



WINNING FOR OUR SHAREHOLDERS, CLIENTS,
COMMUNITIES AND OUR TEAM

2015 ANNUAL REPORT

Sagicor Group 

We are Sagicor

We put our clients at the heart of everything we do.

#1

Stockbroker : 2015
Sagicor Investments Jamaica



New Individual Life
& Health Sales

2.9

\$ Billion



The service provided by all the advisors I met along my journey has been wonderful. Their services were quite professional, pleasant and friendly.

Cislyn
Sagicor Investments Client



Throughout our distinguished history, we have remained focused on upholding our traditional values based on service and integrity. Our values, founded in our past but applied to the modern world today, are embedded in our culture and underpin everything we do.

Contents

- 002 Our Group's Performance
- 003 New Insurance and Annuities at a Glance
- 004 A Look Back
- 008 Statement of the Chairman & President
- 010 Skyler's Story
- 013 Individual Life Division
- 014 Group 10-Year Financial Statistics
- 016 Notice of Annual General Meeting
- 017 Directors' Report
- 019 Primla's Story





Pension Funds under management

130.3
\$ Billion



“

I'm proud to work for a company that has taught me the value of standing by my clients when it matters the most.

Selena
Sagikor Life Insurance Employee

”



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 VALUES

Our Values dictate who we are... our SCRIPT guides our actions.

Sagikor Values

Service
Communication
Respect
Integrity
Performance
Teamwork

- 020 Organisational Structure
- 021 Our Chairman...a true visionary
- 022 Board of Directors
- 026 Cisllyn's Story
- 028 Leadership Team
- 033 Employee Benefits Division
- 034 Management's Discussion And Analysis
- 061 Sagikor Bank Jamaica
- 062 The Future is Technology
- 064 Corporate Governance

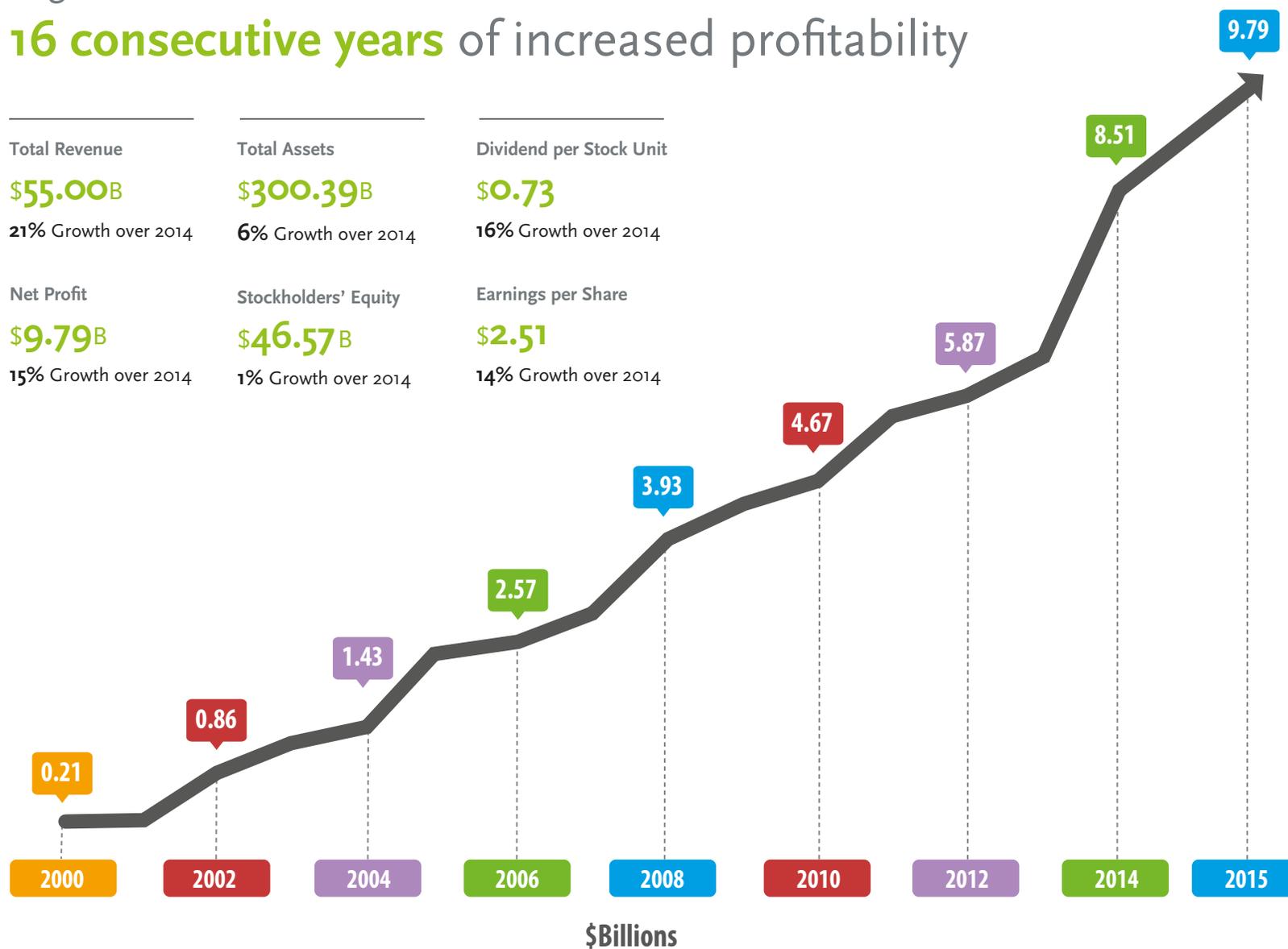
- 071 Sagikor Investments Jamaica
- 072 Our Subsidiaries
- 073 Corporate Data
- 077 Only When Clients Win, We Win
- 078 Team Highlights
- 082 Team Member of The Year 2015
- 083 Our Corporate Social Responsibility
- 087 2015 Donations
- 088 45 Ways To Give Back
- 090 #SAGICORWINNING

