Therefore, we thought it best to give our team the necessary tips and tricks to be able to handle and embrace all the changes that may come their way.

» **Managing & Embracing Change for People Leaders** – As a precursor to our Building Resilience training scheduled for 2021, we found it necessary to give our leaders the tools to not only handle changes themselves but to be able to lead their team through changes.

» **Mental Health Series** – With the present pandemic and the slew of changes that the team members were experiencing both professionally and personally, we decided to conduct a series of virtual (dubbed "the Virtual Couch") mental health sessions. The aim of the series was to provide our team with as many tools as possible to be able to handle any mental challenges they were facing.

» **Strategies for Effectively Leading Remote Teams** – This was imperative to aid our people leaders in how to deal effectively with their team working fully from home or leading in a hybrid situation.

» **Uninterrupted: The Secrets to Working from Home** – As with the people leaders we also had to train the direct reports on how to prepare, manage and execute on working from home, either with a family or in isolation.

THE IMPACT COVID-19 HAS HAD ON LEARNING AND DEVELOPMENT

The pandemic forced us to resort to innovative and creative ways to continue with the professional growth of our team members. As such we leveraged the following strategies:

- e-Learning instructor led – we utilized the online platforms such as Microsoft Teams, Zoom and WebX for 2- to 3-hour sessions instead of 7 hours face to face
- Online learning – team members were offered free and paid-for courses on online platforms such as Udemy, Allison and EdX
- Gamification and an e-store
- More focused microlearning sessions – more focused nugget learning sessions that lasted from 45 minutes to 1 hour.
- More soft skills training - We've also seen that team members can benefit from more input on valuable soft skills that might help when spending time in social isolation. How can we still stay productive? How can we keep a sense of structure in our days? How can we make sure we maintain a healthy mind in a situation that none of us has any control over?
- Upskill in technology – A very critical strategy as more team members were forced to work and learn online and use technical tools

Employee Engagement

Several team events were slated to take place in 2020 however, due to the COVID-19 pandemic, the planned events were placed on hold. Nevertheless, 2020 allowed the engagement unit to try unconventional, innovative and creative ideas to engage the SGJ team. Most events were geared towards educating and keeping us connected virtually, and maintaining the highest standard of safety. The following is a list of activities that were completed in 2020:

- Blast Off 2020 (Pre-COVID)
- Sigma Run 2020 (Pre-COVID)
- Lunch and Learn Sessions: topics surrounding COVID-19, Pensions, Supplemental Health, Accessing NHT and other mortgage benefits etc.
- Several themed Online Pars (e.g. Gospel/Praise & Worship, Retro)
- Wellness classes
- Team bonding challenges such as (The Don't Rush Challenge, Fast Finger Fridays)
- Motivational online sessions (Pump Up)
- Long Service Awards Ceremony
- S.T.A.R.S Week of activities (Sage Live Morning Talk Show, Church Service, Battle of the Executives, Games Night, Benefit-a-thon Charity Event)

1. 'Rejoice Online' – Members of the Sagicor Praise team perform during an online gospel concert dubbed 'Rejoice Online'.
2. Battle of the Execs: (From left) Karl Williams – Senior Vice President – Group Human Resources & Corporate Services; Audrey Flowers-Clarke, Vice President – Insurance Operations; Mark Chisholm, Executive Vice President – Individual Life Division; Jacqueline Brown-Barnes, Assistant Vice President – Group Insurance Services.
3. Team members, Shamar Tomlinson and Crystal Bernard having fun during an 'Online Par' event.

Team Member Recognition & Social Responsibility

Throughout 2020 we had approximately 730 instances of team members being recognized in our formal recognition programme, which includes Team Member of the Month, Team Member of the Quarter, Temporary Team Member of the Month and Manager of the Quarter. In addition, we also have our 'On the Spot' recognition programme which recognizes team members immediately for outstanding service to our internal or external clients. Over 150 'on the spot' awards were presented across the group.

We further recognized our team members who have displayed heroic and compassionate gestures. Eight of our team members were recognized for their brave and selfless acts. We salute our very own ***Sagicor Heroes...***

Sagicor Life Jamaica - Mandeville Branch

When the COVID-19 pandemic negatively impacted the livelihood of residents in Mandeville, the Sagicor Life - Mandeville Branch was in their corner to provide support and relief. The team delivered food packages, toiletries and distributed masks to vulnerable and needy residents, which were well received.

Sanjae Walker-Newman, Wealth Advisor – Sagicor Investments Jamaica Limited

Led by the burning desire to assist those negatively impacted by the COVID-19 pandemic, Sanjae Walker-Newman rallied his family and friends to provide care packages to families in need. These families were truly grateful and Sanjae recounts the

4. Sagicor LEAD Leadership Development programme, Cohort 2 team members along with Sagicor executives.
5. Sagicor Group Jamaica Chairman Peter Melhado (3rd right at front) pose with team members at the kick off company event – Blast Off in January.

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experience as humbling. The successful execution of this initiative resulted in the creation and delivery of additional packages to more families in need.

Shameika Scarlett, Client Service Representative – Sagicor Bank Jamaica Limited

On the morning of August 20, 2019, Shameika assisted a street sweeper who had fallen and injured himself. Through her vigilant and responsive actions, she was able to assist the elderly man to his feet and administered minor first aid. She then went the extra mile by purchasing items, including water and band aids from a nearby gas station for the street sweeper.

Erica Prendergast, Supervisor Claims Administration and Project Services - Sagicor Life Jamaica Limited

ERICA (Empathetic, Reliable, Inspiring, Caring and Approachable) is the acronym used to describe Erica Prendergast. Guided by the motto: "By the Grace of God, I will be pure, kind and true...I will be a servant of God and a friend to man", Erica has selflessly planned and participated in numerous COVID-19 relief activities. These initiatives are organized through her church and have positively impacted her community in Bull Bay. Activities included: sponsoring an education assistance programme, providing care to an elderly neighbour, as well as arranging prayer meetings and delivering care packages to those in need.

Monique Wilson, Business Development Advisor – Sagicor Investments Limited

Described as a creative individual with a big heart, Monique Wilson uses her talent to help those in need. Monique created masks and then used the proceeds from these sales to purchase food and care packages for the less fortunate within her community. This endeavour, which she also supplements with her own funding, has allowed for the provision of over 40 care packages. She has also gifted frontline team members at the SBJ-Mandeville Branch with masks and plans to reciprocate at other surrounding Sagicor branches.

Her altruism was recently featured in a local blog.

Reneika Thompson, Compliance Officer – ERM & Compliance – Sagicor Group

Guided by the mantra that "management is the opportunity to help people become better", Reneika Thompson has always sought platforms that allow her to help others. Her community involvement at the Heartease United Youth Club and Benevolent Society deepened and expanded her passion for community development. The club hosts several charity events and successful execution can be accredited to Reneika's ability to manage the communication and planning process. Her goodwill and service at the community level have propelled her to serve on football associations at the parish and regional level. Throughout the COVID-19 pandemic, Reneika continues to assist at-risk youth in her community by planning charity events to offset their school expenses.

Shanakay Dyer, Account Maintenance Clerk – Sagicor Bank Jamaica Limited

Driven by her passion for youth development, Shanakay Dyer founded the iBloom Foundation which focuses on the provision of mentorship and educational assistance to youth. Serving as the Foundation's President, iBloom has assisted 48 students across seven (7) parishes by supplying them with well-needed data packages to facilitate online learning. Additionally, through its back-to-school drive, the foundation has assisted over 100 students with stationery supplies, masks, sanitizers, lunch kits and school bags, uniforms and shoes.

Roger McKenzie, Assistant Vice President – Sagicor Investments Jamaica Limited

From the trading desk to the community centres of the most vulnerable teenagers, Roger has assisted over 100 youths through varying initiatives. These include sponsoring and assisting community outreach programmes, mentoring, coaching, developing and feeding the nation's young minds. Roger's core belief is that our youth need to be nurtured through social and educational activities. This will steer them towards a brighter future filled with opportunities.

Appointments

Executive Vice President and Chief Financial Officer Ivan Carter proceeded on early retirement effective April 17, 2020, and was replaced by Andre Ho-Lung who joined the Sagicor Group on April 20, 2020, assuming this new role.

Andre holds an M.Sc. and a B.Sc. in Accounting from the University of the West Indies and is a Fellow of the Association of Chartered Certified Accountants. His expertise lies in leading through complex organizational change.

Sean Newman was another appointment to the level of the top two executives at the Company. Sean joined the Sagicor Group on November 1, 2020 in the capacity of Executive Vice President & Chief Investments Officer – Sagicor Investments Jamaica Limited, replacing Kevin Donaldson, who separated from the company on July 31, 2020.

Sean has over 20 years of experience in international asset management and earned his B.Sc. in Management & Accounting from the University of the West Indies and his M.B.A. from Howard University.

The following management promotions also occurred throughout 2020 which resulted in changes or additions to succession positions for critical roles:

Team Member	New Role
Tara Nunes	**Promoted to: General Manager** – Sagicor Investments Jamaica Limited Current Role: CEO – Sagicor Investments Jamaica Limited effective January 1, 2021
Lorie-Ann Turner	**Assistant Vice President** – Treasury & Asset Management Operations
Aldane Milton	**Assistant Vice President** – Application Services
Dale Greaves-Smith	**Senior Branch Manager** – Mandeville
Michelle-Ann Letman	**Manager** – Public Relations & Corporate Social Responsibility
Danielle Smith	**Manager** – Human Resources Strategy & Compensation
Steve Warren	**Manager** – Infrastructure & Technical Services
Novalee Bennett	**Manager** – Group Internal Audit
Winsome Davis	**Manager** – Infrastructure & Technical Services
Ramon Ashley	**Manager** – Application Support & Development
Kaydian Walters	**Manager** – Accounting (Investments & Pension Funds)
Herbert Whyte	**Manager** – Corporate Actuarial
Hazel Nangle	**Manager** – Payroll Services
Martin Spooner	**Manager** – Management Accounting & Regulatory Financial Systems Administration
Sharon Walker	**Manager** – Payables
Dejanee Martin	**Manager** – Group Project Management
Andre Vassell	**Issuing Programme Manager**
Enroy Prawl	**Manager** – Credit Risk
Jennifer Wignal	**Manager** – Centralized Business Support
Michael Sutherland	**Team Lead** – SME Business Banking
Dianne Bolton	**Manager** – Credit Risk
Kori Solomon	**Manager** – Innovation, Assurance & Projects
Tanya Sloley	**Manager** – Acquiring Programmes
Marchelle Williams	**Manager** – E-Commerce & Commercial Products
Anthony Howard	**Manager** – Investment Client Services
Kimberley Thwaites	**Regional Manager** – Investment Client Services (North)
Deviene Brown	**Manager** – Provider Auditing & Wellness Services
Loeri Ann Robinson	**Unit Manager** – Holborn
Aliecia Morgan Rhooms	**Unit Manager** – HWT
Paul Nelson	**Unit Manager** – Sagicor Life of the Cayman Islands
Darla Brown	**Unit Manager** – New Kingston
Dane Forrest	**Unit Manager** – Liguanea
Samantha Johnson	**Unit Manager** – Mandeville
Ronald McLeod	**Unit Manager** – Senators

Talent Acquisition

Though there was a reduction in hiring in 2020, strategic roles and vacancies that were to be effected and promotional activity continued as we ensured that the team still realises that Sagicor can meet their career aspirations. The 2020 Talent Acquisition highlights include:

Recruiting Statistics

Filled Permanent Positions

Filled Positions per Nature of Hire

168 PERMANENT POSITIONS FILLED INTERNALLY

59 PERMANENT POSITIONS FILLED EXTERNALLY

75 PROMOTIONS

83 APPOINTMENTS TO STAFF

'Beyond all limits.'
Creating a working environment which enables our team members to thrive and ethically pursue performance excellence through collaboration and innovation.

Youth Development

We are pleased to report that we successfully facilitated the following via our youth engagement initiatives:

- We currently have 14 of our 25 2019 interns that transitioned into other roles across the group.
- 16 entry-level positions were filled through our HEART Trainee programme.
- Due to COVID-19 workplace changes, the summer programme was administered in a different format this year. The TAU facilitated 42 participants via a Virtual "Enhancing your Professional Image: Sagicor Summer Mentorship Session on Wednesday, August 5, 2020.

Looking Ahead to 2021

2020 was a challenging but tremendous year for Group Human Resources. Faced with the harsh realities of COVID-19, we quickly pivoted and prioritized on keeping the Team safe while ensuring that productivity and team engagement remained high.

As we look ahead to 2021, we remain agile and anti-fragile, in tune with the changing business landscape, and HR's evolving role in this new space. Our strategic plans in support of the business' objectives for 2021 include:

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

Group Human Resources' focus remains aligned with ensuring that we create a working environment which enables our team members to thrive and ethically pursue performance excellence through collaboration and innovation, as we take the team member experience in 2021, 'Beyond all limits'.

KIRK SHAW

SAGICOR GROUP JAMAICA
TEAM MEMBER OF THE YEAR 2020

Kirk Shaw's journey at Sagicor started over 20 years ago when he came to what was then Life of Jamaica as a HEART trainee. Kirk quickly established an excellent track record, engaging in several projects and honing his skills and competencies which eventually allowed him to successfully accomplish numerous endeavours for the Group. Kirk was named the Team Member of the Year for 2020 at the recently held Galactic Gold 50th anniversary Sagicor Group Jamaica Corporate Awards. The award is one of the coveted prestigious awards for administrative team members of the Group.

A Jamaica College 'old boy', Kirk's drive, fervour, determination and admirable performance, together with his demonstrated ability in the areas of organisation, time management and commitment to excellence have contributed to his ascendancy from an entry level worker to his current role as an Assistant Manager, Group Facilities and Records Management. His team members speak glowingly of him not only as a role model but also because he demonstrates quality service delivery and strong leadership skills.

Kirk's 2020 performance demonstrated his professionalism, dedication to service, tenacity of purpose and allegiance to his Department, Division and the Company goals. His extraordinary investment of time in achieving results, coupled with the will to win and serve, are attributes which have aided his accomplishments immeasurably.

In 2020, the world as we knew it changed drastically with the onset of the novel coronavirus – COVID-19, and with it came great uncertainties, chaos and upheavals, however, Kirk was not daunted and showed more than ever his resilience, ingenuity and undisputed commitment to the Company. ***During the pandemic, he planned, organised, delivered and connected over one hundred (100) desktop computers, including monitors, keyboards and chairs, in one day to team members' homes islandwide.*** His efforts contributed significantly to a smooth flow in the Company's operations as there was minimal disruption in the delivery of service to our clients.

Despite Kirk's numerous responsibilities at Sagicor, he is actively involved in civic and community service duties. During the year, he participated in several events and outreach programmes to include the Sagicor Sigma Corporate Run, Career Week and S.T.A.R.S. Week. His involvement also encompassed leadership of the Group's Basketball Team, Captain of the Inter-Department Football Team and externally, an affiliate of the Harbour View Community Basketball Team. Kirk also continued to provide mentorship to the teams even during the COVID-19 period.

Kirk's ability to manage his core functions at work, even as he goes above and beyond the call of duty, in addition to engaging in numerous external activities is testament to his remarkable discipline and organizational skills. He also boasts an excellent attendance, punctuality and performance record. Also, to his credit, is the fact the he displayed keen interest in mentoring and training activities and continues to guide the career paths of his peers, numerous mentees and other team members who have sought his assistance. Never overwhelmed by challenges or the dynamics of change within the organisation, Kirk is a true professional and role model who demonstrates the qualities that best epitomize the Sagicor Spirit.

CELEBRATING
50 YEARS
OF SMILES
#SagicorSTRONG

Sagicor

50TH ANNIVERSARY
1970 - 2020

At Sagicor, "Going Green" Matters

Sagicor Group Jamaica has long been a responsive and responsible corporate citizen, and as such the Group continues to be environmentally conscious and continues to play its part in implementing "Go Green" initiatives to help to protect the environment.

In 2020, at the annual charity road race event, the Sagicor Sigma Corporate Run, the company was successful in recycling over 600 pounds of plastic bottles, which were collected from the race route as well as inside the Sigma Run 'village' at Emancipation Park. This equalled to a total of 13,416 bottles being collected, which was made possible through partnership with Recycling Partners of Jamaica Limited, supported by the Sagicor Foundation's Go Green Project team.

In keeping with its health and wellness thrust, the company continues to encourage its team members to conserve energy and utilise refillable water bottles throughout the day instead of plastic cups. The 'Think Before You Print' initiative also forms part of the company's efforts to minimise paper waste by promoting the reuse of paper whenever possible, including for printing internally, if necessary. The company's intranet, an information hub accessible by all team members, also provides additional updates courtesy of the Group's Human Resources team and is a source of information that minimises or eliminates the need for printing.

In addition to its internal measures, Sagicor Jamaica also encouraged its clients across all subsidiaries to conduct 'paperless' transactions through the various electronic channels made available to them. Transacting business online is not just more convenient for its clients, but it also eliminates many of the processes that are required for an in-person transaction. Client Web, My Voluntary, My Sagicor, and e-Life are online/paperless platforms that clients can use to conveniently conduct their various life, health and pension related business. Email banking via the bank's Transact services, the use of the bank's ABM network, as well as the e-banking platform all combined to help banking clients reduce the company's carbon footprint in order to preserve the environment.

The company's environmentally friendly initiatives also included energy efficiency and optimisation, which led to offices being outfitted with light-emitting-diode (LED) bulbs – a highly effective, energy-efficient lighting option. These lights are durable and long-lasting, resulting in lower waste production, up to 75% less energy usage than incandescent lights, and an 80-90% reduction in heat emissions. The overall outcome is a reduction in fossil-fuel consumption that lessens the negative impact on natural resources. In non-essential spaces across Sagicor buildings, automatic shut-off of air conditioners were scheduled and the motion sensor lights were utilised in offices across the Group. These measures helped to lower electricity usage, reduce fuel consumption and greenhouse gas emissions, and decrease light pollution. The company also installed touchless automatic faucet motion sensor taps in office bathrooms, thereby significantly reducing water wastage.

Sagicor Group Jamaica remains committed to protecting the environment and will continue to play its part in reducing its carbon footprint by minimising waste and improving energy efficiency, ultimately driving innovation and contributing to a safer, cleaner and healthier planet. Reducing the environmental impact of the company will improve its sustainability, as it will ultimately drive performance and modernisation.

13,416 bottles

Collected During Sigma Run

Through partnership with Recycling Partners of Jamaica Limited, supported by the Sagicor Foundation's Go Green Project.

"Think Before You Print"

Minimise Paper Waste

Promotes the reuse of paper and conducts 'paperless' transactions through the various electronic channels made.

Energy Efficiency

Offices Outfitted with LED Bulbs

Energy-efficient lighting option which uses up to 75% less energy than incandescent lights.

Subsidiaries

SAGICOR LIFE JAMAICA LIMITED
Head Office
R. Danny Williams Building
28 – 48 Barbados Avenue
Kingston 5, Jamaica W.I
Tel: (876) 929-8920-9
Fax: (876) 929-4730
Christopher Zacca
President & CEO

SAGICOR BANK JAMAICA LIMITED
Head Office
17 Dominica Drive
Kingston 5, Jamaica W.I.
Tel: (876) 960-2340
Chorvelle Johnson Cunningham
CEO

EMPLOYEE BENEFITS ADMINISTRATOR LIMITED
R. Danny Williams Building
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Kingston 5, Jamaica W.I.
Tel: (876) 929-8920-9
Latoya Mayhew-Kerr
General Manager

SAGICOR INVESTMENTS JAMAICA LIMITED
Head Office
85 Hope Road
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Tel: (876) 929-5583
Tara Nunes
CEO

SAGICOR INSURANCE BROKERS LIMITED
R. Danny Williams Building
28 – 48 Barbados Avenue
Kingston 5, Jamaica W.I.
Tel: (876) 929-8920-9
Fax: (876) 929-4730
Dave Hill
General Manager

SAGICOR LIFE OF THE CAYMAN ISLANDS LTD.
1st Floor Sagicor House
198 North Church Street,
George Town
Grand Cayman KY1-1102
Cayman Islands
Tel: (345) 949-8211
Fax: (345) 949-8262
Mark Chisholm
President & CEO

SAGICOR COSTA RICA, SCR, S.A.
102 Avenida Escazu,
Torre, 2 Suite, 405
Escuzu, San Jose,
Costa Rica
Fernando Viquez
Deputy Manager

SAGICOR REAL ESTATE X FUND LIMITED
20 Micoud Street
Castries, St. Lucia
Brenda-Lee Martin
CEO

SAGICOR POOLED INVESTMENT FUNDS LIMITED
R. Danny Williams Building
28 – 48 Barbados Avenue,
Kingston 5, Jamaica W.I.
Tel: (876) 929-8920-9
Fax: (876) 929-4730

SAGICOR RE-INSURANCE LIMITED
198 North Church Street,
George Town
Grand Cayman KY1-1102
Cayman Islands
Tel: (345) 949-8211
Fax: (345) 949-8262

SAGICOR PROPERTY SERVICES LIMITED
63-67 Knutsford Boulevard
Kingston 5, Jamaica W.I
Tel: (876) 929-9182-9

SAGICOR INSURANCE MANAGERS LIMITED
198 North Church Street
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Grand Cayman KY1-1102
Cayman Islands
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Fax: (345) 949-8262

SAGICOR FOUNDATION JAMAICA
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Tel: (876) 929-8920-9
Alysia White
Executive Director

SAGICOR INTERNATIONAL ADMINISTRATORS LIMITED
R. Danny Williams Building
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Kingston 5, Jamaica W.I.
Tel: (876) 929-8920-9

SAGICOR PROPERTY DEVELOPERS LIMITED
28 – 48 Barbados Avenue
Kingston 5, Jamaica W.I.
Tel: (876) 929-8920-9

SAGICOR SECURITIES LIMITED
(in voluntary liquidation)
17 Dominica Drive
Kingston 5, Jamaica W.I.
Tel: (876) 929-8920-9

TC (2017) LIMITED
28-48 Barbados Avenue
Kingston 5

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

Jacqueline Coke-Lloyd

Paul A.B. Facey

Stephen B. Facey

Dr. Marjorie Fyffe Campbell

Paul Hanworth

Timothy Hodgson

Mahmood Khimji

Lisa Lake

Stephen McNamara

Dr. Dodridge Miller

Gilbert Palter

SENIOR LEADERSHIP TEAM:

Christopher Zacca
President & Chief Executive Officer

Catherine Allen
Senior Vice President &
Corporate Actuary
Sagicor Group Jamaica

Willard Brown
Executive Vice President,
Employee Benefits Division

Mark Chisholm
Executive Vice President,
Individual Insurance Division

Janice A.M. Grant Taffe
Senior Vice President,
General Counsel & Corporate
Secretary, Group Legal,
Trust & Corporate Secretarial

Andre Ho Lung
Executive Vice President, Finance
Group Chief Financial Officer

Chorvelle Johnson Cunningham
CEO
Sagicor Bank Jamaica Limited

Sean Newman
Executive Vice President,
Chief Investment Officer

Tara Nunes
CEO
Sagicor Investments Jamaica Limited

Donnette Scarlett
Senior Vice President
Treasury & Asset Management

Mark Thompson
Chief Executive Officer
Advantage General Insurance Company

Karl Williams
Senior Vice President,
Group Human Resources and
Corporate Services

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:

Patterson Mair Hamilton
Temple Court,
85 Hope Road
Kingston 6
St. Andrew

Nunes, Scholefield, Deleon & Company
6A Holborn Road
Kingston 10
St. Andrew

Myers, Fletcher & Gordon
21 East Street
Kingston
St. Andrew

DunnCox
48 Duke Street
Kingston

Registered Office:
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Toll Free : 888-SAGICOR
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Cable Code : 'LOJAM'
Website : www.sagicor.com/en-jm.com

FOREIGN OPERATIONS

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Cayman Islands
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Fax: (345) 949-8262

TURKS & CAICOS ISLANDS
Turks & Caicos
First Insurance Limited
T & C First Building
Downtown
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Providenciales
Turks & Caicos Islands

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Sagicor Costa Rica
102 Avenida Escazu,
Torre, 2 Suite, 405
Escuzu, San Jose,
Costa Rica

Vice Presidents

EMPLOYEE BENEFITS

Nicola Leo-Rhynie
Vice President
EBD Marketing

EMPLOYEE BENEFITS ADMINISTRATOR

Latoya Mayhew-Kerr
General Manager
Employee Benefits Administrators Ltd.

INDIVIDUAL INSURANCE

Audrey Flowers-Clarke
Vice President
Insurance Operations

SAGICOR BANK JAMAICA LTD.

Michael Willacy
Vice President
Corporate, SME & Retail Banking

Jeffrey Chevannes
Vice President
Credit Risk & Centralized Collateral & Securities

Sabrina Cooper
Vice President
Card & Payments

SHARED SERVICES

Mark Clarke
Vice President
Group Infrastructure & Technical Services

Jacqueline Donaldson
Vice President
Corporate Services

Andrew Burke
Vice President
Innovation, Assurance & Projects

Nadani Chung
Vice President
Finance

Coretta Foster
Vice President
Group Human Resources

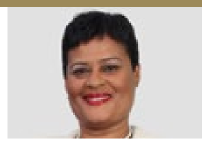
Merrick Plummer
Vice President
Group Analytics & Revenue Solutions

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

Assistant Vice Presidents

SAGICOR INVESTMENTS JAMAICA LTD.

Mischa McLeod-Hines
Assistant Vice President
Capital Markets



Karen Richards
Assistant Vice President
Investment Client Services

Bianca Nam
Assistant Vice President
Wealth Management

Roger McKenzie
Assistant Vice President
Treasury & Trading

SAGICOR BANK JAMAICA LTD.

Annette Osborne
Assistant Vice President
Operations

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

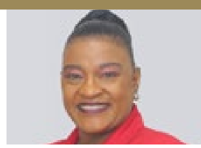
Kevin Chin-Sue
Assistant Vice President
Cards & Payments

Clinton Hunter
Assistant Vice President
Retail Banking

Omar Brown
Assistant Vice President
Treasury

EMPLOYEE BENEFITS DIVISION LTD.

Megan Irvine
Assistant Vice President
Pensions & Annuities



Jacqueline Brown-Barnes
Assistant Vice President
Group Insurance Services

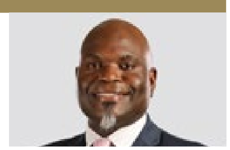
Neil Kellyman
Assistant Vice President
Pension Investments

EMPLOYEE BENEFITS ADMINISTRATOR LTD.

Corrinne Bellamy
Assistant Vice President
EBA Actuarial Services

INDIVIDUAL INSURANCE DIVISION

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



Philbert Perry
Assistant Vice President
Sales & Distribution

SHARED SERVICES

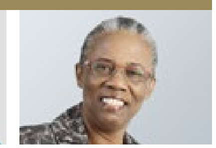
Alysia Moulton White
Assistant Vice President & Head of Group Marketing

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

Pavel Byles
Assistant Vice President
Application Support & Development

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-Powell
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 & North)

Stephanie Vassell
Regional Manager
Investment Client Services (West)

Financial Statements

YEAR ENDED 31 DECEMBER 2020

Index to the Financial Statements

31 December 2020

Sagicor Group

888 SAGICOR (724-4267)

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 2020, 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

26 FEBRUARY 2021

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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 2020, 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 2020;
- The Consolidated income statement for the year ended 31 December 2020;
- The Consolidated statement of comprehensive income for the year ended 31 December 2020;
- The Consolidated statement of changes in equity for the year ended 31 December 2020;
- The Consolidated statement of cash flows for the year ended 31 December 2020;
- The Company statement of financial position as at 31 December 2020;
- The Company statement of comprehensive income for the year ended 31 December 2020;
- The Company statement of changes in equity for the year ended 31 December 2020;
- The Company statement of cash flows for the year ended 31 December 2020; and
- The notes to the financial statements, which include a summary of 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.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
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

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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 industry in which the Group operates.

The context of our audit is set by the Group's major occurrences and business activities for 2020. One of the most significant events in 2020 was the impact of the Novel Coronavirus (COVID 19) on the results of the Group's operations and on the valuation and determination of the recoverable amounts of some of the Group's assets. The areas most impacted by COVID 19 include revaluation gains/losses on investments recognised in profit or loss and other comprehensive income (OCI), goodwill impairment, impairment of the Group's investment in associated company and expected credit losses (ECLs) recognised on the investment and the loan portfolios. There are no new Key Audit Matters (KAMs) this year.

We determined the scope of our audit by considering the internal organisation of the Group and identifying the components of the audit that have the most significant impact on the consolidated financial statements. The Group comprised 21 reporting components of which we selected 11, which represent the principal business units within the Group and are located in Jamaica, Cayman Islands and Costa Rica. Full scope audits were performed for 8 components, while audits of one or more financial statements line items were performed for 3 components. The audit work performed covered 99% of the Group's total assets and 98% of total revenue. For one reporting component located in Jamaica, and one in Costa Rica, we used component auditors from a non-PwC firm, familiar with the local laws and regulations to perform this audit work.

The Group's businesses are organised into four primary business segments being Individual Lines, Employee Benefits, Commercial Banking, Investment Banking and a collective business segment, Other. Geographically, the segments are Jamaica, Cayman Islands, United States of America and Other.

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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. We have determined that there are no key audit matters, as it pertains to the stand-alone financial statements, in our report.

Key audit matter	How our audit addressed the key audit matter
Actuarial methodologies and assumptions used in the valuation of 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, judgements, estimates and balances.* As at 31 December 2020, total reserves for life insurance and annuity contracts account for $90.8 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. The key inputs used to estimate these long-term liabilities included: • Economic assumptions such as investment return and associated discount rates; and • Operating assumptions such as mortality, lapses and persistency (including consideration of policyholder behaviour) and operating expenses. Management uses qualified internal actuaries to assist in determining these assumptions and in valuing the actuarial liabilities. In determining the actuarial liabilities, management's experts did not make an explicit assumption for deaths related to COVID 19 as the pandemic was deemed to be a shock event.	Our approach to addressing the matter 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 rates, and operating expenses, all of which are based on entity experience or published industry studies. • Evaluated, with the assistance of our own actuarial expert, 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. 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 incurred but not reported (IBNR) claims for property & casualty contracts (Group) *See notes 2 (q), 3 (b)(i) and 34 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at 31 December 2020, total incurred but not reported reserves account for $1.8 billion or 0.5% 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. Management uses qualified external actuaries to assist in determining the valuation of IBNR claims. We focused on this area because there are a number of explicit and implicit assumptions relating to the expected settlement amount and settlement patterns of claims underlying these methods and the values determined are subject to complex calculations.	Our approach to addressing the matter involved the following procedures, amongst others: • Tested the completeness, accuracy and reliability of the underlying data utilized by management, and their external actuarial experts to support the actuarial valuation. • Performed, with the assistance of our own valuation experts, a methods and assumptions analysis of the actuarial valuation performed 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, 10 and 48 (d) to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at 31 December 2020, loans and advances, net of provision for credit losses, totaled $87.8 billion on the Group's consolidated statement of financial position. The Group's debt securities measured at amortised cost and fair value through other comprehensive income (FVTOCI) totaled $259.0 billion. Overall, the above exposures represent 71% of total assets in aggregate. The impairment recorded under the IFRS 9 ECL model amounted to $1.0 billion and $600 million for loans and advances and $616 million 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 advances and debt securities. For loans and advances, 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.	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 processes and 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, judgments and forward-looking assumptions, prior to them being incorporated within the ECL model. • Evaluated, with the assistance of our specialists, for both loans and advances 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. 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 negative impact of COVID 19. Loans and advances: • 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. • Reperformed, on a sample basis, the staging of loans with reference to days past due and agreed this to the ECL model. • 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.

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Key audit matter	How our audit addressed the key audit matter
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 analysis 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. The unprecedented economic impact of COVID 19 resulted in a significant increase in credit risk (SICR) for a number of borrowers (both loans and advances and debt securities) who migrated from Stage 1 to Stage 2 based on an assessment of the industry in which the borrower operates and other relevant factors. In the event of a 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). Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macro-economic conditions. Additional adjustments to the base, best case and worst case scenario weightings were required as a result of the COVID 19 pandemic. We focused on this area, because of the complexity of the techniques used to determine PDs, the number of significant judgements made by management regarding possible future economic scenarios and the impact of COVID 19 on credit risk.	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 advances 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. • Inspected the financial statements of a sample of borrowers to determine whether there was any significant downturn in financial performance before and during the pandemic. This aided in assessing management's staging for borrowers, particularly for those who requested forbearance as a result of COVID 19. 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.

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Key audit matter	How our audit addressed the key audit matter

Goodwill impairment (Group)
See notes 2 (m)(i), 3 (b)(v) and 17 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.
 	
The total carrying value of goodwill is $3.6 billion or 0.7% of total assets as at 31 December 2020. The Group recorded a goodwill impairment charge of $1.2 billion in arriving at net profit for the year ended 31 December 2020.
 	
Management performed goodwill impairment assessments using the Fair Value Less Costs to Sell approach (FVLCS) to derive the recoverable amount for 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 the assessments, management were assisted by valuation experts where required.
 	
We focused on this area as the determination of the carrying value of 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).
 	
The judgement involved in determining the impact of COVID 19 on the key assumptions also caused us to focus on this area.
	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 businesses 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 multiples, earnings growth rates and discount rates as follows. We were assisted by our valuations 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.

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Key audit matter	How our audit addressed the key audit matter
Impairment assessment for the Group's shareholding in associated company (Group) *See notes 2 (b) and 15 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* During the financial year, Playa Hotels & Resorts, an associated company of the Group, incurred losses as a result of travel restrictions and property closures, due mainly to the effects of COVID 19. Additionally, at various points during the financial year, the market capitalisation for the Group's shareholdings was below its carrying value, as determined using equity accounting. These were considered to be indicators of potential impairment, which required further consideration by management, as to whether a formal impairment assessment was required. The Group's investment in associated company is carried at $15.8 billion in the statement of financial position at the reporting date. Management concluded that an impairment assessment was required and performed a VIU calculation to determine a value for the recoverable amount, as required by IAS 36, "Impairment of non-financial assets". Based on the assessment, impairment charges of $4.5 billion were recognised in net profit. We focused on this due to its subjectivity and the sensitivity to changes in inputs, as the performance of VIU calculations involves the use of a number of estimates including earnings before interest, taxes, depreciation and amortisation (EBITDA), discount rates and terminal growth rates. The judgement involved in determining the impact of COVID 19 on the key assumptions also caused us to focus on this area.	Our approach to addressing the matter involved the following procedures, amongst others. In all our procedures, the impact of COVID 19 was a key consideration. • Examined management's assessment of the forecast performance of its investment and compared underlying financial data used in the assessment to audited financial statements and evaluated key assumptions such as occupancy levels against industry forecast data. Performed inquiries with key management of the Group and of the associated company regarding its forecast earnings, occupancy levels, leverage and cost of capital. We were assisted by our expert in executing these procedures. • Evaluated management's VIU calculation with the assistance of our valuation expert. This included evaluating management's assumptions in relation to future EBITDA, discount rates and terminal growth rates by forming our own independent expectation, referencing historical entity performance information as well as economic and statistical data. Based on the work performed, management's assumptions and recorded impairment charge were, in our view, not unreasonable.

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Other information

Management is responsible for the other information. The other information comprises the Sagicor Group Jamaica Limited Annual Report (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
Kingston, Jamaica
12 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
ASSETS			
Cash resources	6	21,852,129	13,966,477
Cash reserve at Central Bank	7	10,511,693	11,139,755
Financial investments	8	213,722,216	188,707,833
Derivative financial instruments	9	-	35,005
Loans and leases, after allowance for credit losses	10	87,843,528	84,996,376
Pledged assets	11	87,142,938	80,167,044
Investment properties	12	1,389,305	3,355,590
Investment in joint venture	13	683,234	436,493
Investment in associated company	15	15,844,876	24,509,615
Intangible assets	17	6,657,681	8,275,993
Property, plant and equipment	18	18,400,856	20,133,831
Right-of-use assets	44	2,488,231	2,910,614
Reinsurance contracts	34	3,400,819	2,052,051
Retirement benefit assets	19	1,187,248	863,638
Deferred income taxes	20	1,005,526	848,631
Taxation recoverable	21	2,438,233	2,264,183
Other assets	22	16,126,060	15,335,895
TOTAL ASSETS		**490,694,573**	**459,999,024**

The accompanying notes on pages 129 – 227 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Stockholders Equity Attributable to:			
Stockholders' of the Company			
Share capital	24	8,991,044	8,848,274
Other equity reserves	25	11,207,518	6,886,530
Capital redemption reserve		3,121,572	3,121,572
Special investment reserve		496,446	463,413
Loan loss reserve		(1,347,635)	(850,784)
Retained earnings reserve		4,565,904	3,949,667
Retained earnings		79,349,157	68,832,882
		106,384,006	91,251,554
Non-Controlling Interests	56	20,462,993	29,672,714
Total Equity		**126,846,999**	**120,924,268**
Liabilities			
Deposit and security liabilities	29	207,358,482	180,170,778
Derivative financial instruments	9	-	35,005
Loans payable	30	10,689,746	14,375,012
Deferred income taxes	20	2,493,349	1,605,692
Taxation payable		1,687,589	135,054
Retirement benefit obligations	19	3,706,366	3,344,834
Lease liabilities	44	2,780,860	3,081,573
Other liabilities	31	15,434,188	19,335,837
Policyholders' Funds			
Life and health insurance contracts liabilities	32	90,777,722	91,441,962
Investment contracts liabilities	33	17,430,421	14,531,020
Property and casualty insurance contracts and other policy liabilities	34	11,488,851	11,017,989
		119,696,994	116,990,971
Total Liabilities		**363,847,574**	**339,074,756**
TOTAL EQUITY AND LIABILITIES		**490,694,573**	**459,999,024**

Approved for issue by the Board of Directors on 10 March 2021 and signed on its behalf by:

Peter Melhado **Chairman**

Christopher Zacca **Director**

The accompanying notes on pages 129 – 227 form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Revenue:			
Gross premium revenue	36	54,831,777	48,375,350
Insurance premium ceded to reinsurers	36	(4,452,618)	(1,861,255)
Net premium revenue	36	50,379,159	46,514,095
Interest income earned from financial assets measured at amortised cost and FVTOCI	37	22,749,903	21,293,405
Net gain on de-recognition of financial assets measured at amortised cost	37	1,172,382	1,765,187
Net gain on de-recognition of financial assets measured at FVTOCI	37	3,076,669	2,830,155
Income earned and capital gains from assets measured at FVTPL and other investment income	37	(2,022,302)	6,928,815
Investment income	37	24,976,652	32,817,562
Interest expense	37	(5,027,695)	(5,105,745)
Credit impairment losses	37/48(d)	(1,694,349)	(799,179)
Net Investment Income	37	18,254,608	26,912,638
Hotel revenue	38	2,427,344	5,274,284
Fees and other income	39	13,511,711	13,898,953
Total revenue, net of reinsurance, interest expense and credit losses		**84,572,822**	**92,599,970**
Benefits:			
Insurance benefits incurred		34,068,218	29,581,922
Insurance benefits reinsured		(1,323,112)	(474,382)
Net insurance benefits	40	32,745,106	29,107,540
Net movement in actuarial liabilities	32(b)	(4,058,410)	8,947,285
Expenses:			
Administration expenses	41	21,794,562	20,158,377
Commissions and sales expenses	42	6,922,150	6,093,805
Hotel expenses	38	2,086,482	4,139,370
Depreciation and amortisation	17/18	2,870,006	2,708,419
Other taxes and levies	43(a)	746,827	643,539
		34,420,027	33,743,510
		63,106,723	**71,798,335**
Share of profit from joint venture	13	310,860	14,624
Impairment charge on Goodwill	17	(1,231,913)	-
Loss on dilution of interest in associate	15	(391,296)	-
Impairment loss in associate	15	(4,508,146)	-
Share of loss from associate	15	(5,467,297)	(98,662)
Profit before Taxation		**10,178,307**	**20,717,597**
Taxation	43(b)	(5,693,527)	(5,253,971)
NET PROFIT		4,484,780	**15,463,626**
Attributable to:			
Stockholders of the parent company		13,780,163	15,650,304
Non-controlling interests	56	(9,295,383)	(186,678)
		4,484,780	**15,463,626**
Earnings per stock unit for profit attributable to the stockholders of the parent company during the year:			
Basic and fully diluted	45	3.53	4.01

The accompanying notes on pages 129 – 227 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Net profit for the year		**4,484,780**	**15,463,626**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Fair value reserve:			
Unrealised gains on securities designated as FVTOCI		6,367,726	8,758,394
Share of joint venture and associate unrealised (losses)/gains on securities designated as FVTOCI		(15,626)	28,537
		6,352,100	8,786,931
Currency translation -			
Currency translation of foreign subsidiaries		1,789,222	672,636
Currency translation of associate and joint venture		2,141,735	1,075,613
Retranslation of foreign operations recycled on dilution of associate		(74,043)	-
		3,856,914	1,748,249
Gains recycled to the income statement on sale and maturity of FVTOCI securities		(2,881,119)	(897,904)
Provision for expected credit losses on securities designated as FVTOCI		451,314	742,264
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities		(39,103)	(1,523,248)
Change in actuarial liabilities recognised in other comprehensive income	32 (b)	(742,148)	(1,495,784)
Share of fair value losses on interest rate swap recycled on dilution of associate company	15	24,237	-
Share of fair value losses on interest rate swap of associate		(140,616)	(410,058)
		(3,327,435)	(3,584,730)
Items that will not be subsequently reclassified to profit or loss			
Owner Occupied Property (OOP)			
Unrealised (losses)/ gains on OOP		(1,758,219)	558,307
Share of unrealised losses on OOP of associate and joint venture		(245,447)	(742,763)
		(2,003,666)	(184,456)
Unrealised (losses)/gains on FVTOCI equities		(21,144)	2,241
Re-measurements of retirement benefits obligations	19	73,122	571,628
Re-measurements of retirement benefits obligations of associate		(2,799)	(16,676)
Total other comprehensive income recognised directly in stockholders' equity, net of taxes		4,927,092	7,323,187
Total Comprehensive Income		**9,411,872**	**22,786,813**
Attributable to:			
Stockholders of the parent company		18,354,711	22,737,047
Non-controlling interests		(8,942,839)	49,766
		9,411,872	**22,786,813**

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 129 – 227 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

(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
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		-	26,015	-	-	-	-	-	26,015	-	26,015
- options exercised/expired		-	(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 -											
From 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 129 – 227 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

(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, 2019		8,863,302	291,989	1,706,872	434,488	(878,881)	2,732,305	61,189,933	74,340,008	27,354,811	101,694,819
Total comprehensive income for the year		-	6,603,946					16,133,101	22,737,047	49,766	22,786,813
Transactions with owners -											
Employee stock option plan											
- value of services provided		-	30,986	-	-	-	-	-	30,986	-	30,986
- options exercised/expired		-	(24,876)	-	-	-	-	-	(24,876)	-	(24,876)
Dividends	27	-	-	-	-	-	-	(5,624,115)	(5,624,115)	-	(5,624,115)
Treasury shares	26	(15,028)	-	-	-	-	-	(192,468)	(207,496)	-	(207,496)
Acquisition of Advantage General Insurance		-	-	-	-	-	-	-	-	2,071,415	2,071,415
Acquisition of Bailey Williams Limited		-	-	-	-	-	-	-	-	196,722	196,722
Total transactions with owners		(15,028)	6,110	-	-	-	-	(5,816,583)	(5,825,501)	2,268,137	(3,557,364)
Transfers between reserves -											
To special investment reserve	2(o)	-	-	-	28,925	-	-	(28,925)	-	-	-
To retained earnings	2(o)	-	(15,515)	-	-	-	-	15,515	-	-	-
To capital redemption reserves		-	-	1,414,700	-	-	-	(1,414,700)	-	-	-
To loan loss reserves		-	-	-	-	28,097	-	(28,097)	-	-	-
To retained earnings reserves		-	-	-	-	-	1,217,362	(1,217,362)	-	-	-
Total transfers between reserves		-	(15,515)	1,414,700	28,925	28,097	1,217,362	(2,673,569)	-	-	-
Balance at December 31, 2019		**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**

The accompanying notes on pages 129 – 227 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Net profit		4,484,780	15,463,626
Adjustments for:			
Items not affecting cash and changes to policyholders' funds:			
Adjustments to reconcile net profit to net cash provided by operating activities	46	(12,941,826)	(35,741,351)
Interest and dividends received		24,863,848	21,097,987
Interest paid		(5,097,414)	(4,932,875)
Income and asset taxes paid		(5,128,554)	(6,304,769)
Net cash generated from / (used in) operating activities		6,180,834	(10,417,382)
Cash Flows from Investing Activities			
Net cash outflows on acquisition of Advantage General Insurance Company and Bailey Williams Limited		-	(4,355,569)
Disposal of investment property	12	1,641,079	166,571
Acquisition of Property, plant and equipment	18	(1,041,576)	(1,016,648)
Proceeds from disposal of property, plant and equipment		137,542	844,944
Purchase of intangible assets, net	17	(308,160)	(392,414)
Net cash generated from / (used in) investing activities		428,885	(4,753,116)
Cash Flows from Financing Activities			
Redemption of preference shares		-	(1,414,700)
Deposits and securities liabilities		13,958,897	24,082,586
Finance lease repayment		(469,842)	(386,673)
(Purchase)/disposal of treasury shares, net		64,494	(207,496)
Dividend paid to minority interest		(251,549)	-
Dividends paid to stockholders	27	(562,930)	(5,624,115)
Net cash generated from financing activities		12,739,070	16,449,602
Effect of exchange rate on cash and cash equivalents		681,659	397,843
Increase in cash and cash equivalents		20,030,448	1,676,947
Cash and cash equivalents at beginning of year		17,205,528	15,528,581
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	37,235,976	17,205,528

The accompanying notes on pages 129 – 227 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
ASSETS:			
Cash resources	6	233,623	424,666
Financial investments	8	1,233,920	610,474
Investment in subsidiaries	16	72,444,299	72,444,299
Investment in joint venture	13	414,267	414,267
Intangible assets	17	228,453	453,884
Property, plant and equipment	18	144,289	210,949
Deferred income taxes	20	222,825	149,667
Taxation recoverable	21	51,539	49,210
Other assets	22	819,030	865,376
TOTAL ASSETS		75,792,245	75,622,792
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Stockholders' Equity Attributable to Stockholders' of the Company			
Share capital	24	8,991,044	8,848,274
Equity reserves		28,300,910	28,283,013
Retained earnings		19,037,318	21,431,725
		56,329,272	58,563,012
Liabilities:			
Bank overdraft	29	-	12,311
Promissory notes	29	15,685,639	12,627,383
Other liabilities	31	3,777,334	4,420,086
Total Liabilities		19,462,973	17,059,780
TOTAL EQUITY AND LIABILITIES		75,792,245	75,622,792

Approved for issue by the Board of Directors on 10 March 2021 and signed on its behalf by:

Peter Melhado **Chairman**

Christopher Zacca **Director**

The accompanying notes on pages 129 – 227 form an integral part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Revenue:			
Investment income	37	1,878,236	6,650,615
Interest and net investment expense	37	(345,008)	(367,153)
Net Investment Income	37	1,533,228	6,283,462
Management fees	39	226,275	304,771
Other income	39	37,909	10,843
Total revenue, net of interest and other investment expense		**1,797,412**	**6,599,076**
Expenses:			
Administration expenses	41	620,940	647,585
Depreciation	18	89,094	102,990
Amortisation of intangible assets	17	250,420	333,108
Asset tax		-	-
		960,454	**1,083,683**
Profit before Taxation:		836,958	5,515,393
Taxation	43(a)	73,193	61,681
NET PROFIT		**910,151**	**5,577,074**
Other Comprehensive Income, net of taxes:			
Unrealised gains on FVTOCI		92	2,047
Total Comprehensive Income		**910,243**	**5,579,121**

The accompanying notes on pages 129 – 227 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Equity Reserves (Note 25) $'000	Retained Earnings $'000	Grand Total $'000
Balance at 31 December 2018		8,863,302	28,274,853	21,478,765	58,616,920
Total comprehensive income		-	2,047	5,577,074	5,579,121
Dividends paid to owners of parent	27	-	-	(5,624,114)	(5,624,114)
Transfer of treasury shares	26	456,053	-	-	456,053
Purchase of treasury shares	26	(471,081)	-	-	(471,081)
Employee stock options		-	6,113	-	6,113
		(15,028)	8,160	(47,040)	(53,908)
Balance at 31 December 2019		8,848,274	28,283,013	21,431,725	58,563,012
Total comprehensive income		-	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	26	-	17,805	-	17,805
		142,770	17,897	(2,394,407)	(2,233,740)
Balance at 31 December 2020		8,991,044	28,300,910	19,037,318	56,329,272

The accompanying notes on pages 129 – 227 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020	2019
		$'000	$'000
Net profit		910,151	5,577,074
Adjustments for:			
Items not affecting cash and changes to policyholders' funds:			
Adjustments to reconcile net profit to net cash provided by operating activities	46	(1,859,273)	(5,926,872)
Interest and dividend received		1,872,489	6,659,325
Interest paid		(28,378)	(230,056)
Net cash generated from operating activities		894,989	6,079,471
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	18	(22,434)	(40,715)
Proceeds from disposal of property, plant and equipment		-	29
Purchase of intangible assets	18	(24,989)	(164,833)
Net cash used in investing activities		(47,423)	(205,519)
Cash Flows from Financing Activities			
Securities liabilities		-	(769,944)
(Purchase)/disposal of treasury shares		142,767	(15,022)
Dividends paid to stockholders	32	(562,930)	(5,624,114)
Net cash used in financing activities		(420,163)	(6,409,080)
Effect of exchange rate on cash and cash equivalents		6,459	3,198
Increase/(decrease) in cash and cash equivalents		433,862	(531,930)
Cash and cash equivalents at beginning of year		415,395	947,325
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	849,257	415,395

The accompanying notes on pages 129 – 227 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(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% (2019 – 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% (2019 – 49.11%) in the company. The other significant shareholder in SGJ is PanJam Investment Limited with a 30.22% (2019 – 30.20%) 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	Holding
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%
Sagicor Securities Jamaica Limited	Securities trading	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%
• Playa Hotels & Resorts N.V. (Playa)	Hospitality	Netherlands	(14.87%, 15.49%-2019)
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 holds 14.87% (2019: 15.49%) of Playa.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(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.