- 091 **FINANCIAL STATEMENTS**
- 092 Index To The Financial Statements
- 093 Independent Auditors' Report
- 094 Consolidated Statement of Financial Position
- 095 Consolidated Income Statement
- 095 Consolidated Statement of Comprehensive Income
- 096 Consolidated Statement of Changes in Equity
- 097 Consolidated Statement of Cash Flows
- 097 Company Statement of Financial Position
- 098 Company Income Statement

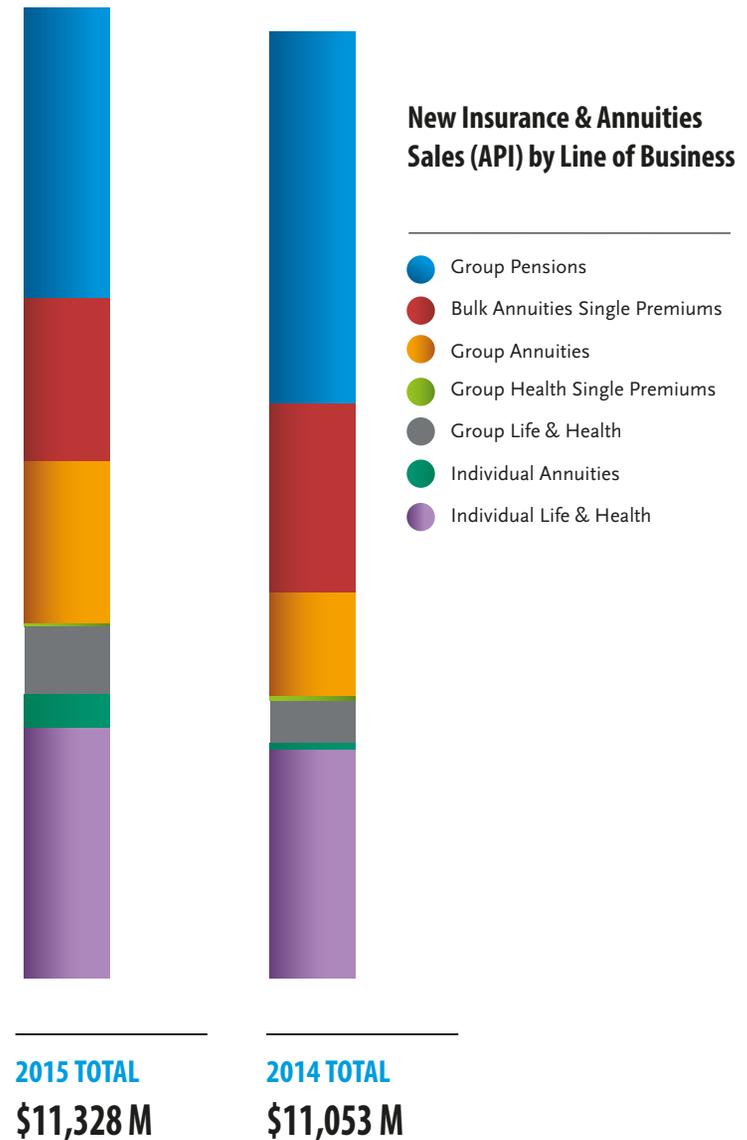
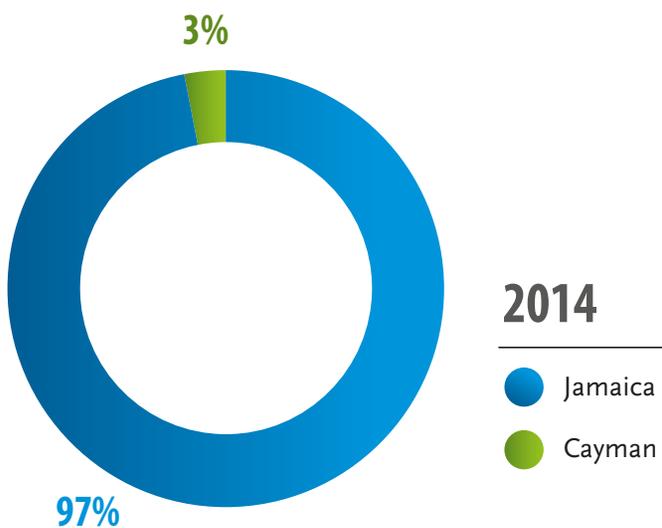
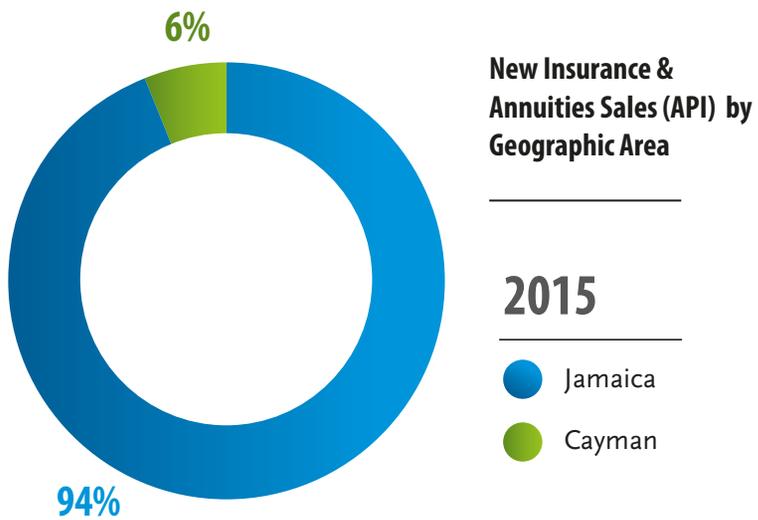
- 098 Company Statement of Cash Flows
- 099 Company Statement of Changes in Equity
- 099 Notes to the Financial Statements
- 190 Corporate Directory
- 193 Disclosure of Shareholding
FORM OF PROXY