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 IAS 1 and IAS 8 on definition of material, (effective for annual periods beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. There was no significant impact from the adoption of this amendment during the year.

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.

Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39 –(effective for annual periods beginning on or after 1 January 2020) - The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.

The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries There was no impact to the Group on adoption of this standard,

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Revised Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020) - The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the Framework. There was no impact to the Group on adoption of this standard.

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 1 January 2023. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(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 (continued)

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 profit or loss. 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.

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 2020

(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 minority 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 Sagicor'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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

(i) Classification of financial assets

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 fair value through other comprehensive income
Financial assets that are held for collection of contractual cash flows and for selling the assets, where cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (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 profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in Net Investment income. Interest income from these financial assets is included in “Interest income” using the effective interest rate method.

Measured at fair value through profit and loss
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 income statement within “Income earned from FVTPL Instruments’ 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

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(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.

(ii) Embedded derivatives
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(iii) Impairment of financial assets measured at amortised cost and FVTOCI
IFRS 9’s impairment model 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 which were previously provided for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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

In the event of a significant increase in credit risk (SICR) an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (‘lifetime ECL’). Financial assets where 12-month ECL is recognised are considered to be ‘stage 1’; financial assets which are considered to have experienced a significant increase in credit risk are in ‘stage 2’; and financial assets for which there is objective evidence of impairment 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 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.

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

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. Management 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, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed 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 expected credit losses is the respective PD horizon. Stage 1 and Stage 2 ECLs also incorporate different exposure 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 loans, 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 expected credit losses. The measurement of ECLs for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

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

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

(ix) 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 expected credit loss calculation have 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. Our estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Our base case scenario is based on macroeconomic forecasts that are publicly available. Upside and downside scenarios are set relative to our 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, 2019:			
Sagicor Group Jamaica - investments portfolios	80%	10%	10%
Sagicor Group Jamaica - lending portfolios	75%	15%	10%
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%

Impairment of financial assets measured at amortised cost and FVTOCI, recognize impairment gains and losses are recognised in the statement of profit and loss. Unrealised gains and losses arising from changes in fair value on FVTOCI assets are measured in other comprehensive income and the loss allowance is recycled to profit and loss as gains or losses on maturity or disposal. When the asset is sold, the cumulative gain or loss is also reclassified to profit or loss on maturity or disposal.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets(continued)

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

(xi) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

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.

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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 expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

Assets carried at amortised cost loans and advances and provisions for credit losses

(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.

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

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.

Impairment of non-financial assets

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

(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 investment and fair value reserves. Decreases that offset previous increases of the same asset are charged against the investment and fair value reserves. 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%
Leased assets	Shorter of period of lease or useful life of asset
Land is not depreciated	

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

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 income statement 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 is 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 Unit (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. Intangible assets with indefinite useful lives are assessed for impairment annually, or more frequently if events change or in circumstances which indicate a potential impairment.

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

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 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. 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 other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

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

(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 other comprehensive income 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.

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

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 profit attributable to stockholders. 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

(xii) Classification

Financial liabilities are measured at initial recognition at fair value and are classified as and subsequently measured either at amortised cost, or at fair value through profit or loss (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 fair value through profit or loss. The non-derivative elements are stated at amortised cost using the effective interest method.

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2. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts

(i) Classification

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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2. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(i) Classification(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 is 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.

NOTES TO THE FINANCIAL STATEMENTS

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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 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
- fair value through income 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.

NOTES TO THE FINANCIAL STATEMENTS

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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 other comprehensive income. 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 other comprehensive income 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. 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.

These contracts insure events associated with human life (for example death, or survival) over a long duration. 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 company'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.

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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.

NOTES TO THE FINANCIAL STATEMENTS

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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.

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

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.

(v) 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.

- Interest income
  Interest income is recognised using the effective interest method.

- Gain or loss on sale of investment
  Gain or loss on the disposal or maturity of investments, is determined by comparing sale proceeds with the carrying amount of the investment (along with any recycled accumulated unrealised gain/loss from fair value reserves if classified as FVTOCI). Net gains and losses are recognised in revenue.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

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 other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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, 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.

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2. Summary of Significant Accounting Policies (Continued)

(y) 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 income statement. 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 income statement. 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'.

(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.

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 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 Funds Limited and Sigma Funds

  These 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.

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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 incurred but not reported (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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(expressed in Jamaican dollars unless otherwise indicated)

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 significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the judgements involved is included in the earlier sections 'Measurement' and 'Forward-looking information'.

- Establishing staging for debt securities and deposits.
  The 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	

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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 which of the three stages an asset is to be categorised for the purposes of ECL. Once the asset has experienced a significant increase in credit risk the investment will move from Stage 1 to Stage 2. Sagicor has assumed that the credit risk of a financial 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 significant increase in credit risk and are moved to stage 2 when:

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

  Backstop Criteria
  Accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into stage 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 local government, International Monetary Fund and other reliable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for each portfolio. Where projections are available, these are used to look into the future up to three years and subsequently the long term average performance is then used for the remaining life of the product. These projections are re-assessed on a quarterly basis.

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3. Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (continued)

(v) 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.

(vi) 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.

(vii) Novel coronavirus (COVID-19)
The pandemic has caused a contraction in the economies in which the Group operates. The spread of the virus has had a debilitating impact on global travel and on tourism and entertainment products offered in key markets that the Group holds investments. The downturn in global demand has also resulted in depressed oil and gas prices, negatively impacting several investments held by the Group and its customers.

Investment portfolios were impacted by the widening of credit spreads which resulted in significant fall-off in asset prices resulting in significant reduction in investment income and portfolio management fee income. Income was also negatively impacted by waiver or reduction of fees associated with loans and reduction in loan volumes due to contraction in economic activity. The Group has continually monitored the health crisis and the economic impact on customers and trading partners, investments and the effect on the industries in which it operates. The Group recognised that customers may experience difficulties that increase credit losses and reduce premium income. The Group saw positive impact from the extension of moratoriums, payment holidays and other accommodative measures on the delinquency levels of our borrowing and insurance portfolios. Despite these measures, the Group made significant adjustments to ECLs to recognize the increased credit risk associated with impact observed on the economic environment.

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.

NOTES TO THE FINANCIAL STATEMENTS

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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:

(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 2020 or 2019.

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(expressed in Jamaican dollars unless otherwise indicated)

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
Losses 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 (Note17)							308,160
Property, plant and equipment (Note 18)							1,065,666

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5. Segmental Financial Information (Continued)

	The Group						
	2019						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	33,645,272	27,230,885	13,845,188	6,677,286	11,201,339	-	92,599,970
Revenue from other segments	20,385	-	8,268	(28,022)	(570,133)	569,502	-
Total revenue	33,665,657	27,230,885	13,853,456	6,649,264	10,631,206	569,502	92,599,970
Benefits and expenses	(20,401,161)	(20,231,123)	(8,339,100)	(2,207,390)	(8,635,498)	315,180	(59,499,092)
Change in actuarial liabilities	(6,097,521)	(1,979,093)	-	-	-	(870,671)	(8,947,285)
Depreciation and amortisation	(78,985)	(136,797)	(607,577)	(84,798)	(1,800,262)	-	(2,708,419)
Asset tax and other taxes	(97,364)	(33,166)	(281,264)	(180,907)	(50,838)	-	(643,539)
Total benefits and expenses	(26,675,031)	(22,380,179)	(9,227,941)	(2,473,095)	(10,486,598)	(555,491)	(71,798,335)
Share of profit from joint venture	-	14,624	-	-		-	14,624
Share of loss from associate	-	-	-	-	(98,662)	-	(98,662)
Profit before taxation	6,990,626	4,850,706	4,625,515	4,176,169	60,570	14,011	20,717,597
Taxation	(1,619,765)	(562,739)	(1,582,109)	(1,289,717)	(199,641)		(5,253,971)
Net profit	5,370,861	4,287,967	3,043,406	2,886,452	(139,071)	14,011	15,463,626
Segment assets -							
Intangible assets	1,543,770	595,486	1,204,889	551,764	4,380,087		8,275,996
Other assets	66,657,850	71,982,764	136,166,605	99,015,777	59,847,034	(8,605,379)	425,064,654
	68,201,620	72,578,250	137,371,494	99,567,541	64,227,121	(8,605,379)	433,340,647
Unallocated assets -							
Investments in joint venture (Note 13)							436,493
Investments in associate (Note 15)							24,509,615
Deferred income taxes (Note 20)							848,631
Retirement benefits asset (Note 19)							863,638
Total assets							459,999,024
Segment liabilities	57,225,121	59,329,991	117,532,006	80,143,402	29,882,359	(9,988,649)	334,124,230
Unallocated liabilities -							
Deferred income taxes (Note 20)							1,605,692
Retirement benefit obligations (Note 19)							3,344,834
Total liabilities							339,074,756
Other segment items:							
Capital expenditure: Computer software (Note 17)							392,414
Property, plant and equipment (Note 18)							1,016,648

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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
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 2019						
	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	-	-	4,997,650	1,243,152	1,056,642	-	7,297,424
Products and services transferred over time	57,541	2,021,848	470,243	1,273,756	5,886,916	-	9,710,304
Total included in fees and other revenue	57,541	2,021,848	5,467,893	2,516,888	6,943,558	-	17,007,728

The Group's geographic information:

	Jamaica	Cayman Islands	United States of America	Other	Total
			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
			2019		
	$'000	$'000	$'000	$'000	$'000
Revenue	83,229,658	4,096,028	5,274,284	-	92,599,970
Total assets	387,059,293	27,616,455	44,886,783	436,493	459,999,024

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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balances with banks payable on demand	18,267,971	10,948,123	233,623	424,666
Cash in hand	3,584,158	3,018,354	-	-
Balances as per statement of financial position	21,852,129	13,966,477	233,623	424,666
Restricted cash	(832,930)	(575,594)	-	-
Short term deposits	4,186,193	426,414	-	-
Securities purchased under resale agreement	7,490,326	1,439,884	615,634	3,040
USA Government Treasury Bills and BOJ CD's	4,603,143	2,688,274	-	-
Bank overdrafts (Note 29)	(62,885)	(739,927)	-	(12,311)
Balances as per statement of cash flows	37,235,976	17,205,528	849,257	415,395

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.

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8. Financial Investments

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Financial assets at fair value through profit or loss – (FVTPL)				
Debt Securities				
Government of Jamaica securities	3,193,349	2,281,779	-	-
Corporate bonds	3,400,753	3,085,480	-	-
Foreign governments securities	465,796	116,725	-	-
Interest receivable	73,898	66,121	-	-
	7,133,796	5,550,105	-	-
Equity Securities				
Unquoted equity	474,644	1,558,879	-	-
Quoted equity	8,849,002	7,402,697	-	-
Unit trust	25,452,023	28,836,010	-	-
	34,775,669	37,797,586	-	-
Total FVPL	41,909,465	43,347,691	-	-
Financial assets at fair value through Other Comprehensive Income (FVTOCI) -				
Debt Securities				
Government of Jamaica securities	88,327,547	69,708,063	-	-
Foreign governments securities	11,286,335	12,643,600	-	-
Corporate bonds	60,817,381	59,742,630	8,954	32,297
Interest receivable	1,897,176	1,683,534	29	309
	162,328,439	143,777,827	8,983	32,606
Equity Securities				
Quoted equities	70,943	100,000	-	-
Unquoted equities	79,124	71,110	-	-
	150,067	171,110	-	-
Total FVTOCI	162,478,506	143,948,937	8,983	32,606
Investments at amortised cost, net of ECL-				
Debt Securities:				
Government of Jamaica securities	70,084,601	66,322,240	51,532	51,588
Foreign governments securities	559,853	516,302	-	-
Corporate bonds	7,163,932	6,905,897	-	-
Promissory notes	210	244,487	-	-
Securities purchased under resale agreement	8,121,406	1,440,973	615,658	3,040
Mortgage loans	3,304,398	2,964,452	-	-
Policy loans	930,717	878,234	-	-
Short term deposits	4,817,590	870,435	557,715	523,178
Interest receivable	1,494,476	1,435,229	32	62
Total investments at amortised cost, net of	96,477,183	81,578,249	1,224,937	577,868
Less Pledged assets (Note 11)	(87,142,938)	(80,167,044)	-	-
Total Financial Investments	213,722,216	188,707,833	1,233,920	610,474

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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.

	2020			2019		
	Mandatory designation $'000	Designated by election $'000	Total $'000	Mandatory designation $'000	Designated by election $'000	Total $'000
Unit trust and equities	26,538,129	8,237,540	34,775,669	29,856,332	7,941,253	37,797,585
Debt securities	6,683,729	450,067	7,133,796	5,179,609	370,497	5,550,106
	33,221,858	8,687,607	41,909,465	35,035,941	8,311,750	43,347,691

Items pledged as collateral are included in Note 11.

9. Derivative Financial Instruments and Hedging Activity

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 out below:

	The Group	
	2020 $'000	2019 $'000
Derivatives – Assets		
(i) Equity indexed options	-	35,005
Derivatives - Liabilities		
(i) Equity indexed options	-	35,005

(i) Equity indexed options
These derivative instruments 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). Sagicor Investments Jamaica Limited 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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10. Loans and Leases, after Allowance for Credit Losses

	The Group	
	2020 $'000	2019 $'000
Gross loans and advances	88,737,066	85,915,825
Less: Allowance for credit losses	(1,937,685)	(1,428,563)
	86,799,381	84,487,262
Loan interest receivable	722,137	223,247
	87,521,518	84,710,509
Lease receivables	322,010	285,867
	87,843,528	84,996,376

The movement in the allowance for credit losses determined under the requirements of IFRS 9 is:

	The Group			
	Loans		Leases	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balance at beginning of year	1,428,563	1,794,203	215	2,591
Movement during the year -				
Charged against profit during the year	1,432,453	713,207	24	-
Recoveries of bad debts	(353,989)	(329,633)	-	(2,376)
Charged in the income statement (Note 48 (d))	1,078,464	383,574	24	(2,376)
Previously provided for, now written-off	(628,275)	(773,680)	-	-
Currency revaluation adjustment	58,933	24,466	-	-
Balance at end of year	1,937,685	1,428,563	239	215

The provision for credit losses determined under Central Bank regulatory requirements was as follows:

	The Group	
	2020 $'000	2019 $'000
Specific provision	1,125,070	1,205,250
General provision	912,309	890,013
	2,037,379	2,095,263
Excess of regulatory provision over IFRS provision recognised in the Bank reflected in non-distributable loan loss reserve (Note 2(j))	465,802	691,255

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10. Loans and Leases, after Allowance for Credit Losses (Continued)

Lease receivables:

	The Group	
	2020 $'000	2019 $'000
Gross investment in finance leases -		
Not later than one year	103,998	135,834
Later than one year and not later than five years	248,044	187,801
	352,042	323,635
Less: Unearned income	(29,793)	(37,553)
Net investment in finance leases	322,249	286,082
Net investment in finance leases -		
Not later than one year	88,619	113,555
Later than one year and not later than five years	233,630	172,527
	322,249	286,082
Less: Provision for credit losses	(239)	(215)
	322,010	285,867

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	
	2020 $'000	2019 $'000
Investment securities pledged as collateral:		
With regulators	193,990	144,305
Under repurchase agreements (Note 29)	86,549,253	78,037,912
With bank and other financial institutions	399,695	1,984,827
	87,142,938	80,167,044

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(expressed in Jamaican dollars unless otherwise indicated)

12. Investment Properties

	The Group	
	2020 $'000	2019 $'000
At beginning of year	3,355,590	2,552,460
Additions during the year (i)	37,629	10,849
Acquired on acquisition of Advantage General	-	734,797
Disposal during the year (ii)	(2,087,593)	(173,800)
Fair value gains	83,679	231,284
At end of year	1,389,305	3,355,590

The investment properties as at 31 December 2020 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 Anchovy Estate and 85 Hope Road (Sagicor Life Jamaica Limited).

(ii) Disposals during the year related to 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). In 2019, the Group sold 4-6 Trafalgar Road (Advantage General Insurance Limited).

Rental income and repairs and maintenance expenditure in relation to investment properties are disclosed in Note 37.

Fair value hierarchy for Investment Properties in disclosed in Note 47.

13. Investment in Joint Venture

This relates to the group's investment in Sagicor Costa Rica

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balance at 1 January	436,493	330,804	414,267	414,267
Share of after tax earnings	310,860	14,624	-	-
Share of movement in other comprehensive income, net of taxation	(64,119)	91,065	-	-
Balance at 31 December	683,234	436,493	414,267	414,267

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(expressed in Jamaican dollars unless otherwise indicated)

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	
	2020 $'000	**2019 $'000**
Current assets		
Cash and cash equivalents	566,831	122,661
Other current assets	2,643,881	2,255,402
	3,210,712	2,378,063
Non-current assets		
Investments	1,116,211	1,226,121
Other non-current asset	198,725	221,544
	1,314,936	1,447,665
Total Assets	4,525,648	3,825,728
Current liabilities		
Provision for unearned premiums	1,317,451	1,502,935
Other liabilities	1,116,211	1,449,808
	2,433,662	2,952,743
Non Current liabilities		
Notes and loans payable	701,480	-
Other liabilities	24,039	-
	725,519	-
Total Liabilities	3,159,181	2,952,743
Net Assets	1,366,467	872,985

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(expressed in Jamaican dollars unless otherwise indicated)

13. Investment in Joint Venture (Continued)

Summarised Financial Information of Joint Venture (Continued)

Summarised statement of comprehensive income

	The Group	
	2020 $'000	**2019 $'000**
Revenue:		
Net premium revenue	3,198,871	2,352,178
Net investment and other income	277,272	28,827
Total revenue, net	3,476,143	2,381,005
Benefits and expenses:		
Benefits	741,134	1,102,053
Operating expenses	1,855,429	1,176,284
Interest expense	56,043	56,829
Total benefits and expenses	2,652,606	2,335,166
Net profit before taxation	823,537	45,839
Taxation	(201,817)	(16,590)
Net profit after tax for the period	621,720	29,249
Other comprehensive income	(199,843)	164,045
Total comprehensive income	421,877	193,294

Reconciliation of summarised financial information

Opening net assets at 1 January	872,985	661,610
Net profit) after tax for the period	621,720	29,249
Other comprehensive income	(199,843)	164,045
Currency translation	71,605	18,081
Closing net assets	1,366,467	872,985
Reconciliation of the Group's share of 50% net assets –		
Opening net assets at 1 January	436,493	330,804
Share of profits	310,860	14,624
Share of other comprehensive income and other movement	(64,119)	91,065
Carrying value	683,234	436,493

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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 in accordance with the accounting policy set out in Note 3(a) (ii).

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	
	2020 $'000	2019 $'000
Total assets of PIF	176,933,611	193,507,431
Maximum exposure to loss	19,977,463	22,204,099
Total (loss)/income from the Group's interests	(1,912,550)	2,957,159
Management Fees earned	1,989,060	2,079,707

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.

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14. Interest in Structured Entities (Continued)

(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.

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	
	2020 $'000	2019 $'000
Total assets of the Unit Trust	144,415,140	127,923,000
The Group's interest – Carrying value of units held (included in fair value through profit and Loss – Note 8)	25,098,938	28,836,010
Maximum exposure to loss	(25,098,938)	(28,836,010)
Liability to the Unit Trust in relation to repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	20,045,556	18,525,160
Liability to the Unit Trust in relation to the purchase of shares in Advantage General Insurance Company Limited	3,671,203	2,262,000
Total income from the Group's interests	2,859,795	2,590,767

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

	2020 $'000	2019 $'000
Total assets of Funds	7,610,408	9,882,169
The Group's interest – Carrying value of equities held (included in fair value through profit and Loss – Note 8)	161,809	1,319,746
Maximum exposure to loss	(161,809)	(1,319,746)
Liability in relation to repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	114,503	280,000
Total income from the Group's interests	31,045	104,871

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.

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15. Investment in Associated Company

Sagicor Group owns 14.87% (2019 – 15.49%) of the 134,496,340 (2019 – 129,121,576) shares outstanding by Playa through its subsidiary company, Jamziv (owned by Sagicor Real Estate X Fund Limited. 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 is accounting for its investment in Playa as an associated company from the date of acquisition as required by IAS 28. 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	
	2020	2019
	$'000	$'000
Investment, beginning of year	24,509,615	24,764,690
Dilution of interest (i)	(441,101)	-
Impairment of associate (ii)	(4,508,146)	-
Share of:		
Net loss after tax for the period	(5,467,297)	(98,662)
Other comprehensive loss	(389,931)	(1,169,497)
Effects of exchange rate changes	2,141,736	1,013,084
Total comprehensive loss	(3,715,492)	(255,075)
Investment, end of year	15,844,876	24,509,615

(i) During 2020 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. The following table shows the breakout of the amounts recorded in the income statement.

	2020
	$'000
Group's share of proceeds of new shares issued	419,931
Carrying value of the investment in associate deemed to be disposed of	(861,032)
Loss on dilution of investment in associate	(441,101)
Items recorded in other comprehensive income recycled upon dilution of investment in associate:	
Interest rate swap	(24,237)
Foreign currency translation adjustments	74,042
Total loss on dilution of investment in associate recorded in income statement	(391,296)

Transfers between reserves and retained earnings in Note 25 include $2,709,000 transferred on dilution of associate.

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. As discussed in Note 57, the Group disposed of its interest in Playa in January of 2021.

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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, 2019 and December 31, 2020.

Summary Statement of Financial Position

		The Group	
		2020	2019
		$'000	$'000
Current assets:	Cash resources	24,495,846	2,745,616
	Other current assets	11,725,086	17,978,880
		36,220,932	20,724,496
Non-current assets:	Property, Plant and equipment, net	245,366,509	254,108,161
	Other non-current assets	19,881,321	14,306,358
		265,247,830	268,414,519
Total Assets		301,468,762	289,139,015
Current liabilities:			
	Loan Payable	12,859,158	8,436,018
	Other current liabilities	22,303,283	29,140,523
		35,162,441	37,576,541
Non-current liabilities:	Loans payable	164,456,512	128,074,172
	Other non-current liabilities	21,952,828	17,036,471
Total Liabilities		221,571,781	182,687,184
Net Assets		79,896,981	106,451,831

Summarised statement of comprehensive income for year 2020 and 2019.

	The Group	
	2020	2019
	$'000	$'000
Revenue:		
Hotel revenue	49,116,438	84,444,644
Expenses:		
Hotel expenses	(72,278,092)	(81,099,256)
Other net operating expenses	(50,066)	(424,549)
Interest expense	(11,570,345)	(5,849,212)
Total expenses	(83,898,503)	(87,373,017)
Net loss before taxation	(34,782,065)	(2,928,373)
Taxation	88,837	2,284,703
Net loss after tax for the period	(34,693,228)	(643,670)
Other comprehensive income	(895,930)	(4,059,533)
Total comprehensive income	(35,589,158)	(4,703,203)

Reconciliation of the Group's 14.87% (2019:15.49% interest)

Share of net assets	11,880,681	16,448,512
Deemed goodwill and other adjustments	3,964,195	8,061,103
Carrying value	15,844,876	24,509,615

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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") as at December 31, 2020 are as follows:

	Carrying Value	NASDAQ Indicative Value	Carrying Value	NASDAQ Indicative Value
	2020	**2020**	**2019**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
The Group	15,844,876	16,863,371	24,509,615	22,037,719

16. Investment in Subsidiaries

Sagicor Life Jamaica Limited
On November 30, 2019 Sagicor Group Jamaica Limited, through its wholly owned subsidiary, Sagicor Life Jamaica Limited acquired a 70% interest in Bailey Williams Limited, at a cost of $459,018,000.

Sagicor Cayman Limited
Sagicor Group Jamaica Limited ("SGJ") the former direct parent company of Sagicor Life of the Cayman Island Limited ("SLC"), took steps to segregate and ring fence SLC's investment business from its life insurance business in accordance with regulatory obligations. To this end, two new companies were incorporated, namely: (a) Sagicor Cayman Limited ("Holdco") and (b) Sagicor Investments (Cayman) Limited ("SIC"). SIC has made an application to CIMA for a licence to carry on its investment business, and now awaits feedback on the outcome of its application.

Holdco which is a wholly owned subsidiary of SGJ is the immediate holding company for both SLC and SIC. The investment and insurance business were separated through a reconstruction agreement between Holdco, SGJ, SLCI and SIC. The transaction became effective on December 31, 2019.

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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 2019	3,663,520	4,698,499	806,433	3,247,985	12,416,437
Arising on acquisitions	1,035,721	744,000	124,000	92,147	1,995,868
Additions	-	-	-	392,414	392,414
Translation adjustment	23,107	-	-	104	23,211
At 31 December 2019	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
Amortisation -					
At 1 January 2019	-	3,225,758	473,467	2,065,631	5,764,856
Amortisation charge	-	220,602	16,841	549,558	787,001
Translation adjustment	-	-	-	80	80
At 31 December 2019	-	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
Net Book Value -					
31 December 2019	4,722,348	1,996,139	440,125	1,117,381	8,275,993
31 December 2020	3,569,095	1,728,531	439,729	920,326	6,657,681

	The Company
	Computer Software
	$'000
Cost -	
At 1 January 2019	1,607,816
Additions	164,833
At 31 December 2019	1,772,649
Additions	24,989
At 31 December 2020	**1,797,638**
Amortisation -	
At 1 January 2019	985,657
Amortisation charge	333,108
At 31 December 2019	1,318,765
Amortisation charge	250,420
At 31 December 2020	**1,569,185**
Net Book Value -	
31 December 2019	453,884
31 December 2020	**228,453**

i) This represents an adjustment for the finalised fair value statement of financial position for Advantage General Insurance Limited, which was acquired in the prior year. These adjustments were immaterial and were recorded in the current year

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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	
	2020	2019
	$000	$000
Sagicor Life Jamaica Individual Lines Division	855,191	855,191
Sagicor Life Jamaica Employee Benefits Division	530,126	530,126
Sagicor Life of the Cayman Islands Individual Lines Division	706,982	654,437
Sagicor Investments Jamaica Limited	186,066	186,066
Sagicor Insurance Managers Limited	42,015	38,900
Travel Cash Jamaica Limited	189,994	189,994
Advantage General Insurance Company	1,058,721	1,035,721
Sagicor Real Estate X - Fund Limited	-	1,231,913
	3,569,095	4,722,348

(i) At 31 December 2020, 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

(iii) These calculations use projected sustainable earnings based on audited earnings and financial budgets approved by management covering a three-year period and the earnings multiples stated below. 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 year, COVID-19 impacted the cash flow projections of the Sagicor Real Estate X - Fund Limited Group, which has operations in the hospitlaity sector, therefore reducing its value in use and necessitating an impairment loss on goodwill, as shown in the movement schedule and the income statement. 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.

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17. Intangible Assets (Continued)

Key assumptions used for the impairment calculations are as follows:

	2020			2019		
	Earnings Multiple	Earnings Growth Rate	Discount Rate	Earnings Multiple	Earnings Growth Rate	Discount Rate
Sagicor Life Jamaica Individual Life Division	10.3		-	10.0	-	-
Sagicor Life Jamaica Employee Benefits Division	10.8		-	10.8	-	-
Sagicor Life of the Cayman Islands Individual Life Division	8.5		-	8.8	-	-
Sagicor Bank Jamaica Limited		5.50%	14.58%	-	5.75%	15.28%
Sagicor Investments Jamaica Limited		5.00%	12.64%	-	4.75%	13.53%
Sagicor Real Estate X - Fund Limited		2.00%	9.00%	-	4.5%	11.03%
Sagicor Insurance Managers Ltd.		2.00%	12.00%	-	2.00%	11.86%
Travel Cash		6.00%	15.19%	-	4.50%	15.00%
Advantage General Insurance Company Limited		4.50%	14.53%	-	5.75%	14.46%

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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 2019	1,104,020	15,241,568	6,174,519	251,963	22,772,070
Additions	221,164	22,284	700,666	72,534	1,016,648
Arising on acquisitions	21,589	984,756	143,441	1,284	1,151,070
Reclassification	-	-	(1,312)	-	(1,312)
Revaluation adjustments	-	467,493	-	-	467,493
Disposals	-	(758,655)	(6,209)	(46,232)	(811,096)
Translation adjustment	2,002	456,738	73,359	-	532,099
At 31 December 2019	**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**
Accumulated Depreciation -					
At 1 January 2019	624,911	189,538	2,833,677	123,533	3,771,659
Charges for the year	89,200	370,201	862,572	41,814	1,363,787
Relieved on revalued assets	-	(88,095)	-	-	(88,095)
Relieved on disposals	-	(23,760)	(3,527)	(31,066)	(58,353)
Translation adjustment	1,586	(386)	2,943	-	4,143
At 31 December 2019	**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**
Net Book Value -					
31 December 2019	633,078	15,966,686	3,388,799	145,268	20,133,831
31 December 2020	**744,707**	**14,343,522**	**3,180,281**	**132,346**	**18,400,856**

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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 2019	33,646	465,404	8,617	507,667
Additions	-	18,875	21,840	40,715
Disposal	-	(330)	(8,617)	(8,947)
At 31 December 2019	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
Accumulated Depreciation -				
At 1 January 2019	3,738	222,605	2,017	228,360
Charges for the year	3,365	97,436	2,189	102,990
Disposal	-	(114)	(2,750)	(2,864)
At 31 December 2019	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
Net Book Value -				
31 December 2019	26,543	164,022	20,384	210,949
31 December 2020	**23,178**	**91,562**	**29,549**	**144,289**

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 (deficit)/excess of revalued amount below/over the carrying value of these property, plant and equipment, amounting to $2,347,156 (2019 - $569,904,850), has been (debited)/ credited 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	
	2020	**2019**
	$'000	**$'000**
Cost	12,388,360	11,522,562
Accumulated depreciation	(1,437,132)	(1,088,098)
Net book value	10,951,228	10,434,464
Carrying value of revalued assets	**14,343,522**	**15,966,686**

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19. Retirement Benefits

	The Group	
	2020 $'000	**2019 $'000**
Retirement benefit assets -		
Pension scheme	1,187,248	863,638
Retirement benefit obligations -		
Pension scheme	-	268,064
Other post-retirement benefits	3,706,366	3,076,770
	3,706,366	3,344,834

Pension schemes comprised the following –

	2020 $'000	**2019 $'000**
Retirement benefit assets	(1,187,248)	(863,638)
Retirement benefit obligations	-	268,064
	(1,187,248)	(595,574)

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	
	2020 $'000	**2019 $'000**
Present value of funded obligations	25,496,152	27,891,510
Fair value of plan assets	(26,683,400)	(28,487,084)
(Surplus) / deficit of funded plan	(1,187,248)	(595,574)
(Asset) / liability in the balance sheet	(1,187,248)	(595,574)

Movement in the present value of the defined benefit obligations recognised in the statement of financial position:

	The Group	
	2020 $'000	**2019 $'000**
Liability at start of year	27,891,510	23,501,301
Liability assumed on acquisition of subsidiary	-	1,317,726
Current service cost	717,219	567,011
Interest cost	2,063,294	1,640,319
Net expense recognised in income	2,780,513	2,207,330
Re-measurements:		
Gains from changes in financial assumptions	(2,208,027)	(945,224)
(Gains)/losses/ from changes in experience	(2,734,428)	2,020,047
Net (gains)/ losses recognised in other comprehensive income	(4,942,455)	1,074,823
Contributions by the members	781,259	666,278
Value of purchased annuities	946,456	517,456
Benefits paid	(1,961,131)	(1,393,404)
Net Liability, end of year	25,496,152	27,891,510

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(expressed in Jamaican dollars unless otherwise indicated)

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	
	2020	**2019**
	$'000	**$'000**
Balance at start of year	28,487,084	23,383,610
Assets assumed on acquisition of subsidiary	-	1,413,234
Contributions made by the employer	531,725	474,989
Contributions by the members	781,259	666,278
Value of purchased annuities	946,456	517,456
Benefits paid	(1,961,131)	(1,386,488)
Interest income on plan assets	2,141,841	1,670,425
Re-measurement:		
(Losses)/Gains from changes in financial assumptions	(309,753)	41,955
(Losses)/Gains from changes in experience	(3,934,081)	1,705,625
Net (losses)/gains recognised in other comprehensive income	(4,243,834)	1,747,580
Balance, end of year	26,683,400	28,487,084

The amounts recognised in the income statements as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Current service cost	717,219	567,011
Interest cost on plan obligation	2,063,294	1,640,319
Interest income on plan assets	(2,141,841)	(1,670,425)
Total, included in staff cost (Note 41 (a))	638,672	536,905

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19. Retirement Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in other comprehensive income is as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Change in financial assumptions	(1,898,274)	(987,179)
Experience adjustments	1,199,653	314,422
	(698,621)	(672,757)
Deferred tax	178,140	217,222
	(520,481)	(455,535)

The principal actuarial assumptions used were as follows:

	The Group	
	2020	**2019**
Discount rate - J$ benefits	9.00%	7.50%
Discount rate - US$ Indexed benefits	5.00%	5.00%
Inflation	6.00%	4.00%
Expected return on plan assets	9.00%	7.00%
Future salary increases	9.00%	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 (2019 – 31 years) to 41 years (2019 – 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			
	2020		2019	
	$'000	%	$'000	%
Equities	8,727,652	33	10,734,170	38
GOJ Bonds	283,476	1	312,223	1
Corporate Bonds	265,225	1	268,130	1
Repurchase Agreements	214,650	1	68,285	-
Real Estate	56,924	-	54,575	-
Leases	-	-	20,063	-
Mortgages and real estate fund	3,791,521	14	4,399,515	15
Money market fund	190,351	1	247,116	1
Fixed income fund	2,486,402	9	2,841,842	10
Foreign currency fund	3,704,870	14	3,351,671	12
Global market fund	827,494	3	802,278	3
Diversified investment fund	104,688	-	2,245	-
Inflation-linked (CPI) fund	622,289	2	551,071	2
	21,275,542	79	23,650,939	83
Value of purchased annuities	5,407,858	21	4,836,145	17
	26,683,400	100	28,487,084	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
		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)

	The Group Increase/(decrease) in defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		2019	2019
		$'000	$'000
Discount rate	1%	(1,456,162)	1,930,047
Future salary increases	1%	681,691	(591,051)
Future pension increases	1%	2,516,598	(2,070,737)
Life expectancy	1 year	131,659	(137,142)

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)

(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	
	2020	2019
	$'000	$'000
Present value of unfunded obligations	3,929,008	3,283,879
Fair value of plan assets	(222,642)	(207,109)
Liability in the statement of financial position	3,706,366	3,076,770

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

	The Group	
	2020	2019
	$'000	$'000
Liability at beginning of year	3,283,879	2,968,918
Liability assumed on acquisition of subsidiary	-	296,735
Current service cost	(34,502)	88,656
Interest cost	232,369	209,148
Net expense recognised in income	197,867	297,804
Re-measurement:		
Gains from changes in financial assumptions	(559,568)	(139,807)
(Losses)/Gains from changes in experience	1,142,075	(31,724)
Net (losses)/ gains recognised in other comprehensive income	582,507	(171,531)
Benefits paid	(135,253)	(108,047)
Net Liability, end of year	3,929,000	3,283,879

The principal actuarial assumption used was as follows:

	The Group	
	2020	2019
Rate of medical inflation	7%	5%

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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	
	2020 $'000	2019 $'000
Current service cost	(34,502)	88,656
Interest cost	232,369	209,148
Interest income on plan assets	(15,533)	(13,549)
Total, included in staff cost (Note 41(a))	182,334	284,255

The amounts recognised in other comprehensive income is as follows:

	The Group	
	2020 $'000	2019 $'000
Change in financial assumptions	(559,568)	(139,807)
Experience adjustments	1,142,075	(31,724)
	582,507	(171,531)
Deferred tax	(135,148)	55,438
	447,359	(116,093)

Movement in the fair value of plan assets recognised in the statement of financial position:

	The Group	
	2020 $'000	2019 $'000
Balance	207,109	193,560
Interest income on plan assets	15,533	13,549
Balance, end of year	222,642	207,109

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 2020 $'000	Decrease in Assumption 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 Group Increase/(decrease) in other retirement benefits obligation		
	Change in Assumption	Increase in Assumption 2019 $'000	Decrease in Assumption 2019 $'000
Discount rate	1%	(422,620)	534,977
Medical cost inflation	1%	372,161	(466,315)
Future salary increases	1%	34,440	(30,371)
Life expectancy	1 year	88,845	(89,855)

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);
(b) 25% for Sagicor Life Jamaica Limited and Sagicor Property Services Limited;
(c) 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; and
(d) 1% for the subsidiaries incorporated in St. Lucia.

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	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets, net	(1,005,526)	(848,631)	(222,825)	(149,667)
Deferred income tax assets, liability	2,493,349	1,605,692	-	-

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

	The Group			
	Deferred tax assets		**Deferred tax liabilities**	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets/liabilities to be recovered after more than 12 months	(1,234,728)	(1,322,525)	2,468,615	400,366

	The Company	
	2020	**2019**
	$'000	**$'000**
Deferred tax assets to be recovered after more than 12 months	(225,746)	(184,230)
Deferred tax liabilities to be settled after more than 12 months	2,421	34,011

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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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deferred income tax assets -				
Property, plant and equipment	(248,298)	(157,236)	-	-
Tax losses unused	(96)	(74,214)	(386,406)	-
Unrealised foreign exchange losses	(278,461)	(210,050)	(5,972)	-
Impairment losses on loans & investment securities (IFRS 9)	(123,581)	-	-	-
Interest payable	-	-	-	(1,773)
Pensions and other post-retirement benefits	(722,279)	(706,708)	-	-
Other	(125,477)	(107,250)	(28,585)	(12,404)
	(1,498,192)	(1,255,458)	(420,963)	(14,177)
Deferred income tax liabilities -				
Property, plant and equipment	-	-	509,621	452,698
Trading Investment Securities	121,886	-	695,881	413,739
Investment securities at FVTOCI	268,310	220,278	1,629,858	522,401
Unrealised foreign exchange gains	-	-	-	160,798
Pensions and other post-retirement benefits	-	-	54,218	27,869
Tax losses unused	-	-	-	5,901
Impairment losses on loans	-	44,931	-	-
Interest receivable	102,470	141,618	24,734	32,002
Other	-	-	-	4,461
	492,666	406,827	2,914,312	1,619,869
Net deferred taxation asset	(1,005,526)	(848,631)	2,493,349	1,605,692

	The Company	
	2020	2019
	$'000	$'000
Deferred income tax (assets)/liabilities-		
Property, plant and equipment	(225,746)	(184,221)
Impairment losses on loans & investment securities (IFRS 9)	(18)	(9)
Investment securities at FVTOCI	1,960	1,925
Unrealised foreign exchange gains	461	32,086
Interest receivable	518	552
Net deferred tax asset	(222,825)	(149,667)

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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 2019	(108,466)	(1,331,939)	(893,509)	(408,217)	75,922	(791,657)	52,813	(3,405,053)
Assumed on acquisition of AGIC	-	-	-	-	-	-	(96)	(96)
(Credited)/charged to income statement	(45,342)	45	819,295	198,167	(28,100)	(30,371)	(18,349)	895,345
(Credited)/charged to other comprehensive income	(3,428)	1,552,172	-	-	(2,891)	115,320	-	1,661,173
At 31 December 2019	(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)

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(expressed in Jamaican dollars unless otherwise indicated)

20. Deferred Income Taxes (Continued

The movement in net deferred tax liabilities is as follows:

	The Group								
	Property, plant and equipment	**Fair value gains**	**Unused tax losses**	**Unrealised foreign exchange gains**	**Interest receivable**	**Interest payable**	**Pension and other post-retirement benefits**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**		**$'000**	**$'000**
At 31 December 2018	381,008	16,137	19,460	(3,157)	407	(1,788)	-	419	412,486
On acquisition of Advantage General Insurance Company	17,797	100,862	-	-	25,847	-	(93,706)	4,462	55,262
(Credited)/charged to income statement (Note 43 (a))	9,186	174,106	133,163	9,058	5,748	15	(35,765)	264,970	560,481
Credited to other comprehensive income (Note 43 (c))	15,026	645,035		-	-	-	157,340	(277,794)	539,607
Foreign Exchange	29,681	-	8,175	-	-	-	-		37,856
At 31 December 2019	452,698	936,140	160,798	5,901	32,002	(1,773)	27,869	(7,943)	1,605,692
On acquisition of subsidiary (i)	289,333	-	-	-	-	-	-	-	289,333
(Credited)/charged to income statement (Note 43 (a))	301,256	196,755	(577,921)	(11,873)	(7,268)	1,773	23,582	(54,883)	(128,579)
Credited to other comprehensive income (Note 43 (c))	(605,411)	1,192,844	-	-	-	-	2,767	31,853	622,053
Foreign Exchange	71,745	-	30,717	-	-	-	-	2,388	104,850
At 31 December 2020	509,621	2,325,739	(386,406)	(5,972)	24,734	-	54,218	(28,585)	2,493,349

In 2020, the fair valued Balance Sheet for Advantage General Insurance Limited at the date of acquisition was based on additional information received after yearend. These adjustments were immaterial.

	The Company	
	2020	**2019**
	$'000	**$'000**
As at 1 January	(149,667)	(88,670)
Credited to the income statement	(73,193)	(61,681)
Tax charged to components in other comprehensive income	35	684
As at 31 December	(222,825)	(149,667)

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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 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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Due from sales representatives	1,850,916	1,331,682	-	-
Real estate developed for resale (i) -				
Opening balance	2,182,226	987,343	-	-
Cost of sales	-	(112,194)	-	-
Amounts acquired	-	697,617	-	-
Additions during the year	1,780,040	609,460	-	-
	3,962,266	2,182,226	-	-
Premiums due and unpaid			-	-
Premiums due and unpaid- Gross	8,322,077	8,218,030		
Premiums due and unpaid- Provision	(4,186,797)	(3,657,220)		
	4,135,280	4,560,810		
Guests Receivables	21,226	188,308	-	
Due from related parties (Note 23)	601,600	1,177,680	24,690	112,908
Service contract assets:				
Due from Government Employees & Other - Administrative Scheme Only Fund and Government Pensioners Administrative Scheme Only Fund	170,869	187,015	-	-
Prepayments	2,944,738	2,696,839	696,322	670,590
Customer settlements accounts/unsettled trades	579,410	832,234	-	-
Legal claim (Note 53)	160,442	142,171	-	-
Deferred commission expense (ii)	132,393	116,375	-	-
Other receivables	1,724,016	2,180,732	98,018	81,878
	16,283,156	15,596,072	819,030	865,376
Provision against doubtful receivables and impairment charge	(157,096)	(260,177)	-	-
	16,126,060	15,335,895	819,030	865,376

(i) Real estate developed for sale relates to the construction of residential and commercial complexes.

(ii) Deferred commission expense

The analysis of the deferred commission expense is as follows:

	2020 $'000	2019 $'000
Arising on acquisition of subsidiary /Opening balance	116,375	130,599
Commissions paid during year	148,411	180,389
Recognised in the income statement during the year	(132,393)	(194,613)
Balance at end of year	132,393	116,375

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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). Pan-Jamaican Investment Trust 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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Due from related companies -				
Ultimate parent company	88,846	698,273	-	-
Subsidiaries	-	-	24,685	112,908
Other related companies	389,027	393,569	5	-
Other managed funds	123,727	85,838	-	-
	601,600	1,177,680	24,690	112,908
Due to related companies -				
Parent company	63,595	684,020	-	-
Subsidiaries – other liabilities	-	-	3,586,021	4,116,456
Other related companies	24,376	861,481	-	-
Managed funds	51,844	1,076,667	-	-
	139,815	2,622,168	3,586,021	4,116,456
Financial investments-				
Short term deposits			130,839	-
Securities purchased under resale agreements	-	-	615,658	-
Ultimate parent company	2,013,065	2,631,301	-	-
Sagicor Select Funds	161,809	1,319,746		
Sigma Units	25,098,938	28,836,010		
Deposit and Security Liabilities-				
Promissory loans				
Ultimate Parent company	1,739,451	-	1,632,480	-
Subsidiaries	-	-	12,927,887	12,627,383
BW Shareholders	23,500	46,800	-	-
SGJ Shareholders -Note 29(iv)	1,125,272	-	1,125,272	-
Other managed funds	4,406,319	2,262,000	-	-
	7,294,542	2,308,800	15,685,639	12,627,383

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

23. Related Party Balances and Transactions (Continued)

(b) The balances below resulted from transactions with related parties and companies as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Directors, key management and other related parties-				
Securities sold under agreements to repurchase	(17,091,206)	(4,037,892)	-	-
Customer deposits	(9,338,584)	(4,011,625)	-	-
Loans	1,452,089	956,338	-	-

(c) The income statement 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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Ultimate parent company & subsidiaries -			-	-
Gain / (loss) on disposal of Jewel Grande Montego Bay	(388,449)	-	-	-
Interest income	115,302	10,080	-	-
Interest expense	44,504	1,073	-	-
Shared service fees	266,125	325,298	-	-
			-	-
Sagicor Pooled Investment Funds -			-	-
Lease rental expense	501,398	379,295	-	-
Management fee income	1,241,778	1,398,519	-	-
Administration fee income	691,610	681,188	-	-
Directors and key management personnel -				
Interest expense	5,310	4,987	-	-
Interest income	13,992	26,044	-	-

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23. Related Party Balances and Transactions (Continued)

	The Group		The Company	
	2020	2019	2020	2019
Other related parties -	$'000	$'000	$'000	$'000
Management fees Income- subsidiaries	-	-	226,275	356,971
Management fees expense - subsidiaries	-	-	(52,200)	(52,200)
Interest expense - subsidiaries	-	-	(345,008)	(367,153)
Dividend income - subsidiaries	-	-	1,846,125	6,624,115
Service fee income	2,866,532	2,835,394		
Interest expense	(340,003)	(346,889)		
Interest income	270,322	59,964	3,099	-
Key management compensation -				
Salaries and other short term benefits	611,279	519,274	-	-
Share based payments	168,376	103,621	-	-
Contributions to pensions and insurance schemes	27,970	27,946	-	-
Directors' emoluments -				
Fees	134,177	134,658	35,090	36,364
Other expenses	2,816	13,095	743	3,984
Management remuneration (included in key management compensation)	224,644	176,549	-	-
	361,637	324,302	35,833	40,348

24. Share Capital

	The Group and The Company	
	2020	2019
	$'000	$'000
Authorised:		
13,598,340,000 (2019 – 13,598,340,000)		
Ordinary shares		
Issued and fully paid:		
3,905,634,916 ordinary stock units at no par	9,161,065	9,161,065
Treasury shares (Note 26)	(170,021)	(312,791)
	8,991,044	8,848,274

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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 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**

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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 2018	**24,084**	**(4,065,268)**	**4,333,173**	**291,989**
Net gains recycled to revenue on disposal and maturity of FVTOCI securities	-	(897,904)	-	(897,904)
Net unrealised gains on FVTOCI securities		11,043,949	-	11,043,949
Net unrealised losses on revaluation of owner-occupied properties	-	327,038	-	327,038
Retirement Benefit Obligation		(2,972)		(2,972)
Net gains on Interest Rate Swap		(73,085)	-	(73,085)
Deferred tax on unrealised capital gains and impairment	-	(1,917,498)	-	(1,917,498)
Provision for expected credit losses -IFRS 9 on FVTOCI securities	-	461,579	-	461,579
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities	-	(1,523,248)	-	(1,523,248)
Shadow accounting		(1,495,784)	-	(1,495,784)
Currency translation		-	681,871	681,871
Total comprehensive income for the year	-	5,922,075	681,871	6,603,946
Transactions with owners -				
Employee share option scheme -value of services provided	30,986	-	-	30,986
- employee stock grants and options exercised / expired	(24,876)	-	-	(24,876)
Total transactions with owners	6,110	-	-	6,110
Transfers between reserves -				
To retained earnings		(15,515)	-	(15,515)
Total transfers between reserves	-	(15,515)	-	(15,515)
Balance at 31 December 2019	30,194	1,841,292	5,015,044	6,886,530

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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			
	2020		2019	
	Options (thousands)	Weighted Average exercise price in $ per share	Options (thousands)	Weighted Average exercise price in $ per share
At beginning of year	9,600	23.44	14,614	15.00
Measurement year – 2018 awarded 2019	-	-	3,375	36.45
Measurement year – 2019 awarded 2020	3,429	39.99	-	-
Expired	(1,689)	13.97	(1,215)	25.52
Exercised	(307)	37.08	(7,174)	12.00
At end of year	11,033	29.65	9,600	23.44
Exercisable at the end of the period	6,636	25.79	5,742	18.98

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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:

	2020		2019	
Expiry Date	**Exercise Price**	**No. of Outstanding Options 000's**	**Exercise Price**	**No. of Outstanding Options 000's**
March 2020	-	-	10.75	374
March 2021	7.11	275	7.11	275
March 2022	9.50	431	9.50	426
March 2023	10.49	1,443	10.49	2,253
March 2024	23.65	1,058	23.65	1,352
March 2025	34.10	1,777	34.10	1,910
March 2026	36.45	2,790	36.45	3,009
March 2027	39.99	3,259	-	-
	30.71	11,033	23.44	9,600

For options outstanding at the end of the year, exercise prices range from $7.11 to $39.99 (2019 - $7.11 to $36.45). The remaining contractual terms range from 3 months to 7 years (2019 – 3 months to 7 years).