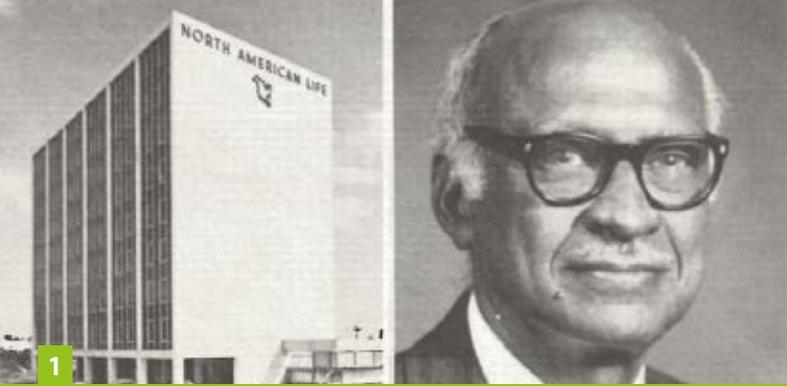
Sagicor maintained its track record of **16 consecutive years** of increased profitability

<p>Total Revenue</p> <p>\$55.00B</p> <p>21% Growth over 2014</p>	<p>Total Assets</p> <p>\$300.39B</p> <p>6% Growth over 2014</p>	<p>Dividend per Stock Unit</p> <p>\$0.73</p> <p>16% Growth over 2014</p>
<p>Net Profit</p> <p>\$9.79B</p> <p>15% Growth over 2014</p>	<p>Stockholders' Equity</p> <p>\$46.57B</p> <p>1% Growth over 2014</p>	<p>Earnings per Share</p> <p>\$2.51</p> <p>14% Growth over 2014</p>



New Insurance and Annuities at a Glance





1



2



3

A LOOK BACK

Sagicor Jamaica began in 1970 as Life of Jamaica Ltd. The visionary, R. Danvers “Danny” Williams shared a view in the post-colonial era of the 1950s Jamaica that many had – to create a new life for his fellow Jamaicans.

The idea of establishing a locally controlled life insurance company took root in the minds of six enterprising young Jamaicans: Danny Williams, Adrian Foreman, Manley McAdam, Donald Davidson, Herbert Hall and Peter Rousseau. The company opened its doors on June 1, 1970 as Jamaica’s first publicly-owned life insurance company with an exuberant field force who wrote more than \$1 million in life insurance on that first day alone.