The weighted average share price for options exercised during the year was $58.72 (2019 - $40.51) and the Group's share of the cost of these options was $2,968,000 (2019 - $4,740,000).

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 $34,298,000. The significant inputs into the model were:

	2020	**2019**
Share Price	$47.95	$39.99
Dividend Yield	2.19%	3.33%
Standard Deviation	31%	27%
Risk Free ratio	4.43%	4.60%
Expected Volatility period	7 Years	7 Years

The Sagicor Group Jamaica Limited recognised cumulative expenses of $26,015,000 in the Stock Option Reserves (2019 – $30,190,000) and share options expense of $27,714,000 (2019 - $17,197,000) 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 2020, the Staff Share Purchase Plan Trust purchased 5,000,000 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 3,312,941 (2019 4,902,851) at a cost of $170,021,000 (2019 - $312,792,000).

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27. Dividends

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
First interim dividend – 40 cents per share (2019 – 79 cents per share)	1,562,240	3,085,452
Second interim dividend – 45 cents per share (2019 – 65 cents per share)	1,742,318	2,538,662
	3,304,558	5,624,114

Dividends represented a dividend per stock unit of $0.85 (2019 $1.44). 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 the 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, with the expectation that these Notes will be repaid once the moratorium on dividends is lifted.

28. Net Profit

	2020 $'000	**2019 $'000**
(i) Net profit attributable to stockholders of Sagicor Group Jamaica Limited, dealt with in the financial statements of:		
The company	910,151	5,577,074
Less dividends from subsidiaries	(1,846,125)	(6,624,115)
The subsidiaries, associate and joint venture	14,716,137	16,697,345
	13,780,163	15,650,304

29. Deposit and Security Liabilities

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Securities sold under repurchase agreements	79,400,370	67,970,120	-	-
Shareholders loan – Bailey Williams Limited	23,500	46,800	-	-
Due to banks and other financial institutions (i)	3,871,821	6,221,569	-	12,311
Customer deposits and other accounts	120,569,698	105,036,943	-	-
Structured products (ii)	-	895,346	-	-
Promissory notes (iii)	3,493,093	-	15,685,639	12,627,383
	207,358,482	180,170,778	15,685,639	12,639,694

Current portion:	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Deposit and Security Liabilities	198,452,768	176,051,116	12,927,887	12,639,694

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29. Deposit and Security Liabilities (Continued)

	Interest Rate (%)	Maturity Year	The Group 2020 $'000	The Group 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
(I) Due to banks and other financial institutions:						
Development Bank of Jamaica Limited (a)	various	various	1,792,425	1,715,942	-	-
National Housing Trust (NHT) (b)	various	various	2,016,511	1,697,949	-	-
Citibank N.A. (c)	2.8	2020	-	655,986	-	-
MF & G Trust & Finance Ltd (d)	13.0	2020	-	496	-	-
Jefferies LLC (e)	2.29-2.3	On demand	-	1,050,257	-	-
Morgan Stanley Smith Barney (f)	2.30-2.75	On demand	-	361,012	-	-
Bank overdraft:						
National Commercial Bank Jamaica Limited (g)	21.25	2020	62,885	739,927	-	-
Sagicor Bank Jamaica Limited (g)	28	2020		-	-	12,311
			3,871,821	6,221,569	-	12,311

(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 0.759% to 7%.

(c) Citibank N.A. Jamaica Branch
This represented an unsecured short-term inter-bank borrowing with an interest rate of 2.8% and was repaid in January 2020.

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29. Deposit and Security Liabilities (Continued)

(d) MF&G Trust & Finance Limited.
This represented amounts under lease facilities. The facilities attract interest rate at 13%. These leases were repaid in February 2020.

(e) Jefferies LLC
This represented amounts due to the broker for securities purchased by under margin loan facilities. The facilities attracted interest rates ranging from 2.29% to 2.30%. These loans were repayable on demand and secured by International Corporate bonds and were repaid during 2020.

(f) Morgan Stanley Smith Barney
This represented amounts due to the broker for securities purchased under margin loan facilities. The facilities were payable on demand and attracted interest rates ranging from 2.30% to 2.75%. The facilities were secured by International Corporate bonds and were repaid in 2020.

(g) 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.

(ii) Structured products

	2020 $'000	2019 $'000
Principal protected notes -		
With interest guaranteed	-	895,346
	-	895,346

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 9. 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 notes matured in May 2020 and June 2020.

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29. Deposit and Security Liabilities (Continued)

(iii) Promissory notes

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Sagicor Life Jamaica Limited (i)	-	-	10,943,851	10,679,972
Sagicor Securities Jamaica Limited (ii)	-	-	668,378	661,750
Sagicor Investment Jamaica Limited (iii)	-	-	1,315,658	1,285,661
Ultimate parent (iv)	1,632,480	-	1,632,480	-
Shareholders (iv)	1,125,272	-	1,125,272	-
Other managed funds	735,341	-	-	-
	3,493,093	-	15,685,639	12,627,383

Items (i) to (iii) represent promissory notes that have been issued by the Sagicor Group Jamaica Limited with respect to the corporate reorganization 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 December 2021 and November 2021.

(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 to Sagicor Securities Jamaica Limited is unsecured and attracts interest at 1% per annum maturing in June 2021.

(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 3% per annum and matures in May 2021.

(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 and are eligible for repayment once the Bank of Jamaica lifts the moratorium on dividend payments.

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30. Loans Payable

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
(a) Mortgage Notes – X Fund Property LLC: 2025 at 4.9%	6,527,465	6,062,226	-	-
(b) Notes – Sagicor X Fund Real Estate Limited:				
(i) Tranche C – 2021 at 4.75%	311,682	279,866	-	-
(c) Fixed Rate Notes – X Fund Property Limited:				
(i) Tranche B – 2020 at 5%	-	563,965	-	-
(ii) Tranche B – 2048 at 9% (issued October 29, 2018)	478,066	476,889	-	-
(iii) Tranche D – 2020 at 8.75%	-	1,343,405	-	-
(iv) Tranche E – 2021 at 8%	458,634	456,481		
(v) Tranche E – 2026 at 4.27 to 10%	579,499	611,002	-	-
	1,516,199	3,451,742	-	-
(d) Key Money – X Fund Property Limited	135,855	148,644	-	-
(e) Long Term Loan (Tranche B)- Sagicor Investment Jamaica Limited (SIJL)				
(i) Repayable over varying periods and mature August 16, 2024 at 6.75%	2,198,545	2,198,545	-	-
(f) Short Term Loan Tranche A- Sagicor Investment Jamaica Limited (SIJL)				
(i) Repayable on September 16, 2020 at 5%	-	2,233,989	-	-
Total loans payable	**10,689,746**	**14,375,012**	**-**	**-**
Current loans payable	**2,076,972**	**4,307,727**	**-**	**-**

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(expressed in Jamaican dollars unless otherwise indicated)

30. Loans Payable (Continued)

(a) Mortgage Note - US Dollars

The mortgage note of US$48,736,586 is recorded at fair value at acquisition and is secured by the investment in hotel property. Interest on the mortgage note is paid monthly through maturity at which time the outstanding principal is due and payable. The subsidiary may prepay the mortgage 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, 2020, the subsidiary was not in compliance with the debt service coverage ratio covenant.

(b) (i) Tranche C – US Dollars

The 4.75% US dollar note pays interest quarterly. The loan which will mature May 16, 2021 is 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) Fixed Rate Notes

These notes were issued under four tranches with fixed coupon ranging from 4.27% to 11% and tenures of 2 to 40 years. The notes are secured by Jamziv (which holds the Playa shares) allocated to X Fund Properties Limited.

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.

(d) Key Money

This note is interest free with annual forgiveness of debt over ten years, if contain conditions are met.

(e) This loan was arranged by The Jamaica Central Securities Depository (Trustee) to SIJL on 16 August 2019 amounting to $2.18 billion at an interest rate of 6.75% and is repayable 16 August 2024. Entities which financed the borrowing include related parties.

This bond Tranche A was arranged by The Jamaica Central Securities Depository (Trustee) to SIJL to finance the acquisition of Advantage General Insurance on 16 August 2019 amounting to $2.22 billion at an interest rate of 5% and was repaid on 16 September 2020. Entities which financed the borrowing include related parties.

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31. Other Liabilities

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Legal claim payable (Note 53)	160,442	142,171	-	-
Premiums not applied	3,998,414	3,939,358	-	-
Accounts payable and accruals	2,416,168	4,588,445	40,079	158,374
Accrued vacation	372,216	350,517	-	-
Dividends payable	220,533	213,230	146,047	138,744
Due to related parties (Note 23)	139,815	2,622,168	3,586,021	4,116,456
Due to brokers and agents	1,212,661	932,884	-	-
Bonus payable	721,559	638,728	-	-
Reinsurance payable	1,360,496	1,138,344	-	-
Mortgage principal and real estate payables	117,599	112,888	-	-
Customer settlement accounts	1,793,531	1,322,303	-	-
Guest Deposits	70,838	193,900		
Regulatory fees and Statutory payables	640,961	640,830	-	-
Items in course of payment	466,776	440,917	-	-
Cheques issued but uncashed	724,894	696,786	-	-
Unearned reinsurance commissions	677,716	461,508	-	-
Miscellaneous	339,569	900,860	5,187	6,512
	15,434,188	19,335,837	3,777,334	4,420,086

The analysis of the movement in deferred commission income is as follows:

	The Group	
	2020	2019
	$'000	$'000
Balance at the beginning of the year	461,508	12,313
Arising on acquisition of subsidiary	-	274,366
Commission received during the year	1,509,896	286,843
Amounts recognised in income during the year	(1,293,688)	(112,014)
Balance at end of year	677,716	461,508

Other liabilities are due for settlement within one year.

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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	
	2020	2019
	$'000	$'000
Group annuities	55,704,694	50,017,977
Group insurance	4,782,626	4,188,044
Individual insurance	30,290,402	37,235,941
Total	90,777,722	91,441,962

(b) Movements in insurance liabilities:

	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 to 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

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31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

32. Life and Health Insurance Contract Liabilities (Continued)

(b) Movements in insurance liabilities:

	The Group			
	2019			
	Group Annuities	Individual Insurance	Group Insurance	Total
	$'000	$'000	$'000	$'000
Balance at the beginning of the year	45,870,027	30,032,747	4,059,258	79,962,032
Change in assumed investment yields and inflation rate	685,952	1,346,689	(18,212)	2,014,429
Change due to the issuance of new policies and the decrements on in-force policies	3,464,049	8,489,336	283,811	12,237,196
Change due to other actuarial assumptions	(1,667,815)	(3,438,942)	(197,583)	(5,304,340)
Normal changes in policyholders' liabilities recorded to income statement:	2,482,186	6,397,083	68,016	8,947,285
Changes in actuarial liabilities recorded in Other Comprehensive Income (shadow accounting)	808,382	687,403	-	1,495,785
Foreign currency translation	857,382	118,708	60,770	1,036,860
Balance at end of year	50,017,977	37,235,941	4,188,044	91,441,962

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

32. Life and Health Insurance Contract Liabilities (Continued)

(c) Investment and other assets supporting policyholders' and other liabilities:

	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	48,527,960	100,596,579
	69,941,518	65,238,378	249,130,671	106,384,006	490,694,573

	The Group 2019				
	Insurance	**Annuities and Deposit Administration Funds**	**Other Liabilities**	**Capital and Surplus**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Equities, Derivatives and Unit Trusts	29,856,332	-	-	8,147,366	38,003,698
Investment properties	-	-	-	3,355,590	3,355,590
Fixed income securities	37,061,610	57,918,588	173,007,051	44,949,158	312,936,407
Mortgages	-	1,051,338	-	1,914,815	2,966,153
Other assets	3,253,444	-	66,653,074	32,830,658	102,737,176
	70,171,386	58,969,926	239,660,125	91,197,587	459,999,024

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

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 30 years will be between 2.0% and 3.2% (2019: 2.0% and 3.3%).

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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 4% and 24% 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 16.0% (2019: 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 30 years are between 2.0% and 3.2% (2019: 2.0% and 3.3%).

(vi) Provision for adverse deviation assumptions
To recognise 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 be recognised 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	
	2020 $'000	2019 $'000
Amortised cost -		
Amounts on deposit		
Guaranteed Investor liabilities	11,705,043	9,546,065
Other policyholders' savings plans	3,503,968	3,152,720
Total amounts on deposit	15,209,011	12,698,785
Deposit administration fund	1,493,579	1,253,588
Other investment contracts	727,831	578,647
	17,430,421	14,531,020

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.

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(expressed in Jamaican dollars unless otherwise indicated)

34. Property and Casualty Insurance Contract and Other Policy Liabilities

	The Group					
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Life and health claims payable	4,592,042	(1,007,013)	3,585,029	3,796,228	(516,439)	3,279,789
Property and casualty claims payable and IBNR	3,276,186	(709,878)	2,566,308	3,499,587	(113,226)	3,386,361
Total Policy Benefit Payable	7,868,228	(1,716,891)	6,151,337	7,295,815	(629,665)	6,666,150
Provision for unearned premiums	2,755,496	(1,683,928)	1,071,568	2,841,768	(1,422,386)	1,419,382
Policy dividends and other funds on deposit	865,127	-	865,127	880,406	-	880,406
Balance at 31 December	11,488,851	(3,400,819)	8,088,032	11,017,989	(2,052,051)	8,965,938

Movement in policy benefit payable:

	The Group					
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balance at 1 January	7,295,815	(629,665)	6,666,150	3,233,869	(587,465)	2,646,404
Arising on acquisition of subsidiary (i)	(251,000)	-	(251,000)	3,599,568	(46,647)	3,552,921
Policy benefits incurred	34,068,218	(1,323,112)	32,745,106	29,581,922	(474,382)	29,107,540
Policy benefits paid	(33,274,021)	246,751	(33,027,270)	(29,119,544)	478,829	(28,640,715)
Effect of exchange rates	29,216	(10,865)	18,351	-	-	-
Balance at 31 December	7,868,228	(1,716,891)	6,151,337	7,295,815	(629,665)	6,666,150

(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 yearend. These adjustments were immaterial.

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

34. Property and Casualty Insurance Contract and Other Policy Liabilities (Continued)

Movement in provision for unearned premiums:

	The Group					
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balance at 1 January	2,841,768	(1,422,386)	1,419,382	186,434	(178,186)	8,248
Arising on acquisition of subsidiary	-	-	-	2,960,189	(1,016,435)	1,943,754
Premiums written during the year	6,122,466	(3,859,314)	2,263,152	1,725,744	(1,190,620)	535,124
Premiums earned during the year	(6,220,611)	3,608,961	(2,611,650)	(2,037,551)	969,522	(1,068,029)
Effects of exchange rate changes	11,873	(11,189)	684	6,952	(6,667)	285
Balance at 31 December	2,755,496	(1,683,928)	1,071,568	2,841,768	(1,422,386)	1,419,382

Analysis of gross unearned premium

	The Group					
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Liability	88,341	(56,907)	31,434	61,894	(39,992)	21,902
Motor	2,007,315	(1,041,341)	965,974	2,194,700	(1,045,653)	1,149,047
Pecuniary loss	-	-	-	1,207	(575)	632
Property	659,840	(585,680)	74,160	583,967	(336,924)	247,801
	2,755,496	(1,683,928)	1,071,568	2,841,768	(1,422,386)	1,419,382

35. Collateralised Reversed Repurchase Agreements

At December 31, 2020, the Group held $1,133,672,000 (2019 – $1,507,500,000) 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

	2020		
	Gross Premiums	Reinsurance Premiums	Net premiums
Group insurance -			
Group creditor life	909,127	-	909,127
Group health	11,915,270	(406,205)	11,509,065
Group life	2,480,771	(79,388)	2,401,383
	15,305,168	(485,593)	14,819,575
Individual insurance -			
Individual life -			
Insurance premium	17,109,706	(358,064)	16,751,642
Segregated funds contributions	10,541,191	-	10,541,191
Individual health	544,988	-	544,988
Individual annuities	29,301	-	29,301
	28,225,186	(358,064)	27,867,122
Group annuities	5,080,812	-	5,080,812
Property and casualty	6,220,611	(3,608,961)	2,611,650
Net premiums	54,831,777	(4,452,618)	50,379,159

	2019		
	Gross Premiums	Reinsurance Premiums	Net premiums
Group insurance -			
Group creditor life	812,771	-	812,771
Group health	11,204,820	(473,965)	10,730,855
Group life	2,454,176	(79,895)	2,374,281
	14,471,767	(553,860)	13,917,907
Individual insurance -			
Individual life -			
Insurance premium	15,946,465	(337,873)	15,608,592
Segregated funds contributions	10,092,472	-	10,092,472
Individual health	554,953	-	554,953
Individual annuities	209,265	-	209,265
	26,803,155	(337,873)	26,465,282
Group annuities	5,062,877	-	5,062,877
Property and casualty	2,037,551	(969,522)	1,068,029
Net premiums	48,375,350	(1,861,255)	46,514,095

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

37. Net Investment Income

	The Group		
	2020 Amortised $'000	2020 FVTOCI $'000	2020 Total $'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
Direct expenses			-
			(14,643)

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31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

37. Net Investment Income (Continued)

Other investment income	251,321
Other direct investment expense	(284,993)
	(33,672)
Net losses and capital gains/(losses) from assets measured at FVTPL & Other Investment Income	(2,022,302)
Total Investment Income	24,976,652
Interest expense -	
Customer deposits, repurchase liabilities and investment contracts	(3,683,982)
Due to banks and other financial institutions	(1,087,959)
Lease Liabilities	(201,181)
Amortisation of loan costs	(54,573)
	(5,027,695)
Credit impairment losses	(1,694,349)
Net investment income	**18,254,608**

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

37. Net Investment Income (Continued)

	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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37. Net Investment Income (Continued)

	The Group		
	2019	2019	2019
	Amortised cost assets	FVTOCI assets	Total
	$'000	$'000	$'000
Interest income -			
Debt securities	6,076,074	6,235,600	12,311,674
Mortgage loans	812,572	-	812,572
Policy loans	85,604	-	85,604
Loans and finance leases	7,957,529	-	7,957,529
Securities purchased for re-sale	72,045	-	72,045
Deposits	53,981	-	53,981
Total Interest Income	15,057,805	6,235,600	21,293,405
Net gain on de-recognition of financial assets measured at FVTOCI			2,830,155
Net gain on derecognition of financial assets measured at amortised cost			1,765,187
			25,888,747
FVTPL investments:			
Interest income from			349,040
Dividend income			136,007
Unrealised gains on financial assets			4,852,788
Net gain on de-recognition of financial assets			1,358,821
			6,696,656
Investment properties:			
Unrealised gains			116,998
Realised gains			3,620
Rental Income			92,989
Direct expenses			2,244
			215,851

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(expressed in Jamaican dollars unless otherwise indicated)

37. Net Investment Income (Continued)

Other investment income and expense	
Investment income	21,075
Direct investment expense	(4,767)
	16,308
Income earned and capital gains from assets measured at FVTPL & Other Investment Income	6,928,815
Total Investment Income	32,817,562
Interest expense -	
Customer deposits, repurchase liabilities and investment contracts	(3,613,311)
Due to banks and other financial institutions and loans payable	(1,228,631)
Lease Liabilities	(194,450)
Amortisation of loan costs	(69,353)
	(5,105,745)
Credit impairment losses	(799,179)
Net investment income	**26,912,638**

	The Company		
	2019	**2019**	**2019**
	Amortised cost assets	**FVTOCI assets**	**Total**
	$'000	**$'000**	**$'000**
Interest income -			
Debt securities	1,235	1,841	3,076
Securities purchased for re-sale	1,657	-	1,657
Deposits	21,757	-	21,757
Total interest income	24,649	1,841	26,490

Dividend income	6,624,115
	6,650,605
Credit impairment-adjustment	10
	6,650,615
Interest expense -	
Promissory notes	(367,153)
	6,283,462

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

38. Results from Hotel Operations

Hotel revenues and expenses relate to X Fund Properties LLC, operators of Double Tree Orlando.

	2020	**2019**
	$'000	**$'000**
Hotel Revenues:		
Rooms	1,724,226	3,824,930
Food and beverage	435,947	1,059,049
Other departments	214,850	333,318
Other	52,321	56,987
	2,427,344	5,274,284
Hotel Expenses:		
Rooms	234,257	431,874
Food and beverage	154,712	543,262
Property operations	286,380	153,785
Franchise expense	90,252	205,310
Sales and marketing	135,563	292,612
Other operated departments	450,962	1,168,848
Staff costs:		
Salaries and benefits	548,378	1,265,526
Payroll taxes	185,978	78,153
	2,086,482	4,139,370

39. Fees and Other Income

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Service contract revenue	9,062,037	11,317,901	-	-
Commission income on insurance and reinsurance contracts	1,373,567	146,770	-	-
Foreign exchange gains	183,796	484,703	36,436	14,715
Other fees and commission income	2,793,670	1,941,493	-	-
Management Fees	-	-	226,275	304,771
Miscellaneous fees & other income	98,641	8,086	1,473	(3,872)
	13,511,711	13,898,953	264,184	315,614

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40. Insurance Benefits and Claims

	The Group			
	2020			2019
	Gross incurred	Reinsured	Net Claims	Net Claims
	$'000	$'000	$'000	$'000
Death and disability	4,984,571	(191,794)	4,792,777	3,782,845
Maturities	130,109	-	130,109	116,161
Surrenders and withdrawals	869,200	-	869,200	819,235
Segregated funds withdrawals	8,771,957	-	8,771,957	7,477,294
Annuities payments	5,677,459	-	5,677,459	5,647,741
Policy dividends and bonuses	92,033	-	92,033	91,989
Health insurance	9,851,693	(252,933)	9,598,760	9,678,191
Property and Casualty	2,663,525	(878,385)	1,785,140	677,281
Other benefits	1,027,671	-	1,027,671	816,803
	34,068,218	(1,323,112)	32,745,106	29,107,540

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(expressed in Jamaican dollars unless otherwise indicated)

41. Administration Expenses

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Auditors' remuneration	230,441	167,740	35,634	13,870
Office accommodation	962,280	942,087	1,777	10,583
Communication and technology	2,784,512	2,288,481	118,073	77,644
Advertising and branding	742,074	905,749	217,909	165,860
Sales convention and incentives	278,741	334,159	-	3,359
Postage, printing and office supplies	347,171	347,688	4	298
Policy stamp duties and reimbursements	80,366	79,705	-	-
Regulators fees	393,123	328,371	8,975	11,604
Directors costs	145,873	147,753	35,833	40,348
Legal and professional fees	543,700	643,834	83,746	208,826
Services outsourced	988,031	824,784	1,125	972
Electronic channels charges	1,358,532	1,474,994	-	-
Commission and fees	66,509	44,748	-	-
Insurance	242,095	227,640	4,320	859
Travel and entertainment	115,794	181,362	2,668	10,730
Bank charges and cash transport	306,970	306,826	1,307	1,307
Other expenses	972,273	985,027	105,471	35,218
Staff costs (a)	11,236,077	9,927,429	4,088	66,107
	21,794,562	20,158,377	620,940	647,585

(a) Staff costs

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Salaries	8,389,316	6,987,613	-	-
Payroll taxes	918,507	728,597	-	-
Pension costs (Note 19)	638,672	536,905	-	-
Other post-retirement benefits (Note 19)	182,334	284,255	-	-
Share based compensation	140,043	337,347	-	-
Restructuring costs	192,900	155,315	-	-
Other	774,305	897,397	4,088	66,107
	11,236,077	9,927,429	4,088	66,107

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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(expressed in Jamaican dollars unless otherwise indicated)

43. Taxation

(a) Tax is computed as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Current year taxation -				
Dividend income tax @ 15%	2,316	3,673	-	-
Income tax at 33 ⅓%	2,895,865	1,719,260	-	-
Income tax at 25%	3,195,814	2,075,212	-	-
	6,093,995	3,798,145	-	-
Deferred income tax (Note 20) - Deferred tax charge/(credit) relating to the origination and reversal of	(400,468)	1,455,826	(73,193)	(61,681)
Taxation	5,693,527	5,253,971	(73,193)	(61,681)
Other taxes:				
Asset tax @ 0.25%	746,601	643,047	-	-
Withholding tax	226	492	-	-
Other taxes	746,827	643,539	-	-

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43. Taxation (Continued)

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 and Sagicor International Administrators Limited.