7



8



10



11



14



15



16



4

5



6



9



12



13



17



18

1. The North American Life Assurance Company Branch Office at 76 Harbour Street and the Hon. Douglas Fletcher, first chairman of the Company.
2. The first share certificate of LOJ. Pictured right is Ervin McNally, the first company accountant.
3. Students, teachers and LOJ staff at the official launch of the Company's Adopt-A-School function at the New Kingston Shopping Centre in 1989. LOJ adopted 17 schools islandwide.
4. The former Jamaica Citizens Bank, King Street Branch.
5. The Hon. Patrick H. O. Rousseau (l), then chairman of the Board and R. Danny Williams, then president and CEO of LOJ in 1987.
6. R. Danny Williams (c) and Hugh Dyke (r) of the National Hotels and Properties signing documents concluding the purchase of the 'Jamaica – Jamaica' hotel by LOJ. At left is John Issa of Super Clubs (then operators of the hotel).
7. The former LOJ Head Office, 72-76 Harbour Street, Kingston (1970-1983).
8. The initial complement of office staff and field personnel pictured at the formation of the company in June 1970.
9. New Kingston land space primed for development by LOJ Properties in 1980.
10. Signing of construction contract for the new head office building in 1980. Signing on behalf of Caribbean Construction Company are (l) Messrs Wilson Chang and H.V. Watson and on behalf of LOJ (right) Directors Danny Williams and Adrian Foreman. Looking on are Messrs Errol Spence, quantity surveyor, Richard Issa, Deputy Chairman LOJ and Ossie Harding, Director and General Counsel LOJ.
11. An artist's rendering of the proposed new LOJ Head Office Building at 17 Dominica Drive, Kingston.
12. Romeo Sinclair, computer operator at LOJ in the 1980s, loads tape into the tape drive computer system.
13. President of LOJ in 1989, R. Danny Williams in the audience for one of the annual S.A.A.W. (Staff Appreciation and Awareness Week) concerts.
14. Jamaica's then Industry and Commerce Minister, the Hon. Claude Clarke (2nd r) severs the ribbon to officially declare the LOJ Spanish Town Shopping Centre open on August 17, 1989.
15. The former LOJ Montego Bay Branch Building in a photograph taken in the 1980s.
16. Victor Cooke receives the LOJ President's Cup for highest individual performance as an Underwriter for the Company in 1970. Mrs. Shirley Williams made the presentation.
17. Key members of the Pensions team at Sagicor in 1987 during a strategic planning meeting.
18. Keith McFarlane of LOJ presents the keys to a brand new bus for the Jamaica Cancer Society.



1



2



3

PRESENT

Today Sagico Group Jamaica is a financial services conglomerate with business in Jamaica, the Cayman Islands and Costa Rica. The Group offers products and services in the areas of Banking, Insurance, Investments, Real Estate, Asset Management and Retirement Planning. The Company prides itself still today on its rich history of community and national development. Sagico Group Jamaica is a member of the wider Sagico Financial Corporation. Sagico Financial Corporation operates in over 20 countries and its operations date back to 1840.



7



8



11



12

13



16



17



4



5



6



9



10



14



15



18



19

1. Recipients of Sagcor Foundation's 2015 GSAT and Tertiary Scholarships along with Richard O. Byles (l, 1st row) and R Danny Williams (r, 2nd row).
2. The Sagcor Group Jamaica Head Office decorated in commemoration of Jamaica's 50th year of Independence, 2012.
3. Children of Sagcor's summer camp programme perform at the Jamaica 50 concert at the Company's head office.
4. The current Head Office of Sagcor Life and Sagcor Group Jamaica, 28-48 Barbados Avenue. The building was renamed the "R. Danny Williams Building" in June 2012.
5. Students compete at the JTA Sagcor National Athletic Championships in May 2015.
6. Merrick Plummer (l), AVP Sales and Distribution, presents Loeri Robinson, Executive Agent of the Holborn Branch, with one of her many awards won at the Company's Annual Corporate Awards in 2015.
7. Mrs. Gloria Williamson (c), manager of The Golden Age Home, happily accepted the donation of Three Hundred Thousand Dollars (\$300,000) from Richard Byles and Mrs. Jacqueline Donaldson, AVP Group Corporate Services. The Golden Age Home was the first recipient of Sagcor's #45WaysToGiveBack initiative.
8. Team members make repairs to the Strathmore Gardens Children's Home in Spanish Town, St. Catherine. The home was the Sagcor Motivational Seminar Charity Recipient in 2015.
9. Members of Jamaica's World Cup Netball Team are joined by Karl Williams, VP Group HR (l) and Ingrid Card, VP Group Marketing (back row - r) for a picture at the cocktail event where Sagcor's \$3-million sponsorship of the team was announced.
10. President & CEO of Sagcor Group Jamaica Limited Richard Byles (l) greets Regional Director / President North America of Temenos Russell Taylor after signing a major software licensing agreement with the banking software company.
11. The Hon. R. Danny Williams and his wife Shirley look at the bust created and installed in the lobby of the Sagcor Group Head Office on Barbados Avenue. The building was officially renamed the R. Danny Williams Building in June 2012.
12. (l-r) Philip Armstrong, Deputy CEO of Sagcor Bank, Richard O. Byles, President and CEO, Sagcor Group Jamaica, the late Hon. Maurice Facey and President and CEO of Sagcor Bank Donovan Perkins after the re-branding of Pan Caribbean Financial Services and PanCaribbeanBank to Sagcor Investments and Sagcor Bank respectively, in 2012.
13. Winners of the Sagcor Bank Credit Card Beijing Promotion in China at the IAAF World Championships in 2015.
14. A Sagcor team member participates in the Labour Day activities at one of the Company's adopted schools.
15. Dr the Honourable R. Danny Williams, Chairman of the Sagcor Foundation, greets Kessiana Fairweather, student at Schoolfield Primary, who wrote in to Sagcor requesting computers for her school's resource room during Sagcor's #45WaysToGiveBack initiative.
16. President and CEO Richard Byles having fun with our Sagcor Summer Camp children.
17. A "selfie" with the massive crowd at the 2015 Sagcor Sigma Run start line stage.
18. Richard O. Byles (l) and Suresh Sookoo, CEO at RBC Financial (Caribbean) Ltd., shake hands following the signing of the agreement between Sagcor and RBC Royal Bank for Sagcor to acquire RBC Canada's operations in Jamaica in January 2014.
19. The current Head Office of Sagcor Bank Jamaica, 17 Dominica Drive, Kingston.

Statement of the Chairman & President and CEO



Dr. The Hon. R.D. Williams
Chairman

Richard O. Byles
President & CEO

On behalf of the Board of Directors of Sagicor Group Jamaica Limited (SGJ or the Group), we are pleased to share with you the 2015 performance of our Group of Companies.

2015 closed as a successful year for Sagicor Group, outperforming the prior year and meeting key business objectives.

The growth trend continued with our team producing improved financial results for the sixteenth consecutive year. Net profit for the year was \$9.79 billion, which is 15% above 2014. Revenues were 21% ahead of prior year, reaching \$55.00 billion. EPS was \$2.51, 14% better than 2014. Rising confidence in the economy, combined with this favourable EPS performance, drove the price per share from \$10.25 at 31/12/2014 to \$20.00 at 31/12/2015 and market cap from \$40.0 billion to \$78.1 billion, an increase of 95%.

At the end of 2015, all the regulated companies exceeded their respective minimum capital requirement. In Sagicor Life Jamaica the MCCR was 201.5% (150% regulated minimum). Sagicor Investments Jamaica and SBJ were 13.68% and 14.04% respectively (10% regulated minimum).

In 2015 we achieved a number of important business objectives.

- 1. Having purchased the RBC banking portfolio and merged it with the former Sagicor Bank, we implemented a massive technology overhaul. This lays the foundation for us to deliver Easy, Simple and Personal banking to our clients. The Bank also produced a reasonable profit of \$1.3 billion.**

2. Profitability in Sagicor Investments Ltd fell over the period 2012 – 2014, prompting us to take a significant write-down on its carrying value in 2014. Restoring it to acceptable levels of profitability was therefore an important objective in 2015. We are pleased SIJ produced \$1.4 billion of profit and a ROE of 18.2%. SIJ was also the #1 stockbroker and Sigma, with 55.7% market share, had the #1 performing fund.
3. In June 2015 SGJ took a 21% position in Sagicor X Fund Ltd as part of a strategy to take a minority but consolidating position in companies we consider to be well run and with good future prospects. Our total investment in Sagicor Real Estate X Fund ended the year with profits of \$94 million. On a market cap basis the stock we purchased in 2015 is today worth \$5.0 billion, having cost SGJ \$3.3 billion.
4. Along with the other companies in the insurance industry, we were successful in modernising

and streamlining the tax basis of the industry, bringing insurance companies in line with other corporate entities.

5. Team morale in the group remained strong. The annual, independently administered staff survey indicates that 75.9% of our team members consider themselves to be highly engaged in their jobs.
6. With the implementation of the new technology platform at SBJ and SIJ, customers experienced a few months less than our usual good service. This percolated into our annual customer survey which showed 30% of our customers expressing satisfaction with our services across all our major product lines. Last year we recorded a 73% satisfaction rate.

Sound Governance

We are pleased to report that the Board of Directors and its various committees for the Group and each subsidiary met regularly and executed

their responsibilities with diligence. They deliberated on matters of proper governance, management performance, business strategy and risk management.

Caring, Inspiring, Serving

Sagicor Group Jamaica continued its support of various organisations and communities in the areas of health, education and sports through Corporate Social activities in 2015. The annual Sagicor Sigma Corporate Run held in February 2015 was successful in raising approximately \$26 million for its beneficiaries, including the Cornwall Regional Hospital's Neonatal Unit and the Jamaica Kidney Kids Foundation.