2. Income tax at 25% is payable on taxable profits of Sagicor Life Jamaica Limited, Sagicor Group Jamaica Limited, AGI and Sagicor Property Services Limited.

Other taxes:

1. Asset taxes

(a) Life Insurance Companies
Life Insurance Companies are subjected to asset tax at a rate of 0.25% (2019 - 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.

(b) Bank of Jamaica Regulated Companies
Commercial Banks, Building Societies and other deposit taking institutions are subjected to tax of 0.25% (2019 – 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.

(c) Non- Regulated Entities
These entities are subjected to a fixed rate based on the total value of assets.

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 $690,422,000 (2019 – $181,387,000).

(b) Reconciliation of applicable tax charges to effective tax charge:

	The Group		The Company	
	2020	**2019**	**2019**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Investment income tax - Dividend income	15,440	24,485	-	-
Tax at 15%	2,316	3,673	-	-
Income tax - Profit before taxation	10,178,307	20,717,597	836,958	5,515,393
Tax at 1%, 21%, 25% & 33⅓%	3,837,194	5,986,112	209,239	1,378,848
Adjusted for:				
Income not subject to income tax (i)	(4,783,744)	(3,365,381)	(469,430)	(1,656,029)
Asset tax not deductible for tax purposes	414,075	198,860	-	-
Expenses not deductible for tax purposes (ii)	6,705,926	2,738,240	103,649	139,388
Subsidiaries taxed at zero rate	(234,812)	(303,921)	-	-
Prior year (over)/under provision	91,293	9,558	-	-
Net effect of other charges and allowances	(338,721)	(13,170)	83,348	76,112
	5,691,211	5,250,298	(73,193)	(61,681)
Taxation expense	5,693,527	5,253,971	(73,193)	(61,681)

(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					
	2020			2019		
	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	4,696,182	(1,246,345)	3,449,837	10,088,475	(2,197,207)	7,891,268
Provision for expected credit losses -IFRS 9 on FVTOCI securities, net recycled to the Income Statement on sale and maturity of FVTOCI securities	448,864	(36,653)	412,211	(1,061,669)	280,685	(780,984)
Shadow accounting reserve	(742,148)	-	(742,148)	(1,495,784)	-	(1,495,784)
Re-measurement of post-employment benefits	113,315	(42,992)	70,323	827,612	(272,660)	554,952
Unrealised gains/(losses) on owner-occupied properties:	(2,592,609)	588,943	(2,003,666)	(172,858)	(11,598)	(184,456)
Fair value losses on swap of associate	(140,616)	-	(140,616)	(410,058)	-	(410,058)
Share of fair value losses on interest rate swap recycled on dilution of associate company	24,237	-	24,237	-	-	-
Retranslation of foreign operations recycle on dilution of associate	(74,043)	-	(74,043)			
Retranslation of foreign operations	3,930,957	-	3,930,957	1,748,249	-	1,748,249
Other comprehensive income Deferred income taxes (Note 20)	5,664,139	(737,047)	4,927,092	9,523,967	(2,200,780)	7,323,187

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44. Leases

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2020 $'000	2019 $'000
Right-of-use assets		
Buildings	2,429,679	2,852,062
Land	58,552	58,552
	2,488,231	2,910,614
Lease liabilities		
Current	562,477	538,840
Non-current	2,218,383	2,542,733
	2,780,860	3,081,573

Additions to the right-of-use assets during the 2020 financial year were $164,733,000 (2019- $130,574,000).

(b) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2020 $'000	2019 $'000
Amortization charge of right-of-use assets	591,512	557,631
Interest expense (included in Interest and other interest expense)	201,181	194,185
Expense relating to short-term leases (included in administration expenses)	54,753	64,292

(c) The total cash outflow for leases in 2020 was $665,383,935 (2019- $580,856,639).

(d) As at 31 December 2020, potential future cash outflows of $54,753,000 (2019- $64,292,006) (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 $144,752,000 (2019- $1,570,733,340).

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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	
	2020	**2019**
Net profit attributable to stockholders ($'000)	13,780,163	15,650,304
Weighted average number of ordinary stock units in issue ('000)	3,902,322	3,900,732
Basic earnings per stock unit ($)	3.53	4.01

(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	
	2020	**2019**
Net profit attributable to stockholders ($'000)	13,780,163	15,650,304
Weighted average number of ordinary stock units in issue ('000)	3,905,640	3,903,762
Fully diluted earnings per stock unit ($)	3.53	4.01

(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	
	2020	**2019**
	'000	**'000**
Weighted average number of ordinary stock units for the purposes of the computation of basic earnings per stock unit	3,902,322	3,900,732
Effect of dilutive potential ordinary stock units – stock options	3,318	3,030
Weighted average number of ordinary stock units for the purposes of the computation of diluted earnings per stock unit	3,905,640	3,903,762

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46. Cash Flows

(a) Adjustments to reconcile net profit to net cash provided by operating activities

	Note	The Group 2020 $'000	The Group 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
Adjustments for non-cash items, interest and dividends:					
Depreciation and amortisation		2,870,006	2,708,419	339,514	436,098
Interest and dividend income	37	(23,265,296)	(21,778,323)	(1,874,801)	(6,650,605)
Interest expense and finance costs	37	4,973,122	5,036,392	345,008	367,153
Amortization of cost for preference shares and loans	37	54,573	69,353	-	-
Income tax	43	5,693,527	5,253,971	(73,193)	(61,681)
Other tax expense	43	746,601	643,047	-	-
Gains on disposal of investment securities	37	(4,469,191)	(5,954,163)	(3,476)	-
Fair value (losses)/gains on trading securities	37	2,709,520	(4,852,788)	-	-
Credit impairment losses	37	1,694,349	799,179	41	(10)
Impairment charge on property, plant & equipment		-	14,678	-	-
(Loss)/gain on disposal on Investment property		408,885	(3,620)	-	-
Impairment charge on Land Developed for Resale		-	114,286	-	-
Gains losses on revaluation of investment properties	13	(83,679)	(231,284)	-	-
Losses /(gains) losses on disposal of property, plant and equipment		6,847	(92,175)	-	6,052
Increase in policyholders' funds		2,942,784	1,116,724	-	-
Net movement in actuarial liabilities		(4,058,410)	8,947,285	-	-
Retirement benefit obligations		154,028	231,211	-	-
Effect of exchange gains on foreign currency balances		(183,796)	(484,704)	(41,432)	(20,157)
Dilution loss of associate	15	391,296	-	-	-
Impairment charge on associate	15	4,508,146	-	-	-
Impairment charge on goodwill	17	1,231,913	-	-	-
Share of losses from joint venture and associate		5,156,437	84,038		-
		1,481,662	(8,378,474)	(1,308,339)	(5,923,150)

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(expressed in Jamaican dollars unless otherwise indicated)

46. Cash Flows (Continued)

(a) Adjustments to reconcile net profit to net cash provided by operating activities (continued)

Changes in other operating assets and liabilities:				
Statutory reserves at Bank of Jamaica and restricted cash	370,727	978,223	-	-
Structured products and derivatives	(892,646)	(7,734,471)	-	-
Stock options and grants	17,805	6,110	17,805	6,110
Reinsurance contracts	(1,273,727)	(237,475)	-	-
Due from related parties	(10,997)	(176)	(442,217)	491,311
Other assets	(1,284,944)	(1,099,249)	(44,204)	(137,695)
Other liabilities	(3,425,222)	3,152,907	(112,318)	(363,448)
	(6,499,004)	(4,934,131)	(580,934)	(3,722)

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Net investment purchases:				
Proceeds on sale of investment securities	147,172,859	274,900,224	-	-
Purchase of investment securities	(151,955,082)	(282,991,155)	30,000	-
Loans	(3,106,118)	(14,275,761)	-	-
Lease receivables	(36,143)	(62,054)	-	-
	(7,924,484)	(22,428,746)	30,000	-
	(12,941,826)	(35,741,351)	(1,859,273)	(5,926,872)

(b) 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:

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46. Cash Flows (Continued)

(b) Net debt reconciliation (continued)

	The Group	
	2020 $'000	2019 $'000
At January 1,2020	196,732,017	166,667,211
Interest Payable	(708,329)	(604,812)
Bank Overdraft classified as cash and cash equivalent	(739,927)	(1,063)
	195,283,761	166,061,336
Drawdown, net of repayments:		
Redemption of preference shares	-	(1,414,700)
Deposits and securities liabilities	13,958,897	24,082,586
Lease repayments	(469,842)	(386,673)
Non-Cash Movements:		
New leases	169,129	3,468,246
Dividend payable converted to promissory notes	2,741,628	-
Acquired in acquisition Bailey Williams and AGI	-	836,748
Foreign Exchange Impact	8,444,020	2,566,866
Amortization of loan cost	54,573	69,352
Amortization of principal	(31,885)	-
Bank Overdraft classified as cash and cash equivalent	62,885	739,927
Interest payable	615,922	708,329
At December 31,2020	220,829,088	196,732,017

	The Company	
	2020 $'000	2019 $'000
At January 1,2020	12,627,383	13,260,219
Interest Payable	(198,190)	(206,344)
	12,429,193	13,053,875
Dividend payable converted to promissory notes	2,741,628	
Drawdown, net of repayments	-	(769,944)
Non-Cash Movements:		
Interest Capitalised	459,115	145,262
Interest payable	55,703	198,190
At December 31,2020	15,685,639	12,627,383

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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 statement of financial position dates.

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

(i) Investment securities at fair value through profit or loss are measured at fair value by reference to quoted 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 air value of the interest rate swap is calculated as the present value of the estimated future cash flows. The fair value of currency forward contracts is determined using quoted forward exchange rates. The fair value of the equity indexed options and the exchange traded funds that are shorted are based on quoted prices (level 1). The fair value of the cross currency swap is based on the present value of the net future cash payments and receipts, which fluctuate based on changes in market interest rates and the euro/U.S. dollar exchange rate.

(iv) The fair value of demand deposits and customer accounts with no specific maturity is assumed to be the amount payable on demand at the 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.

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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 2020 $000	Fair Value 2020 $000	Carrying Value 2019 $000	Fair Value 2019 $000
Financial Assets				
Investments at amortised cost (loans and receivables)	96,477,183	120,874,687	80,707,814	104,056,162
Loans & leases, after allowance for credit losses	87,843,528	88,007,437	84,996,376	86,008,594
Financial Liabilities				
Securities sold under agreements to repurchase	79,400,370	79,400,370	67,970,120	67,970,120
Customer deposits and other accounts	120,569,698	121,376,711	105,932,277	106,408,880
Due to banks and other financial institutions (note 29)	3,895,321	3,895,321	6,268,381	6,385,663
Loans Payable	10,689,746	10,974,863	14,375,012	14,375,012

	The Company			
	Carrying Value 2020 $000	Fair Value 2020 $000	Carrying Value 2019 $000	Fair Value 2019 $000
Financial Assets				
Financial investments – loans and receivables	1,224,937	1,224,937	577,868	577,868

The following table provides an analysis of financial instruments that are measured in the statement of financial position at fair value at 31 December 2020, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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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 Group 2020			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial investments	63,988,906	139,565,449	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
	63,988,906	139,565,449	16,566,443	220,120,798

	The Group 2019			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial investments	66,800,681	120,059,389	436,558	187,296,628
Derivative financial instruments	-	35,005	-	35,005
	66,800,681	120,094,394	436,558	187,331,633
Non Financial Assets				
Property, plant & equipment	-	-	15,966,686	15,966,686
Investment properties	-	-	3,355,590	3,355,590
	66,800,681	**120,094,394**	**19,758,834**	**206,653,909**
Financial Liabilities				
Derivative financial instruments	-	35,005	-	35,005

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47. Fair Values of Financial Instruments (Continued)

Description	Fair value at		Unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	2020	2019		2020	2019	
	$'000	$'000		$'000	$'000	
Investment properties	1,389,305	3,355,590	Comparable sale	5%	5%	Increased in comparable sale prices will have direct correlation to the fair value.
Property, plant & equipment	14,343,522	15,966,686	Comparable sale	5%	5%	Increased in comparable sale prices will have a direct correlation to fair value.
Unquoted ordinary equity	833,616	436,558	Adjustments to net assets	10%	10%	Increases in adjusted net assets of the underlying entities will have a direct correlation to fair value.
	16,566,443	19,758,834				

Reconciliation of level 3 items –

	The Group	
	2020	2019
	$'000	$'000
Balance at beginning of year	19,758,834	18,608,425
Total (losses)/ gains – OCI	(1,269,597)	1,012,712
Total losses – income statement	(250,783)	(139,083)
Purchases	415,58	330,982
Transferred in/Assumed on Acquisition	-	1,610,405
Settlements	(2,087,595)	(1,664,607)
Balance at end of year	16,566,443	19,758,834

The gains or losses recorded in the income statement are included in Note 37.

The following table summarizes the quantitative information about the significant unobservable inputs used to measure the Group's Level 3 financial instruments:

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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.

(i) 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 in 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.

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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 organizations 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). At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Group. As was the case in the previous year, the risk is concentrated at the higher value bands. (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-2020			
	Total Benefits Insured			
	Before Reinsurance $'000	%	After Reinsurance $'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

Individual Life Benefits Assured per Life ($'000)	The Group-2019			
	Total Benefits Insured			
	Before Reinsurance $'000	%	After Reinsurance $'000	%
0 – 200	127,643,641	8	120,210,656	8
200 - 400	119,454,983	7	113,886,451	7
400 - 800	135,730,232	9	124,629,985	9
800 - 1000	115,303,533	7	109,667,322	7
More than 1,000	1,089,180,318	69	1,059,937,209	69
Total	1,587,312,707	100	1,528,331,623	100

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(expressed in Jamaican dollars unless otherwise indicated)

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-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

Group Life Benefits Assured per Life ($'000)	The Group-2019			
	Total Benefits Insured			
	Before Reinsurance $'000	%	After Reinsurance $'000	%
0 - 200	30,515,443	3	20,616,030	2
200 - 400	3,604,319	-	2,054,993	-
400 - 800	930,945	-	496,850	-
800 - 1,000	26,862	-	26,862	-
More than 1,000	932,821,648	97	918,396,291	98
	967,899,217	100	941,591,026	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.

	The Group			
Annuity Payable per annum per annuitant ($'000)	Total Benefits Insured			
	2020	%	2019	%
	$'000		$'000	
0 – 20	104,952	2	89,452	2
20 - 40	109,526	2	89,956	2
40 - 80	91,743	2	81,635	2
80 - 100	45,125	1	42,070	1
More than 100	4,711,479	93	4,235,147	93
Total	5,062,825	100	4,538,260	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.

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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.

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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 through the establishment of the Insurance Risk Management Committee and the Board Risk Committee. 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 following table 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.

Risk exposure and concentration of risks:

	2020			
	Liability	**Property**	**Motor**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Gross	51,932	115,460	3,108,794	3,276,186
Net of proportional reinsurance	(30,528)	37,683	2,559,147	2,566,308

Risk exposure and concentration of risks:

	2019			
	Liability	**Property**	**Motor**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Gross	52,455	67,741	3,379,391	3,499,587
Net of proportional reinsurance	42,488	28,994	3,314,879	3,386,361

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 2013 - 2018 has changed at successive year ends, up to 2018. 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**	**Total $'000**
Estimate of ultimate claims incurred:						
At the end of the reporting year	2,262,664	2,254,684	2,490,406	2,496,823	1,758,560	11,263,137
One year later	2,761,331	2,557,160	2,646,484	2,476,056	-	10,441,031
Two years later	2,822,712	2,762,603	2,742,032	-	-	8,327,347
Three years later	2,906,073	2,902,857	-	-	-	5,808,930
Four years later	2,980,068	-	-	-	-	2,980,068
Current estimate of cumulative claims	2,980,068	2,902,857	2,742,032	2,476,056	1,758,560	12,859,573
Cumulative payments to date	(2,778,552)	(2,569,308)	(2,328,556)	(1,793,401)	(594,877)	(10,064,694)
Liability recognised in the statement of financial position	201,516	333,549	413,476	682,655	1,163,683	2,794,879
Liability in respect of prior years and ULAE						481,307
Total liability						3,276,186

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**	**Total $'000**
Estimate of ultimate claims incurred:						
At the end of the reporting year	277,513	25,492	12,549	103,859	874,220	1,293,633
One year later	349,836	12,774	13,097	264,384	-	640,091
Two years later	269,055	28,275	16,047	-	-	313,377
Three years later	269,181	30,321	-	-	-	299,502
Four years later	269,411	-	-	-	-	269,411
Current estimate of cumulative claims	269,411	30,321	16,047	264,384	874,220	1,454,383
Cumulative payments to date	(269,183)	(28,351)	(13,669)	(198,883)	(239,225)	(749,311)
Recoverable recognised in the statement of financial position	228	1,970	2,378	65,501	634,995	705,072
Recoverable in respect of prior years						4,806
Total recoverable from reinsurers						709,878

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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 $$87,092,000 (2019 - $59,746,000) while a 10% decrease, decreases the net liability by 89,282,000 ($59,845,000).

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-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.
General Insurance – Facultative – 2 Layers	Retention – US$16.25 million (Layer US$50 million excess US$50 million)
US$ Property – Commercial All Risks	Retention – US$750,000 (Layer US$10 million excess US$25 million)

Type of insurance contract-2019	Retention by insurers
Health insurance contracts with groups	Retention per individual to a maximum J$2,000,000.
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$500,000.
Catastrophe Excess of Loss	Retention – US$500,000.
General Insurance – Motor Excess of Loss	Retention – US$500,000.
General Insurance – Facultative – 2 Layers	Retention – US$16.25 million (Layer US$50 million excess US$50 million)
US$ Property – Commercial All Risks	Retention – US$750,000 (Layer US$10 million excess US$25 million)

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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 $339,465,000 (2019 - $338,992,000) 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.

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(expressed in Jamaican dollars unless otherwise indicated)

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 2020 and 2019.

	The Group				
	2020				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Assets					
Cash resources	9,719,948	-	-	12,132,181	21,852,129
Cash reserve at Bank of Jamaica	-	-	-	10,511,693	10,511,693
Financial investments and pledged assets	48,762,109	32,201,858	181,507,415	38,393,772	300,865,154
Loans & leases, after allowance for credit losses	85,366,166	1,161,045	594,179	722,138	87,843,528
Reinsurance contracts	-	-	-	1,716,891	1,716,891
Other assets		160,442	-	8,926,221	9,086,663
Total assets	143,848,223	33,523,345	182,101,594	72,402,896	431,876,058
Liabilities					
Deposit and security liabilities	197,950,225	6,649,465	2,240,123	518,669	207,358,482
Loan Payable	1,941,411	8,710,263		38,072	10,689,746
Other liabilities	-	160,442	-	14,596,030	14,756,472
Lease liabilities	504,864	1,816,265	459,731	-	2,780,860
Insurance contracts liabilities	5,124,066	20,326,090	63,905,122	1,422,444	90,777,722
Investment contracts liabilities	14,456,380	2,974,041	-	-	17,430,421
Other policy liabilities	3,738,144	-	-	7,750,707	11,488,851
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	

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48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Group				
	2019				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Total assets	147,497,495	23,731,705	156,964,069	63,601,753	391,795,022
Total liabilities	194,573,980	35,771,225	71,049,887	32,594,084	333,989,176
On statement of financial position interest sensitivity gap	(47,076,485)	(12,039,520)	85,914,182	31,007,669	57,805,846
Cumulative interest sensitivity gap	(47,076,485)	(59,116,005)	26,798,177	57,805,846	

	The Company				
	2020				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Assets					
Cash Resources	233,623	-	-	-	233,623
Financial Investments and pledged assets	1,222,897	-	8,953	2,070	1,233,920
Other Assets	-	-	-	122,708	122,708
Total assets	**1,456,520**	**-**	**8,953**	**124,778**	**1,590,251**
Liabilities					
Other Liabilities	-	-	-	3,777,334	3,777,334
Promissory notes payable to member companies	12,888,310	2,741,626	-	55,703	15,685,639
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)	-

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48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Company				
	2019				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Total assets	1,002,474	-	32,297	73,102,951	74,137,722
Total liabilities	8,459,234	4,180,460	-	4,420,086	17,059,780
On statement of financial position interest sensitivity gap	(7,456,760)	(4,180,460)	32,297	68,682,865	57,077,942
Cumulative interest sensitivity gap	(7,456,760)	(11,637,220)	(11,604,923)	57,077,942	

The table summarises the average effective yields by the earlier of the contractual repricing or maturity dates:

	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

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48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Group 2019					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	2.1	2.3	4.3	5.73	7.69	6.81
Loans	13.02	9.06	9.86	9.86	9.86	10.68
Mortgages (2)	-	8.31	8.31	8.31	8.31	8.31
Policy loans	-	-	-	-	11.72	11.72
Investment contracts	-	5.35	5.35	5.35	5.35	5.35
Bank overdraft	-	21.25 – 28.00	-	-	-	-
Deposits	-	1.13	1.65	1.11	-	1.12
Amounts due to banks and other financial institutions	-	3.39	4.65	6.33	5.91	4.01

(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.

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48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

Sensitivity

Sensitivity to interest rate risk is considered by operating subsidiaries. The effects of changes in interest rates of assets backing actuarial liabilities are disclosed in Note 49.

(d) Credit risk

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; this against the background that several clients across various sectors experienced significant declines in earnings. 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.

Credit risk exposure- financial investments subject to impairment

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 and FVTPL, 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, for which there is market risk.

Provision for credit losses recognised in the Group's income statement are as follow:

	The Group	
	2020	2019
	$'000	$'000
Loans	1,078,464	383,574
Leases	24	(2,376)
Investments	615,861	417,981
Total per income statement	1,694,349	799,179

The following tables contain analyses of the credit risk exposure of financial investments for which an ECL allowance is recognised.