In June 2015, through our 45th Anniversary initiative called #45WaysToGiveBack, Sagicor Group identified forty-five individuals, schools, charity groups, communities and institutions to benefit from acts of kindness, as nominated by friends, family and associates based on need. The 45 beneficiaries received a variety of donations, ranging from wheelchairs, health and school supplies, equipment and furniture and refurbishing supplies. In addition, as part of its educational initiatives, approximately \$15 million was disbursed in scholarships to outstanding secondary and tertiary scholarship awardees.

Thank you

We thank our customers for the confidence placed in us to provide for all their financial needs through Health Insurance, Life Insurance, Annuities, Pensions Management, and Commercial and Investment Banking.

We thank our stockholders for their confidence and guidance.

We thank our entire team of 2,116 individuals and our business partners for their continued support and professionalism. Your continued hard-work, perseverance and passion are highly appreciated.

To our committed Directors, we say thank you for your wise counsel and untiring support.

Outlook for 2016

The Jamaican economy continues to show improvements though growth has been modest. Much work remains and it is critical that the new Government stays the course of tight fiscal management and reform. We therefore look forward to 2016 with optimism and confidence.



Dr. The Hon. R.D. Williams
Chairman



Richard O. Byles
President & CEO

14th March, 2016

.....
**THE GROWTH TREND CONTINUED WITH
 OUR TEAM PRODUCING IMPROVED
 FINANCIAL RESULTS FOR THE SIXTEENTH
 CONSECUTIVE YEAR.**

Skyler's Story

Skyler and her sister Savannah are both Sagicor Life Insurance clients because it was important to us that we gave our children the right start.

We are young parents and we have heard so many of our peers who are also parents lamenting over the fact that they did not start saving for their child when they were young. We were determined to not let that happen to us.

Life insurance policies for young children are not often thought about. The way we see it, this is one less thing she will have to do on her own when she gets older. Our Financial Advisor Loeri Robinson made sure that Skyler's policy has a big investment component, which was our primary focus.

Loeri explained to us, when writing our own insurance policies, that the best time to buy life insurance is long before you need it. We aren't morbid people at all but we

did think about the fact that Skyler will have this coverage regardless of any changes in her medical condition.

We can see Skyler in her twenties not having a care or thought about life insurance. That's how we both were. We didn't have children then so we thought we were invincible and living only for ourselves. Because we have walked that road and have learned our lessons, Skyler will never have to be in her 30s when she starts having a family of her own to say, "maybe I should have bought life insurance when I was younger".

The longer you have money working for you, the more you'll ultimately have. We are building her wealth. The key to building wealth is to start saving early enough. This policy, unlike other plans that have a 20-30 year life span, has a life span of 80 years or longer!

“

Skyler is now one of Sagicor Life's youngest clients and later on when we are gone and she is one of Sagicor's oldest clients, she will still thank us!

Jodi and Dane
Parents of Skyler
Sagicor Life Insurance Clients

”





Individual Life Division

For over 45 years, Sagicor Life Jamaica has provided a wide-ranging suite of life insurance products, with benefits to meet diverse and ever-changing needs and lifestyles, that has established our clients' legacies, helping them and their families when they need it most.

Sagicor Life Jamaica's Individual Life Insurance Division provides a suite of life and health insurance products: pensions, annuities, personal accident insurance, investment opportunities, critical illness/living benefit and other insurance-related solutions.

Our products cater to the diverse and dynamic needs of our individual clients. We sell products through our large distribution network of financial advisors and broker/agency channels in Jamaica and the Cayman Islands.

In 2015 we expanded our offerings with new products to meet the current expectation of our clients, which includes Super Term, Total Woman and Individual Annuities.

The Division has remained committed to providing flexible opportunities for clients to meet their financial objectives whilst also protecting them against life's eventualities.

Group 10-Year Financial Statistics

Year ended December 31, 2015

The Group

		2015	2014	Revised 2013	Revised 2012	Revised 2011	Revised 2010	Revised 2009	Revised 2008	Revised 2007	Revised 2006
SALES:											
INSURANCE AMOUNTS											
Individual Life - Sums Assured	\$m	171,246	151,131	149,096	137,571	150,624	116,311	119,432	86,120	75,435	67,603
Group Life - Sums Assured	\$m	9,678	6,940	4,988	1,710	2,358	1,462	5,053	5,212	4,180	1,427
Total New Insurance Amount	\$m	180,924	158,071	154,084	139,281	152,982	117,773	124,485	91,332	79,615	69,030
NEW ANNUALISED PREMIUMS											
Individual Life and Health	\$m	2,918	2,656	2,583	2,530	2,110	1,998	1,943	1,432	1,352	1,401
Individual Annuities	\$m	387	83	117	131	194	90	45	-	34	-
Group Life and Health	\$m	794	496	647	636	184	194	311	604	327	223
Group Health Single Premiums	\$m	33	49	-	-	56	356	-	1,447	-	-
Group Annuities	\$m	1,900	1,209	1,456	1,820	1,139	1,279	1,302	810	831	605
Bulk Annuities Single Premiums	\$m	1,904	2,212	4,820	428	2,153	-	1,699	6,141	-	-
Group Pensions	\$m	3,392	4,348	475	212	-	111	-	-	418	7
Total New Annualised Premiums	\$m	11,328	11,053	10,098	5,757	5,836	4,028	5,300	10,434	2,962	2,236
IN FORCE:											
INSURANCE AMOUNT											
Individual Life - Sums Assured	\$m	1,075,967	996,768	908,068	813,598	734,195	666,096	622,513	527,376	442,844	378,018
Group Life - Sums Assured	\$m	601,357	591,020	493,945	553,171	491,577	468,407	571,731	424,576	376,715	348,574
Property and Casualty	\$m	43,940	40,135	34,481	29,058	22,957	19,584	134,787	118,864	100,081	73,413
Total Insurance Amounts in Force	\$m	1,721,264	1,627,923	1,436,494	1,395,827	1,248,729	1,154,087	1,329,031	1,070,816	919,640	800,005
Number of Individual Life Policies in Force		440,328	421,937	407,927	393,411	376,872	361,548	352,345	335,931	322,884	307,365
Number of New Individual Life Policies		56,164	59,449	59,318	60,226	55,547	49,782	50,231	45,226	41,958	42,137

		2015	2014	Revised 2013	Revised 2012	Revised 2011	Revised 2010	Revised 2009	Revised 2008	Revised 2007	Revised 2006
FINANCIAL POSITION & STRENGTH:											
Total Assets ¹	\$m	300,390	284,216	198,310	174,532	160,372	142,731	134,530	116,934	86,806	79,058
Pension Funds under Management ²	\$m	130,311	98,209	85,506	79,725	74,399	64,569	55,336	46,709	50,705	41,825
Other Funds under Management	\$m	95,616	78,865	45,692	40,683	22,304	20,081	19,610	19,418	25,001	20,531
Total Assets Under Management	\$m	526,317	461,290	329,508	294,940	257,075	227,381	209,476	183,061	162,512	141,414
Bank loans and advances, net of provisions for credit losses	\$m	43,760	37,302	10,819	9,390	9,258	9,501	8,686	8,442	7,158	5,527
Customer deposits	\$m	62,924	56,044	12,468	11,411	10,600	9,017	8,782	7,457	5,490	4,477
Invested Assets ⁵	\$m	256,506	232,678	180,330	155,730	144,942	127,941	114,745	97,042	73,408	65,854
Policyholders' Funds ¹	\$m	77,617	71,143	64,538	52,534	47,532	42,735	42,047	35,290	20,893	18,042
Shareholders' Equity	\$m	46,569	46,065	35,926	32,856	28,411	25,203	19,863	15,576	15,507	14,412
Market Capitalisation	\$m	78,113	40,033	39,867	37,986	37,610	25,650	25,575	21,001	29,985	32,863
OPERATING RESULTS:											
Total Revenue ⁵	\$m	54,998	45,630	42,356	35,507	33,108	29,436	31,418	29,860	19,022	16,716
Total Policyholder Benefits and Reserves ^{3,5}	\$m	23,868	22,770	23,231	17,767	16,519	14,064	15,678	16,793	8,143	7,036
Total Commissions, Expenses, and Taxes ⁵	\$m	21,278	17,515	12,660	11,668	10,835	10,501	10,854	8,524	7,458	6,627
Net profit, attributable to Shareholders ⁵	\$m	9,793	8,513	6,298	5,865	5,523	4,671	4,390	3,928	2,957	2,572
FINANCIAL RATIOS:											
Return on average assets	%	3	4	3	4	4	3	3	4	4	3
Return on average shareholders' equity	%	21	21	18	19	21	21	25	25	20	20
Share price	\$	20.00	10.25	10.60	10.10	10.00	6.82	6.80	5.60	8.00	8.81
Earnings per share	\$	2.51	2.21	1.67	1.56	1.47	1.24	1.17	1.05	0.79	0.69
Price earnings ratio		7.97	4.64	6.35	6.47	6.80	5.49	5.81	5.33	10.13	10.76
Dividends per share	\$	0.73	0.63	0.40	0.56	0.65	0.43	0.57	0.44	0.30	0.27
Administration Expenses and Depreciation to Revenue	%	29 ⁴	29 ⁴	22 ⁴	19 ⁴	20 ⁴	22 ⁴	21 ⁴	21 ⁴	20	22
Commissions and Related Sales Expenses to net premium income	%	14 ⁴	14 ⁴	15 ⁴	14 ⁴	15 ⁴	15 ⁴	14 ⁴	14 ⁴	16	16

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE THIRD ANNUAL GENERAL MEETING of the Company will be held on Tuesday, May 24, 2016 at 3:00 p.m. in the Auditorium, R. Danny Williams Building, 28-48 Barbados Avenue, Kingston 5,

ORDINARY BUSINESS

1. **To receive the Audited Accounts and Reports of the Directors and Auditors for the year ended December 31, 2015.**

To consider and if thought fit, to pass the following Resolution:

Resolution No. 1

“THAT the Audited Accounts and the Reports of the Directors and Auditors for the year ended December 31, 2015 be and are hereby adopted.”