	The Group-2020				
	ECL Staging				
Debt securities – amortised cost	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	Purchased credit-impaired	Total
	$000	$000	$000	$000	$000
Credit grade:					
Investment	3,329,224	-	-	-	3,329,224
Non-investment	76,078,696	-	-	-	76,078,696
Gross carrying amount	79,407,920	-	-	-	79,407,920
Loss allowance	(161,470)	-	-	-	(161,470)
Carrying amount	79,246,450	-	-	-	79,246,450

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Credit risk exposure- financial investments subject to impairment

	The Group-2019				
	ECL Staging				
Debt securities – amortised cost	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	Purchased credit-impaired	Total
	$000	$000	$000	$000	$000
Credit grade:					
Investment	3,233,501	-	-	-	3,233,501
Non-investment	72,222,210	-	-	-	72,222,210
Gross carrying amount	75,455,711	-	-	-	75,455,711
Loss allowance	(95,454)	-	-	-	(95,454)
Carrying amount	75,360,257	-	-	-	75,360,257

	The Company-2020				
	ECL Staging				
Debt securities – amortised cost	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	Purchased credit-impaired	Total
	$000	$000	$000	$000	$000
Credit grade:					
Non-investment	51,661	-	-	-	51,661
Gross carrying amount	51,661	-	-	-	51,661
Loss allowance	(96)	-	-	-	(96)
Carrying amount	51,565	-	-	-	51,565

	The Company-2019				
	ECL Staging				
Debt securities – amortised cost	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	Purchased credit-impaired	Total
	$000	$000	$000	$000	$000
Credit grade:					
Non-investment	51,688	-	-	-	51,688
Gross carrying amount	51,688	-	-	-	51,688
Loss allowance	(40)	-	-	-	(40)
Carrying amount	51,565	-	-	-	51,565

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

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

	The Group-2020				
	ECL Staging				
Mortgage loans – 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	2,626,317	286,037	-	-	2,912,354
Watch	-	-	427,657	-	427,657
Gross carrying amount	2,626,317	286,037	427,657	-	3,340,011
Loss allowance	(7,139)	(7,454)	(7,510)	-	(22,103)
Carrying amount	2,619,178	278,583	420,147	-	3,317,908

	The Group-2019				
	ECL Staging				
Mortgage loans – 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	2,331,669	266,232	-	-	2,597,901
Default	-	-	385,332	-	385,332
Gross carrying amount	2,331,669	266,232	385,332	-	2,983,233
Loss allowance	(1,470)	(230)	(3,846)	-	(5,546)
Carrying amount	2,330,199	266,002	381,486	-	2,977,687

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

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

	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	83,560,212	4,183,209			87,743,421
Default			2,038,031		2,038,031
Gross carrying amount	83,560,212	4,183,209	2,038,031	-	89,781,452
Loss allowance	(760,097)	(122,589)	(1,055,238)		(1,937,924)
Carrying amount	82,800,115	4,060,620	982,793	-	87,843,528

	The Group-2019				
		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	82,519,644	2,055,077	-	-	84,574,721
Default	-	-	1,850,433	-	1,850,433
Gross carrying amount	82,519,644	2,055,077	1,850,433	-	86,425,154
Loss allowance	(493,141)	(98,788)	(836,849)	-	(1,428,778)
Carrying amount	82,026,503	1,956,289	1,013,584	-	84,996,376

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

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

	The Group-2020				
	ECL Staging				
Securities purchased for resale – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	8,135,411	-	-	-	8,135,411
Gross carrying amount	8,135,411	-	-	-	8,135,411
Loss allowance	-	-	-	-	-
Carrying amount	8,135,411	-	-	-	8,135,411

	The Group-2019				
			ECL Staging		
Securities purchased for resale – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	1,445,129	-	-	-	1,445,129
Gross carrying amount	1,445,129	-	-	-	1,445,129
Loss allowance	-	-	-	-	-
Carrying amount	1,445,129	-	-	-	1,445,129

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

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

	The Company-2020				
	ECL Staging				
Securities purchased for resale – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	615,658	-	-	-	615,658
Gross carrying amount	615,658	-	-	-	615,658
Loss allowance	-	-	-	-	-
Carrying amount	615,658	-	-	-	615,658

	The Company-2019				
	ECL Staging				
Securities purchased for resale – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	3,042	-	-	-	3,042
Gross carrying amount	3,042	-	-	-	3,042
Loss allowance	-	-	-	-	-
Carrying amount	3,042	-	-	-	3,042

	The Group-2020				
	ECL Staging				
Policy loans – 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	1,002,740				1,002,740
Gross carrying amount	1,002,740				1,002,740
Loss allowance	(14,269)				(14,269)
Carrying amount	988,471				988,471

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

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

	The Group-2019				
	ECL Staging				
Policy loans – 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	950,789	-	-	-	950,789
Gross carrying amount	950,789	-	-	-	950,789
Loss allowance	(26,055)	-	-	-	(26,055)
Carrying amount	924,734	-	-	-	924,734

	The Group--2020				
	ECL Staging				
Deposits – 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	465,267	-	-	-	465,267
Non-investment	4,352,323	-	-	-	4,352,323
Gross carrying amount	4,817,590	-	-	-	4,817,590
Loss allowance	-	-	-	-	-
Carrying amount	4,817,590	-	-	-	4,817,590

	The Group 2019				
	ECL Staging				
Deposits – 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	9,707	-	-	-	9,707
Non-investment	860,728	-	-	-	860,728
Gross carrying amount	870,435	-	-	-	870,435
Loss allowance	-	-	-	-	-
Carrying amount	870,435	-	-	-	870,435

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

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

	The Company-2020				
	ECL Staging				
Deposits – 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	-	-	-	-	-
Non-investment	557,714	-	-	-	557,714
Gross carrying amount	557,714	-	-	-	557,714
Loss allowance	-	-	-	-	-
Carrying amount	557,714	-	-	-	557,714

	The Company-2019				
		ECL Staging			
Deposits – 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	-	-	-	-	-
Non-investment	523,178	-	-	-	523,178
Gross carrying amount	523,178	-	-	-	523,178
Loss allowance	-	-	-	-	-
Carrying amount	523,178	-	-	-	523,178

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

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

	The Group-2020				
	ECL Staging				
Debt securities – FVTOCI	**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)	(251,589)	(405,916)	-	(899,686)
Maximum Credit Exposure, net of ECL	150,487,473	3,689,155	173,964	194,871	154,545,463

	The Group-2019				
		ECL Staging			
Debt securities – FVTOCI	**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	56,696,220	-	-	-	56,696,220
Non-investment	82,222,684	2,561,420	-	190,525	84,974,629
Maximum credit exposure	138,918,904	2,561,420	-	190,525	141,670,849
Loss allowance	(235,182)	(236,161)	-	-	(471,343)
Maximum credit exposure, net of ECL	138,683,722	2,325,259	-	190,525	141,199,506

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31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

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

Debt securities – FVTOCI	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:					
Investment	7,671	-	-	-	7,671
Maximum credit exposure	7,671	-	-	-	7,671
Loss allowance	(3)	-	-	-	(3)
Maximum credit exposure, net of ECL	7,668	-	-	-	7,668

Debt securities – FVTOCI	The Company-2019				
	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	31,609	-	-	-	31,609
Maximum credit exposure	31,609	-	-	-	31,609
Loss allowance	(10)	-	-	-	(10)
Maximum credit exposure, net of ECL	31,599	-	-	-	31,599

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

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

	The Group	
	Maximum exposure to credit risk	
	2020	2019
	$000	$000
Financial assets designated at fair value		
Debt securities	450,067	338,298
Derivative financial instruments	-	-

48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (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 the credit risk exposure of financial investments for which an ECL allowance is recognised. The gross carrying amount of financial assets below represents the Group's maximum exposure to credit risk on these assets.

	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**
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 1	-	-	-	-	-
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 derecognised 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	389,326	268,180	-	899,687

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued)

DEBT SECURITIES - FVTOCI	The Group-2019 ECL staging 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, 2019	130,742	502,944	876,706	-	1,510,392
Transfers:					
Transfer from Stage 1 to Stage 2	(77)	77	-	-	-
Transfer from Stage 2 to Stage 1	285	(285)	-	-	-
New financial assets originated or purchased	420,844	-	-	-	420,844
Financial assets fully derecognised during the period	(310,225)	(338,269)	(874,754)	-	(1,523,248)
Changes to inputs used in ECL calculation	(7,189)	65,949	(1,952)	-	56,808
Foreign exchange adjustment	802	5,745	-	-	6,547
Loss Allowance as at December 31, 2019	235,182	236,161	-	-	471,343

DEBT SECURITIES - FVTOCI	The Company-2020 ECL staging 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	10	-	-	-	10
Financial Assets fully derecognised during the period	(8)	-	-	-	(8)
Changes to inputs used in ECL calculation	1	-	-	-	1
Foreign exchange adjustment	-	-	-	-	-
Loss Allowance as at December 31, 2020	3	-	-	-	3

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued

DEBT SECURITIES - FVTOCI	The Company-2019 ECL staging 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, 2019	17	-	-	-	17
Changes to inputs used in ECL calculation	(8)	-	-	-	(8)
Foreign exchange adjustment	1	-	-	-	1
Loss Allowance as at December 31, 2019	10	-	-	-	10

DEBT SECURITIES – AMORTISED COST	The Group-2020 ECL staging 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	95,454	-	-	-	95,454
New financial assets originated or purchased	24,715	-	-	-	24,715
Financial assets fully derecognised during the period	(18,494)	-	-	-	(18,494)
Changes in models/assumptions used in ECL calculation	-	-	-	-	-
Changes to inputs used in ECL calculation	57,859	-	-	-	57,859
Foreign exchange adjustment	1,936	-	-	-	1,936
Loss Allowance as at December 31, 2020	161,470	-	-	-	161,470

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)
Loss allowances (continued)

	The Group-2019				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2019	**125,670**	**-**	**-**	**-**	**125,670**
Financial assets fully derecognised during the period	24,604	-	-	-	24,604
Changes in models/assumptions used in ECL calculation	(27,424)	-	-	-	(27,424)
Changes to inputs used in ECL calculation	(29,241)	-	-	-	(29,241)
Foreign exchange adjustment	1,845	-	-	-	1,845
Loss Allowance as at December 31, 2019	95,454	-	-	-	95,454

	The Company-2020				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2020	40	-	-	-	40
Changes to inputs used in ECL calculation	56	-	-	-	56
Loss Allowance as at December 31, 2020	96	-	-	-	96

NOTES TO THE FINANCIAL STATEMENTS

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)
Loss allowances (continued)

	The Company-2019				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2019	**43**	**-**	**-**	**-**	**43**
Changes to inputs used in ECL calculation	(3)	-	-	-	(3)
Loss Allowance as at December 31, 2019	40	-	-	-	40

	The Group-2020				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
MORTGAGE LOANS - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2020	1,470	230	3,846	-	5,546
Transfers:					
Transfer from Stage 1 to Stage 2	(104)	104	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	84	(84)	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	126	(126)	-	-
Transfer from Stage 3 to Stage 1	577	-	(577)	-	-
New financial assets originated or purchased	1,509	-	7,482	-	8,991
Financial assets fully derecognised during the period	(95)	(43)	(3,127)	-	(3,265)
Changes to inputs used in ECL calculation	3,698	7,121	12	-	10,831
Foreign exchange adjustments	-	-	-	-	-
Loss Allowance as at December 31, 2020	7,139	7,454	7,510	-	22,103

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued)

	The Group-2019				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
MORTGAGE LOANS - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2019	851	1,719	6,270	-	8,840
Transfers:					
Transfer from Stage 1 to Stage 2	(11)	11	-	-	-
Transfer from Stage 1 to Stage 3	(11)	-	11	-	-
Transfer from Stage 2 to Stage 1	1,055	(1,055)	-	-	-
Transfer from Stage 2 to Stage 3	-	(538)	538	-	-
Transfer from Stage 3 to Stage 2	-	114	(114)	-	-
Transfer from Stage 3 to Stage 1	941	-	(941)	-	-
New financial assets originated or purchased	160	-	-	-	160
Financial assets fully derecognised during the period	(10)	(24)	(318)	-	(352)
Changes to inputs used in ECL calculation	(1,505)	3	(1,600)	-	(3,102)
Foreign exchange adjustments	-	-	-	-	-
Loss Allowance as at December 31, 2019	1,470	230	3,846	-	5,546

	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	493,141	98,788	836,849	-	1,428,778
Transfers:					
Transfer from Stage 1 to Stage 2	(17,602)	17,602	-	-	-
Transfer from Stage 1 to Stage 3	(3,523)	-	3,523	-	-
Transfer from Stage 2 to Stage 1	21,636	(21,636)	-	-	-
Transfer from Stage 2 to Stage 3	-	(16,735)	16,735	-	-
Transfer from Stage 3 to Stage 1	6,286	-	(6,286)	-	-
New financial assets originated or purchased	142,318	19,416	98,489	-	260,223
Financial assets fully derecognised during the period	(88,654)	(29,674)	(290,314)	-	(408,642)
Changes to inputs used in ECL calculation	196,838	50,680	366,307	-	613,825
Foreign exchange adjustment	9,657	4,148	29,935	-	43,740
Loss Allowance as at December 31, 2020	760,097	122,589	1,055,238	-	1,937,924

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued

Loss allowances (continued)

	The Group-2019				
	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, 2019	558,877	153,828	1,084,089	-	1,796,794
Transfers:					
Transfer from Stage 1 to Stage 2	(8,803)	8,803	-	-	-
Transfer from Stage 1 to Stage 3	(3,327)	-	3,327	-	-
Transfer from Stage 2 to Stage 1	46,311	(46,311)	-	-	-
Transfer from Stage 2 to Stage 3		(10,292)	10,292	-	-
Transfer from Stage 3 to Stage 1	19,257	-	(19,257)	-	-
New financial assets originated or purchased	198,312	29,174	118,094	-	345,580
Financial assets fully derecognised during the period	(112,704)	(53,545)	(434,249)	-	(600,498)
Changes to inputs used in ECL calculation	(207,411)	16,448	70,581	-	(120,382)
Foreign exchange adjustment	2,629	683	3,972	-	7,284
Loss Allowance as at December 31, 2019	493,141	98,788	836,849	-	1,428,778

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31 December 2020

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued)

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

At December 31, 2019

Economic variable assumptions for exposure in corporate securities

Outlook for the next three (3) years from December 2019:

		2020	2021	2022
S&P 500 Financial Index EPS	Base	38	41	41
	Upside	54	59	59
	Downside	25	27	27
World GDP growth rate	Base	3.4%	3.6%	3.6%
	Upside	5.0%	5.3%	5.3%
	Downside	2.5%	2.7%	2.7%
WTI Oil Prices/10	Base	5.62	5.32	5.19
	Upside	9.47	9.47	9.47
	Downside	3.45	3.27	3.19

At December 31, 2019

Economic state assumptions for exposure in sovereign securities

Outlook for the next three (3) years from December 2019:

		2020	2021	2022
Jamaica	Base	Positive	Stable	Stable
	Upside	Positive	Positive	Stable
	Downside	Stable	Stable	Negative

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued)

At December 31, 2020

Economic variable assumptions for exposure in corporate securities

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	4.58
	Upside	9.39	9.39	9.39
	Downside	2.02	1.96	1.92

At December 31, 2020

Economic state assumptions for exposure in sovereign securities

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

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, 2019

Outlook for lending at December 2019

Jamaica	Expected state for the next 12 months	
Interest rate	Base	Positive
	Upside	Positive
	Downside	Stable
Unemployment rate	Base	Positive
	Upside	Super positive
	Downside	Stable

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued)

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

The economic states assigned above are translated into numerical figures.

Sensitivity analysis at December 2020.

SICR

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

* See note 2 (f) (viii) 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.

Loss Given Default	**Actual value applied**	**Change in value**	**ECL impact of Increase in value**	**ECL impact of Decrease in value**
Investments - Corporate Debts	52%	(- / + 5) %	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)

Weighting for downside scenario	**Actual value applied**	**Change in value**	**ECL impact of Increase in value**	**ECL impact of Decrease in value**
Investments - excluding Government of Barbados	10% (80% for base scenario and 10% for upside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	24,626	(24,626)
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)

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued)

Sensitivity analysis at December 2019.

SICR

SICR criteria *	**Actual threshold applied**	**Change in threshold**	**ECL impact of Change in threshold**
Investments	2-notch downgrade since origination	1-notch downgrade since origination	55,533

* See note 2 (f) (viii) for full criteria for staging. The staging for lending products are primarily based on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

Loss Given Default	**Actual value applied**	**Change in value**	**ECL impact of Increase in value**	**ECL impact of Decrease in value**
Investments - Corporate Debts	52%	(- /+ 5) %	42,915	(42,915)
Investments - Sovereign Debts (excluding Government of Barbados and Government of Jamaica)	35%	(- /+ 5) %	2,770	(2,770)
Investments - Sovereign Debts (Government of Barbados)	36%	(- /+ 5) %	-	-
Investments - Sovereign Debts (Government of Jamaica)	15%	(- /+ 5) %	33,698	(33,698)

Weighting for downside scenario	**Actual value applied**	**Change in value**	**ECL impact of Increase in value**	**ECL impact of Decrease in value**
Investments - excluding Government of Barbados	10% (80% for base scenario and 10% for upside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	14,756	(14,756)
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	8,427	(7,130)

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values

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-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 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	(548,204)	548,204	-	-
New financial assets originated or purchased	76,767,143	534,040	-	-	77,301,183
Financial assets fully derecognised during the period	(66,188,376)	(217,576)	-	(10,136)	(66,416,088)
Changes in principal and interest	(533,030)	(66,614)	31,676	-	(587,968)
Foreign exchange adjustment	3,274,503	188,186	-	14,483	3,477,172
Maximum credit exposure as at December 31, 2020	150,729,653	3,940,744	579,880	194,871	155,445,149

	The Group-2019				
	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, 2019	119,090,221	5,066,827	2,429,872	-	126,586,920
Transfers:					
Transfer from Stage 1 to Stage 2	(264,280)	264,280	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	35,494	(35,494)	-	-	-
New financial assets originated or purchased	82,454,366	-	-	190,525	82,644,891
Financial assets fully derecognised during the period	(63,202,851)	(2,926,996)	(2,429,872)	-	(68,559,719)
Changes in principle and interest	(185,059)	119,027	-	-	(66,032)
Foreign exchange adjustment	991,012	73,777	-	-	1,064,789
Maximum credit exposure as at December 31, 2019	138,918,903	2,561,421	-	190,525	141,670,849

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values (continued)

	The Company-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	31,609	-	-	-	31,609
Financial assets fully derecognised during the period	(24,441)	-	-	-	(24,441)
Changes in principal and interest	(66)	-	-	-	(66)
Foreign exchange adjustment	569	-	-	-	569
Maximum credit exposure as at December 31, 2020	7,671	-	-	-	7,671

	The Company-2019				
	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, 2019	157,511	-	-	-	157,511
Financial assets fully derecognised during the period	(126,560)	-	-	-	(126,560)
Changes in principle and interest	(409)	-	-	-	(409)
Foreign exchange adjustment	1,067	-	-	-	1,067
Maximum credit exposure as at December 31, 2019	31,609	-	-	-	31,609

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values (continued)

The Group – ECL staging

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	$000	$000	$000	$000	$000
DEBT SECURITIES - AMORTISED COST					
Gross carrying amount as at January 01, 2020	75,455,712	-	-	-	75,455,712
New financial assets originated or purchased	7,535,004	-	-	-	7,535,004
Financial assets fully derecognised during the period	(6,032,171)	-	-	-	(6,032,171)
Changes in principal and interest	(45,083)	-	-	-	(45,083)
Foreign exchange adjustment	2,494,458	-	-	-	2,494,458
Gross carrying amount as at December 31, 2020	79,407,920	-	-	-	79,407,920

The Group – ECL staging

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	$000	$000	$000	$000	$000
DEBT SECURITIES - AMORTISED COST					
Gross carrying amount as at January 01, 2019	68,171,615	-	-	-	68,171,615
New financial assets originated or purchased	18,482,946	-	-	-	18,482,946
Financial assets fully derecognised during the period	(11,910,855)	-	-	-	(11,910,855)
Changes in principal and interest	(197,512)	-	-	-	(197,512)
Foreign exchange adjustment	909,518	-	-	-	909,518
Gross carrying amount as at December 31, 2019	75,455,712	-	-	-	75,455,712

The Company – ECL staging

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	$000	$000	$000	$000	$000
DEBT SECURITIES - AMORTISED COST					
Gross carrying amount as at January 01, 2020	51,688	-	-	-	51,688
Changes in principal and interest	(28)	-	-	-	(28)
Gross carrying amount as at December 31, 2020	51,660	-	-	-	51,660

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31 December 2020

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values (continued)

The Company – ECL staging

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	$000	$000	$000	$000	$000
DEBT SECURITIES - AMORTISED COST					
Gross carrying amount as at January 01, 2019	51,688	-	-	-	51,688
Changes in principal and interest	-	-	-	-	-
Gross carrying amount as at December 31, 2019	51,688	-	-	-	51,688

The Group – ECL staging

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
MORTGAGE LOANS - AMORTISED COST	$000	$000	$000	$000	$000
Gross carrying amount as at January 01, 2020	2,331,923	266,232	385,332	-	2,983,487
Transfers:					
Transfer from Stage 1 to Stage 2	(165,632)	165,632	-	-	-
Transfer from Stage 1 to Stage 3	(61,600)	-	61,600	-	-
Transfer from Stage 2 to Stage 1	96,941	(96,941)	-	-	-
Transfer from Stage 2 to Stage 3	-	(49,305)	49,305	-	-
Transfer from Stage 3 to Stage 2	-	12,668	(12,668)	-	-
Transfer from Stage 3 to Stage 1	57,853	-	(57,853)	-	-
New financial assets originated or purchased	555,320	-	13,400	-	568,720
Financial assets fully derecognised during the period	(97,058)	(50)	(3,978)	-	(101,086)
Write-offs	-	-	-	-	-
Changes in principal and interest	(91,429)	(12,199)	(7,483)	-	(111,110)
Foreign exchange adjustment	-	-	-	-	-
Gross carrying amount as at December 31, 2020	2,626,317	286,037	427,656	-	3,340,011

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31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
MORTGAGE LOANS - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2019	2,490,389	279,832	354,140	-	3,124,361
Transfers:					
Transfer from Stage 1 to Stage 2	(32,180)	32,180	-	-	-
Transfer from Stage 1 to Stage 3	(33,323)	-	33,323	-	-
Transfer from Stage 2 to Stage 1	171,728	(171,728)	-	-	-
Transfer from Stage 2 to Stage 3	-	(87,643)	87,643	-	-
Transfer from Stage 3 to Stage 2	-	6,458	(6,458)	-	-
Transfer from Stage 3 to Stage 1	53,407	-	(53,407)	-	-
New financial assets originated or purchased	253,457	12,103	-	-	265,560
Financial assets fully derecognised during the period	(28,025)	(3,832)	(18,095)	-	(49,952)
Write-offs	-	-	-	-	-
Changes in principal and interest	(543,784)	198,862	(11,814)	-	(356,736)
Foreign exchange adjustment	254	-	-	-	254
Gross carrying amount as at December 31, 2019	2,331,923	266,232	385,332	-	2,983,487

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
POLICY LOANS - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2020	950,789	-	-	-	950,789
Transfers:					
New financial assets originated or purchased	137,311	-	-	-	137,311
Financial assets fully derecognised during the period	(139,622)	-	-	-	(139,622)
Changes in principal and interest	(6,480)	-	-	-	(6,480)
Foreign exchange adjustment	60,742	-	-	-	60,742
Gross carrying amount as at December 31, 2020	1,002,740	-	-	-	1,002,740

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values (continued)

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
POLICY LOANS - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2019	936,871	-	-	-	936,871
Transfers:					
New financial assets originated or purchased	95,288	-	-	-	95,288
Financial assets fully derecognised during the period	(118,225))	-	-	-	(118,225)
Changes in principal and interest	18,127	-	-	-	18,127
Foreign exchange adjustment	18,728	-	-	-	18,728
Gross carrying amount as at December 31, 2019	950,789	-	-	-	950,789

	The Group				
	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**
Gross carrying amount as at January 01, 2020	82,519,644	2,055,077	1,843,249	-	86,417,970
Transfers:					
Transfer from Stage 1 to Stage 2	(2,972,692)	2,972,692	-	-	-
Transfer from Stage 1 to Stage 3	(578,806)	-	578,806	-	-
Transfer from Stage 2 to Stage 1	453,068	(453,068)	-	-	-
Transfer from Stage 2 to Stage 3	-	(531,404)	531,404	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	669,836	-	(669,836)	-	-
New financial assets originated or purchased	20,590,928	673,609	168,097	-	21,432,634
Financial assets fully derecognised during the period	(14,074,617)	(475,973)	(640,062)	-	(15,190,652)
Changes in principal and interest	(3,629,701)	(201,428)	(492,770)	-	(4,323,899)
Foreign exchange adjustment	1,239,178	143,703	62,519	-	1,445,400
Gross carrying amount as at December 31, 2020	84,216,838	4,183,208	1,381,407	-	89,781,453

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)
IFRS 9 carrying values (continued)

	The Group				
	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**
Gross carrying amount as at January 01, 2019	66,931,628	1,878,221	2,269,976	-	71,079,825
Transfers:					
Transfer from Stage 1 to Stage 2	(1,054,067)	1,054,067	-	-	-
Transfer from Stage 1 to Stage 3	(398,416)	-	398,416	-	-
Transfer from Stage 2 to Stage 1	565,453	(565,453)	-	-	-
Transfer from Stage 2 to Stage 3	-	(125,667)	125,667	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	37,751	-	(37,751)	-	-
New financial assets originated or purchased	33,160,301	606,898	233,240	-	34,000,439
Financial assets fully derecognised during the period	(13,495,613)	(653,781)	(851,280)	-	(15,000,674)
Changes in principal and interest	(3,666,956)	(153,423)	(302,863)	-	(4,123,242)
Foreign exchange adjustment	439,563	14,215	7,844	-	461,622
Gross carrying amount as at December 31, 2019	82,519,644	2,055,077	1,843,249	-	86,417,970

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
SECURITIES PURCHASED FOR RESALE - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2020	1,445,129	-	-	-	1,445,129
Net new financial assets originated or purchased	181,997,183	-	-	-	181,997,183
Financial assets fully derecognised during the period	(175,460,259)	-	-	-	175,460,259)
Changes in principal and interest	118,547	-	-	-	118,547
Foreign exchange adjustment	34,811	-	-	-	34,811
Gross carrying amount as at December 31, 2020	8,135,411	-	-	-	8,135,411

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)
IFRS 9 carrying values (continued)

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
SECURITIES PURCHASED FOR RESALE - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2019	913,344	-	-	-	913,344
Net new financial assets originated or purchased	235,562,442	-	-	-	235,562,442
Financial assets fully derecognised during the period	(235,091,350)	-	-	-	(235,091,350)
Changes in principal and interest	(5,192)	-	-	-	(5,192)
Foreign exchange adjustment	65,885	-	-	-	65,885
Gross carrying amount as at December 31, 2019	1,445,129	-	-	-	1,445,129

	The Company				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
SECURITIES PURCHASED FOR RESALE - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2020	3,042	-	-	-	3,042
Net new financial assets originated or purchased	612,616	-	-	-	612,616
Financial assets fully derecognised during the period	-	-	-	-	-
Foreign exchange adjustment	-	-	-	-	-
Gross carrying amount as at December 31, 2020	615,658	-	-	-	615,658

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)
IFRS 9 carrying values (continued)

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEPOSITS - AMORTISED COST	$000	$000	$000	$000	$000
Gross carrying amount as at January 01, 2020	870,435	-	-	-	870,435
New financial assets originated or purchased	16,180,299	-	-	-	16,180,299
Financial assets fully derecognised during the period	(12,299,018)	-	-	-	(12,299,018)
Changes in principal and interest	908	-	-	-	908
Foreign exchange adjustment	64,967	-	-	-	64,967
Gross carrying amount as at December 31, 2020	4,817,591	-	-	-	4,817,591

	The Company				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEPOSITS - AMORTISED COST	$000	$000	$000	$000	$000
Gross carrying amount as at January 01, 2020	523,178	-	-	-	523,178
New financial assets originated or purchased	-	-	-	-	-
Financial assets fully derecognised during the period	-	-	-	-	-
Changes in principal and interest	34,537	-	-	-	34,537
Foreign exchange adjustment	-	-	-	-	-
Gross carrying amount as at December 31, 2020	557,715	-	-	-	557,715

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31 December 2020

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)
IFRS 9 carrying values (continued)

The restructuring of the external debt in 2019.

On November 22, 2019 the GoB made an Exchange Offer to Bondholders of GOBD 7.8% Notes due 2019, 7.25% Notes due 2021, 7.00% Notes due 2022 and 6.625 Notes due 2035 respectively. The Group exchanged its holdings of GOBD2019 and GOBG 2021 with outstanding principal and interest of US$1,736,137 and US$211,990 respectively. The final exchange offer resulted in the Group receiving US$1,349,900 GOBG2029 6.5% and US$82,300 GOGB2021 6.5% in cash of US$12,503. After the restructuring, a 27% Haircut was recorded.

The exposure to GOB Bonds as at December 31, 2020 and December 31, 2019 was:

	GOB	GOB
	Exposure	Loss Allowances
	$000	$000
Balance as of December 31, 2020	-	-
Balance as of December 31, 2019	190,525	587

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(e) 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 we improved our 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.

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.

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 2020 and 2019.

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(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(e) Liquidity risk (continued)

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.

	The Group				
	within 1 year $000	1-5 years $000	Over 5 years $000	No specific maturity $000	Total $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	11,838,915	263,746	-	2,653,808	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	229,371,487	23,727,670	4,152,481	2,653,808	259,905,446

	Within 1 year $000	1-5 years $000	Over 5 years $000	No specific maturity $000	Total $000
Undiscounted Financial Liabilities - 31 December 2019					
Deposit and security liability	148,927,504	29,517,254	1,906,822	2,639,811	182,991,391
Derivative financial instruments	35,005	-	-	-	35,005
Loans Payable	2,600,166	4,754,225	11,782,446	-	19,136,837
Other liabilities	18,531,184	28,808	105,062	670,783	19,335,837
Lease liabilities	584,465	2,564,365	1,405,485	-	4,554,315
Investment contracts liabilities	9,609,535	5,021,263	-	-	14,630,798
Total undiscounted liabilities	180,287,859	41,885,915	15,199,815	3,310,594	240,684,183

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48. Insurance and Financial Risk Management (Continued)

(e) Liquidity risk (continued)

	The Company 2020				
	Within 1 year	1-5 years	Over 5 years	No specific maturity	Total
	$000	$000	$000	$000	$000
Undiscounted Financial Liabilities					
Promissory notes	13,560,761	2,998,890	-	-	16,559,651
Other Liabilities	-	-	-	3,777,334	3,777,734
Total undiscounted liabilities	13,560,761	2,998,890	-	3,777,334	20,336,985

	The Company 2019				
	Within 1 year	1-5 years	Over 5 years	No specific maturity	Total
	$000	$000	$000	$000	$000
Undiscounted Financial Liabilities					
Deposits and security liabilities	12,311	-	-	-	12,311
Promissory notes	12,791,580	-	-	-	12,791,580
Other Liabilities	4,420,086	-	-	-	4,420,086
Total undiscounted liabilities	17,223,977	-	-	-	17,223,977

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48. Insurance and Financial Risk Management (Continued)

(e) Liquidity risk (continued)

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, 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
At December 31, 2019				
Credit commitments	5,606,194	1,457,743	144,859	7,208,796
Guarantees, acceptances and other financial facilities	1,906,474	1,193,921	1,507,540	4,607,935
Operating lease commitments	64,292	-	-	64,292
Capital commitments	2,376,360	-	-	2,376,360
	9,953,320	2,651,664	1,652,399	14,257,383

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48. Insurance and Financial Risk Management (Continued)

(e) Liquidity risk (continued)

The tables below reflect the expected maturities of the Group's discounted financial assets and liabilities and insurance liabilities at the year-end date.

	The Group 2020				
	Within 1 year	1-5 years	Over 5 years	No specific maturity	Total
Financial Assets	**$000**	**$000**	**$000**	**$000**	**$000**
Cash resources	21,852,129	-			21,852,129
Cash reserve at Bank of Jamaica	10,511,693	-	-	-	10,511,693
Financial investments & pledged assets	33,399,732	39,821,199	192,718,487	34,925,736	300,865,154
Loans and leases, after allowance for credit losses	23,190,736	30,037,477	34,615,315	-	87,843,528
Reinsurance contracts	971,859	-	-	745,032	1,716,891
Other assets	8,166,054	161,109	-	759,500	9,086,663
Total financial assets	98,092,203	70,019,785	227,333,802	36,430,268	431,876,058
Financial Liabilities					
Deposit and security liabilities	198,452,768	6,665,591	2,240,123	-	207,358,482
Loans Payable	2,005,464	8,684,282		-	10,689,746
Other liabilities	11,976,303	103,304	-	2,676,865	14,756,472
Insurance contracts liabilities	5,124,052	20,326,070	65,327,600	-	90,777,722
Investment contracts liabilities	14,456,078	2,974,343	-	-	17,430,421
Lease Liabilities	504,864	1,816,265	459,731	-	2,780,860
Other policy liabilities	8,330,186	-	-	3,158,665	11,488,851
Total financial liabilities	240,849,715	40,569,855	68,027,454	5,835,530	355,282,554
On statement of financial position interest sensitivity gap	(142,757,512)	29,449,930	159,306,348	30,594,738	79,349,000
Cumulative interest sensitivity gap	(142,757,512)	(113,307,582)	45,998,766	76,593,504	

	2019				
	Within 1 year	1-5 years	Over 5 years	No specific maturity	Total
	$000	**$000**	**$000**	**$000**	**$000**
Total assets	73,727,359	67,111,387	196,993,528	53,962,748	391,795,022
Total liabilities	225,798,753	34,370,450	73,149,190	670,783	333,989,176
On statement of financial position interest sensitivity gap	(152,071,394)	32,740,937	123,844,338	53,291,965	57,805,846
Cumulative interest sensitivity gap	(152,071,394)	(119,330,457)	4,513,881	57,805,846	

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48. Insurance and Financial Risk Management (Continued)

(e) Liquidity risk (continued)

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

	The Company 2020				
	Within 1 year	1-5 years	Over 5 years	No specific maturity	Total
Assets	**$000**	**$000**	**$000**	**$000**	**$000**
Cash resources	233,623	-	-	-	233,623
Financial investments & pledged assets	1,173,434	51,532	8,954	-	1,233,920
Other assets	-	-	-	122,708	122,708
Total assets	1,407,057	51,532	8,954	122,708	1,590,251
Liabilities					
Promissory notes	12,927,887	2,757,752	-	-	15,685,639
Other liabilities	-	-	-	3,777,334	3,777,334
Total liabilities	12,927,887	2,757,752	-	3,777,334	19,462,973
On statement of financial position interest sensitivity gap	(11,520,830)	(2,706,220)	8,954	(3,654,626)	(17,872,722)
Cumulative interest sensitivity gap	(11,520,830)	(14,227,050)	(14,218,096)	(17,872,722)	-

	2019				
	Within 1 year	1-5 years	Over 5 years	No specific maturity	Total
	$000	**$000**	**$000**	**$000**	**$000**
Total assets	1,146,000	-	83,925	-	1,229,925
Total liabilities	12,879,320	4,180,460	-	-	17,059,780
On statement of financial position interest sensitivity gap	(11,733,320)	(4,180,460)	83,925	-	(15,829,855)
Cumulative interest sensitivity gap	(11,733,320)	(15,913,780)	(15,829,855)	(15,829,855)	

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.

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48. Insurance and Financial Risk Management (Continued)

(f) 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. Post June 2020, we have seen uplift in asset prices across the financial asset classes.

(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 we operate. 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.

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

48. Insurance and Financial Risk Management (Continued)

(f) 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			
	2020			
	Jamaican $	US$	Other	Total
	$'000	$'000	$'000	$'000
Financial assets				
Cash resources	10,456,689	9,897,464	1,497,976	21,852,129
Cash reserve at Bank of Jamaica	3,511,264	6,770,112	230,317	10,511,693
Financial investments and pledged assets	151,020,979	148,854,957	989,218	300,865,154
Loans & leases, after allowance for credit losses	65,725,206	22,118,322	-	87,843,528
Reinsurance contracts	1,443,011	270,196	3,684	1,716,891
Other assets	8,225,937	856,823	3,903	9,086,663
Total assets	240,383,086	188,767,874	2,725,098	431,876,058
Financial liabilities				
Deposit and security liabilities	100,497,278	104,326,088	2,535,116	207,358,482
Loans Payable	3,553,740	7,136,006	-	10,689,746
Other liabilities	12,719,290	1,986,917	50,265	14,756,472
Lease Liabilities	2,780,860	-	-	2,780,860
Insurance contracts liabilities	48,859,086	35,292,236	6,626,400	90,777,722
Investment contracts liabilities	10,652,817	6,683,131	94,473	17,430,421
Other policy liabilities	10,364,183	575,614	549,054	11,488,851
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

	The Group			
	2019			
	Jamaican $	US$	Other	Total
	$'000	$'000	$'000	$'000
Total assets	242,181,750	109,192,886	40,420,386	391,795,022
Total liabilities	192,859,751	133,586,032	7,543,393	333,989,176
Net on statement of financial position	49,321,999	(24,393,146)	32,876,993	57,805,846

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49. Sensitivity Analysis

Actuarial liabilities for the Group's life and health insurance contracts comprise 75.84% (2019 – 78.16%) 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:

- Lapse rates
- Mortality and morbidity
- Operating expenses and taxes

(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 Group	
Variable	Change in Variable	2020 Change in Liability $'000	2019 Change in Liability $'000
Worsening of mortality/morbidity	+3%.	6,967,091	5,593,826
Improvement in annuitant mortality	-3%.	1,409,713	1,313,265
Lowering of investment return	-0.5%.	11,945,715	12,231,292
Worsening of base renewal expense and inflation rate	+5%	2,431,058	2,129,531
Worsening of lapse rate	x2	12,531,820	9,769,390
Higher interest rates	+0.5%.	(16,027,659)	(16,091,598)

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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 10% in equity prices at the year end date are set out below.

	The Group		
	Carrying Value $'000	Effect of 10% decrease at 31 December 2020 $'000	Effect of 5% increase at 31 December 2020 $'000
Financial assets at fair value through profit or loss and other comprehensive income equity securities:			
Listed on Jamaica Stock Exchange	4,032,820	(403,282)	201,641
Listed on US stock exchanges	3,144,206	(314,421)	157,211
Other	27,748,710	(2,774,871)	1,387,436
	34,925,736	(3,492,574)	1,746,288

(iv) Sensitivity arising from currency risk

The Group 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					
	2020			2019		
	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	Balances Denominated in other than JMD $'000	Effect of a 15% depreciation at 31 December 2019 $'000	Effect of a 1% appreciation at 31 December 2019 $'000
Statement of financial position:						
Assets	191,492,972	180,003,394	195,322,831	149,613,272	127,171,281	151,109,405
Liabilities	165,855,300	155,903,982	169,172,406	141,129,425	119,960,011	142,540,719
Net position	25,637,672	24,099,412	26,150,425	8,483,847	7,211,270	8,568,686
Impact on Net Profit Other comprehensive Income		(1,538,250)	512,753		1,272,577	84,838

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49. Sensitivity Analysis (Continued)

(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 the income statement and stockholders' 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 comprehensive income 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 2020 $'000	Effect on Other Comprehensive Income 2020 $'000
Change in basis points:		
Decrease – JMD- 100 and USD - 100	1,281,296	7,907,744
Increase – JMD +100 and USD +100	(1,281,222)	(7,024,679)

	The Group	
	Effect on Net Profit Before Tax 2019 $'000	Effect on Other Comprehensive Income 2019 $'000
Change in basis points:		
Decrease – JMD- 100 and USD - 100	483,083	4,116,970
Increase – JMD +100 and USD +100	(483,083)	(4,387,486)

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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 meet 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 are 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 2020 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 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.

(i) Derivative products
The Banks' derivative activities give rise to open positions in portfolios of derivatives. These positions are managed constantly to ensure that they remain within acceptable risk levels, with matching deals being utilised to achieve this where necessary. When entering into derivative transactions, the credit risk management procedures to assess and approve potential credit exposures are the same that are used for traditional lending.

(d) 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 2020.

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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 2020, these subsidiaries had financial assets under administration as follows:

	The Group	
	2020	2019
	$'000	$'000
Sagicor Sigma Global Funds	176,933,611	168,649,547
Securities being held in custody	45,949,064	41,509,736
Real Estate Investment Trust	605,695	589,507
Pooled Investment Funds	141,595,194	193,507,431
Self-directed Pension Funds	38,010,362	54,029,242
Sagicor Select Funds Limited – Financial Select Fund	4,355,625	5,938,182
Sagicor Select Funds Limited – Manufacturing and Distribution Select Fund	3,254,783	3,943,987
	410,704,334	468,167,632

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.

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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 pre dated 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

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54. Offsetting Financial Assets and Financial Liabilities

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

The Group

	2020						
				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	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
Other assets	9,086,663	-	9,086,663	-	-	-	9,086,663
	430,159,167	-	430,159,167	(86,948,948)	(832,930)	(193,990)	342,183,299
	2019						
Assets							
Cash resources	22,087,878	-	22,087,878	-	(575,594)		21,512,284
Financial investments	353,906,258	-	353,906,258	(80,022,739)	-	(144,305)	273,739,214
Other assets	8,180,566	-	8,180,566	-	-		8,180,566
	384,174,702	-	384,174,702	(80,022,739)	(575,594)	(144,305)	303,432,064

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

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						
	2020						
				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	233,623	-	233,623	-	-	-	233,623
Financial investments	1,233,920	-	1,233,920	-	-	-	1,233,920
Other assets	122,708	-	122,708	-	-	-	122,708
	1,590,251	-	1,590,251	-	-	-	1,590,251
	2019						
Assets							
Cash resources	424,666	-	424,666	-	-	-	424,666
Financial investments	610,474	-	610,474	-	-	(127,949)	482,525
Other assets	112,908	-	112,908	-	-	-	112,908
	1,148,048	-	1,148,048	-	-	(127,949)	1,020,099

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

54. Offsetting Financial Assets and Financial Liabilities (Continued)

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

	The Group						
	2020						
				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
Liabilities							
Due to banks and other financial institutions	207,358,482	-	207,358,482	(79,400,370)	-	-	127,958,112
Derivative financial instruments	-	-	-	-	-	-	-
Other liabilities	14,756,472	-	14,756,472	-	-	-	14,756,472
	222,114,954	-	222,114,954	(79,400,370)	-	-	142,714,584
	2019						
Liabilities							
Due to banks and other financial institutions	180,170,778	-	180,170,778	(69,381,388)	-	-	110,789,390
Derivative financial instruments	35,005	-	35,005	(35,005)	-	-	-
Other liabilities	19,561,295	-	19,561,295	-	-	-	19,561,295
	199,767,078	-	199,767,078	(69,416,393)	-	-	130,350,685

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

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						
	2020						
				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
Liabilities							
Due banks and other financial institutions	15,685,639	-	15,685,639	-	-	-	15,685,639
Other liabilities	3,777,334	-	3,777,334	-	-	-	3,777,334
	19,462,973	-	19,462,973	-	-	-	19,462,973
	2019						
Liabilities							
Due banks and other financial institutions	12,627,383	-	12,627,383	-	-	-	12,627,383
Other liabilities	4,420,086	-	4,420,086	-	-	-	4,420,086
	17,047,469	-	17,047,469	-	-	-	17,047,469

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

55. Breach of Insurance Regulations – Related Party Balances

As at December 31, 2020, one of the Group's subsidiaries, Sagicor Life Jamaica Limited exceeded the regulated 5% maximum of related party balances to total assets of the company. Management is in discussions with the Regulator, Financial Services Commission, in relation to this matter. The regulator has not imposed any penalty.

56. Non-Controlling Interest

In prior year the Group acquired 60% of AGI and 70% of Bailey Williams Ltd. The non-controlling interests represent the share of net assets and net profit not attributed to Sagicor Group. The amounts were calculated as follows:

	2020					
	Travel Cash	Sagicor X Fund	Jamziv	AGI	Bailey Williams	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Net Assets	675,398	16,296,036	16,238,124	5,219,588	536,080	38,965,226
Share relating to entities other than the Sagicor Group	49%	70.69%	39.19%	40%	30%	
Non-controlling interest	330,945	11,519,668	6,363,721	2,087,835	160,824	20,462,993
Revenues	246,199	1,374,155	-	4,694,084	(3,260)	6,311,178
Net profit/(loss) for the period	125,916	(7,801,774)	(10,365,864)	554,879	(5,260)	(17,492,103)
Share relating to entities other than the Sagicor Group	49%	70.69%	39.19%	40%	30%	
Non-controlling interest	61,699	(5,515,074)	(4,062,382)	221,952	(1,578)	(9,295,383)

	2019					
	Travel Cash	Sagicor X Fund	Jamziv	AGI	Bailey Williams	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Net Assets	549,482	24,482,860	25,042,645	5,436,436	541,337	56,052,760
Share relating to entities other than the Sagicor Group	49%	70.69%	39.19%	40%	30%	
Non-controlling interest	269,246	17,252,281	9,814,212	2,174,574	162,401	29,672,714
Revenue	237,887	4,915,075	-	1,567,142	(114,400)	6,605,704
Net profit/(loss) for the period	146,072	(342,943)	(98,662)	142,906	(114,403)	(267,030)
Share relating to entities other than the Sagicor Group	49%	70.69%	39.19%	40%	30%	
Non-controlling interest	71,575	(242,428)	(38,666)	57,162	(34,321)	(186,678)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

57. Subsequent Events

Subsequent to the year-end on 15 January 2021, the Group completed the disposal of its 14.87% (20,000,000 Ordinary Shares) equity interest in Playa Hotels and Resorts N.V. (Playa) for a net cash consideration of US$96,000,000 (approximately J$13,604,000,000). Sale of the shares occurred in a public offering of 11,499,000 Ordinary Shares held by the Group, concurrent to an underwritten public offering of 25,000,000 new shares by Playa at a public offering price of US$5.00 per share. These transactions were simultaneous with an assignment of an additional 8,501,000 ordinary shares held by the Group to Sagicor Financial Corporation Limited, for cash consideration, at a price equal to the price offered through the public offering less commission expenses associated with the public offering. A disposal loss of approximately J$233,089,000 is recognised upon completion of this disposal in 2021.

Disclosure of Shareholdings

SHAREHOLDINGS OF THE TEN LARGEST SHAREHOLDERS

AT 31 DECEMBER 2020

	LIST OF SHAREHOLDERS		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)	67,576,381	73,223,740	1.87%
	(Trustee Sagicor Long-Term Incentive Plan - connected company)	3,621,191		
	(Sagicor Life Jamaica Share Purchase Plan 2003)	222,339		
	(Trustee of the SLJ of Employee Share Purchase Plan)	1,803,829		
	(Trustee SIJL of Employee Share Inv Trust)	-		
2	PanJam Investment Limited	1,180,341,327	1,181,100,306	30.24%
	(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	34,170,510	39,336,487	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	Donwis Ltd	19,567,360	22,815,593	0.58%
	(Donovan/Getrtrude/Katheryn/Luke Lewis - connected person)	3,237,316		
	(DALK - connected company)	10,917		
8	JPS Superannuation Fund (PAM)	16,597,480	21,678,054	0.56%
	(JPS (Original 1973) PAM - connected company)	5,080,574		
9	JCSD Trustee Services Ltd - Sigma Equity		17,490,490	0.45%
10	Sagicor Select Funds Limited - (Class B' Shares) Financial		16,930,674	0.43%
	Total		**3,414,495,733**	87.42%
	Others		**491,139,183**	12.58%
	Total Issued Shares		**3,905,634,916**	100.00%

SHAREHOLDINGS OF DIRECTORS

AT 31 DECEMBER 2020

	LIST OF DIRECTORS		NO OF SHARES	%
1	Peter Melhado - Chairman		Nil	0.00%
2	Christopher Zacca - President & CEO	1,211,908	1,211,968	0.03%
	(Karen E. Zacca - connected person)	Nil		
	(Edward Zacca - connected person)	60		
3	Dr. The Hon R. Danny Williams	Nil	12,500,000	0.32%
	(Ravers Limited - connected company)	12,500,000		
4	Dr. Dodridge Miller		25,389	0.00%
5	Jeffrey Cobham		25,000	0.00%
6	Marjorie Fyffe-Campbell		25,000	0.00%
7	Paul Facey	948,999	3,032,511	0.08%
	(Heather Facey - connected person)			
	(Robert A Facey - connected person)	1,060,000		
	(Angela G. Nathan - connected person)	1,023,512		
8	Stephen Facey	1,027,791	1,135,254	0.03%
	(Wendy Facey - connected person)			
	(Alexander & Matthew Facey - connected person)	107,463		
9	Paul Hanworth		49,799	0.00%
10	Richard Downer		Nil	0.00%
11	Jacqueline D Coke-Lloyd		25,000	0.00%
12	Peter Clarke		Nil	0.00%
13	Stephen McNamara		Nil	0.00%

SHAREHOLDINGS OF LEADERSHIP TEAM

AT 31 DECEMBER 2020

	LIST OF LEADERSHIP TEAM		NO OF SHARES	%
1	Christopher Zacca - President & CEO	1,211,908	1,211,968	0.03%
	(Karen E. Zacca - connected person)	Nil		
	(Edward Zacca - connected person)	60		
2	Andre Ho Lung		NIL	0.00%
3	Janice A. M. Grant Taffe		2,176,000	0.06%
	(Joseph Taffe - connected person)			
4	Mark Chisholm		4,081,385	0.10%
	(Te-Anne Chisholm - connected person)			
	(Sharo Anne Chisholm - connected person)			
	(Jonel Chisholm - connected person)			
5	Willard Brown		2,327,296	0.06%
6	Karl Williams		2,026,273	0.05%
7	Chorvelle Johnson		64,295	0.00%
8	Sean Newman		3,899	0.00%
	(Georgia A. Nelson-Newman- connected person)			
	(Norma H. Newman - connected person)			
9	Donnette Scarlett		451,577	0.01%
	(Merrick Scarlett - connected person)			
	(Monique Scarlett - connected person)			

Corporate Directory

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Fax: 75 -1804

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Clement Ellington
Branch Manager
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Tricia Moulton
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Loven McCook
Regional Manager - South

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Anthony Howard
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Fax: 968-8194

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NOTES

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 virtually on the Friday 9th day of July 2021 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, 2020		
2. To elect Directors a) In accordance with Articles 98 Stephen McNamara Paul Facey Dodridge Miller Stephen Facey Paul Hanworth b) In accordance with Article 96 Gilbert Palter		
3. To fix the remuneration of Directors		
4. To appoint and authorize the Directors to fix the remuneration of the Auditors		
5. To ratify interim dividends and declare them final		
6. THAT the Articles of Incorporation of the Company be altered to include a new Article 50A to allow for holding of general meetings as a hybrid or virtual meeting.		

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 ___________ 2021

Signature ______________________________

____

NOTE:

(1) If the appointer is a Corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized.

(2) To be valid, this proxy must be lodged with the Secretary of the Company, 28-48 Barbados Avenue, Kingston 5, not less than 48 hours before the time appointed for holding the meeting.

A proxy need not be a member of the Company.

$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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Sagicor Group Jamaica

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