2. **To elect Directors:**

To consider and if thought fit, to pass the following Resolution:

Resolution No. 2

“That the election of directors be made en-bloc.”

Resolution No.3

To consider and if thought fit, to pass the following Resolution:

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

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

Resolution No. 4

To consider and if thought fit, to pass the following Resolution:

THAT the amount of \$27,782,875.00 included in the Audited Accounts of the Company for the year ended December 31, 2015 as remuneration for their services as Directors be and is hereby approved.

4. **To appoint the Auditors and authorise the Directors to fix the remuneration of the Auditors.**

To consider and if thought fit, to pass the following Resolution:

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 as final.**

To consider and if thought fit, to pass the following Resolution:

Resolution No. 6

That the interim dividends of Thirty-nine (39) cents paid on April 10, 2015 and Thirty-four (34) cents paid on November 13, 2015 respectively be and are hereby ratified and declared as final for the year ended December 31, 2015.

DATED THIS March 2, 2016

BY ORDER OF THE BOARD



Janice A.M. Grant Taffe
Corporate Secretary

REGISTERED OFFICE
28-48 Barbados Avenue
Kingston 5, Jamaica

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member. Proxy Forms must be lodged with the Company Secretary, Sagicor Group Jamaica at its registered offices at 28-48 Barbados Avenue, Kingston 5, Jamaica W.I, not less than 48 hours before the time of the meeting.

A Form of Proxy is enclosed for your convenience.

Directors' Report

The Directors are pleased to submit their Report and the Audited Financial Statements for the year ended December 31, 2015. The Financial Statements reflect the consolidated results of Sagicor Group Jamaica Limited (SGJ) and its subsidiaries.

	2015 J\$000's	2014 J\$000's
Operating Results:		
Group Profit before tax	11,611,923	8,861,626
Taxation	(1,818,478)	(298,508)
Net Profit after tax	9,793,445	8,563,118
Attributable to:		
Stockholders of the Company	9,793,445	8,512,779
Minority Interest	-	50,339
Stockholders' Equity:		
Stockholders' equity brought forward	46,065,358	35,925,841
Share capital, opening	9,161,065	7,854,938
Shares issued	-	1,306,127
Transfer of treasury shares to employees	36,402	-
Purchase of treasury shares	(49,744)	-
Share capital, ending	9,147,723	9,161,065
Reserves, opening	6,413,536	5,343,433
Net gains/(losses) recognised in equity	(5,911,336)	1,204,672
Stock options and grants schemes value		
of services rendered	21,143	23,677
Stock options and grants exercised/expired	(92,773)	(6,693)
Transfers (to)/from reserves	(1,254,458)	(151,553)
Reserves, ending	(823,888)	6,413,536
Retained earnings, opening	30,490,757	22,727,470
Total comprehensive income	9,351,474	9,517,127
Transfers (to)/from reserves	1,254,458	151,553
Purchase of minority interests	-	504,532
SGJ dividends paid	(2,851,113)	(2,409,925)
Retained earnings, ending	38,245,576	30,490,757
Stockholders' equity carried forward	46,569,411	46,065,358

Directors

Article 98 provides that one third of the Directors shall retire from office at each Annual General Meeting. Directors Paul Facey, Stephen Facey, Stephen McNamara and Dodridge Miller retire under this Article and, being eligible, offer themselves for re-election.

Auditors

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

Dividends

Interim dividends of 39 cents per share were paid on April 10, 2015 and 34 cents per share on November 13, 2015.



Chairman
14 March 2016



Primla's Story

Mother of two and lecturer at Jamaica's University of Technology, Primla Williamson-Munroe makes time to show gratitude, regardless of how hectic life gets. "I appreciate the everyday moments with my family, revel in the successes, and learn from the failures," says Primla.

Education has been a priority throughout Primla's life. She holds bachelor's and master's degrees in science, and is working towards a third degree. Her children, Rachel and Justin, are also driven academically. Primla centres her life on protecting them and ensuring they get the opportunity to achieve whatever they dream.

Sagicor Advisor, Arlene Lawrence, helped Primla find a policy that was right for her family.

“

**With Sagicor onboard,
I feel more secure,
and I can say that the
investment portion of my
policy has been beneficial
more than once.**

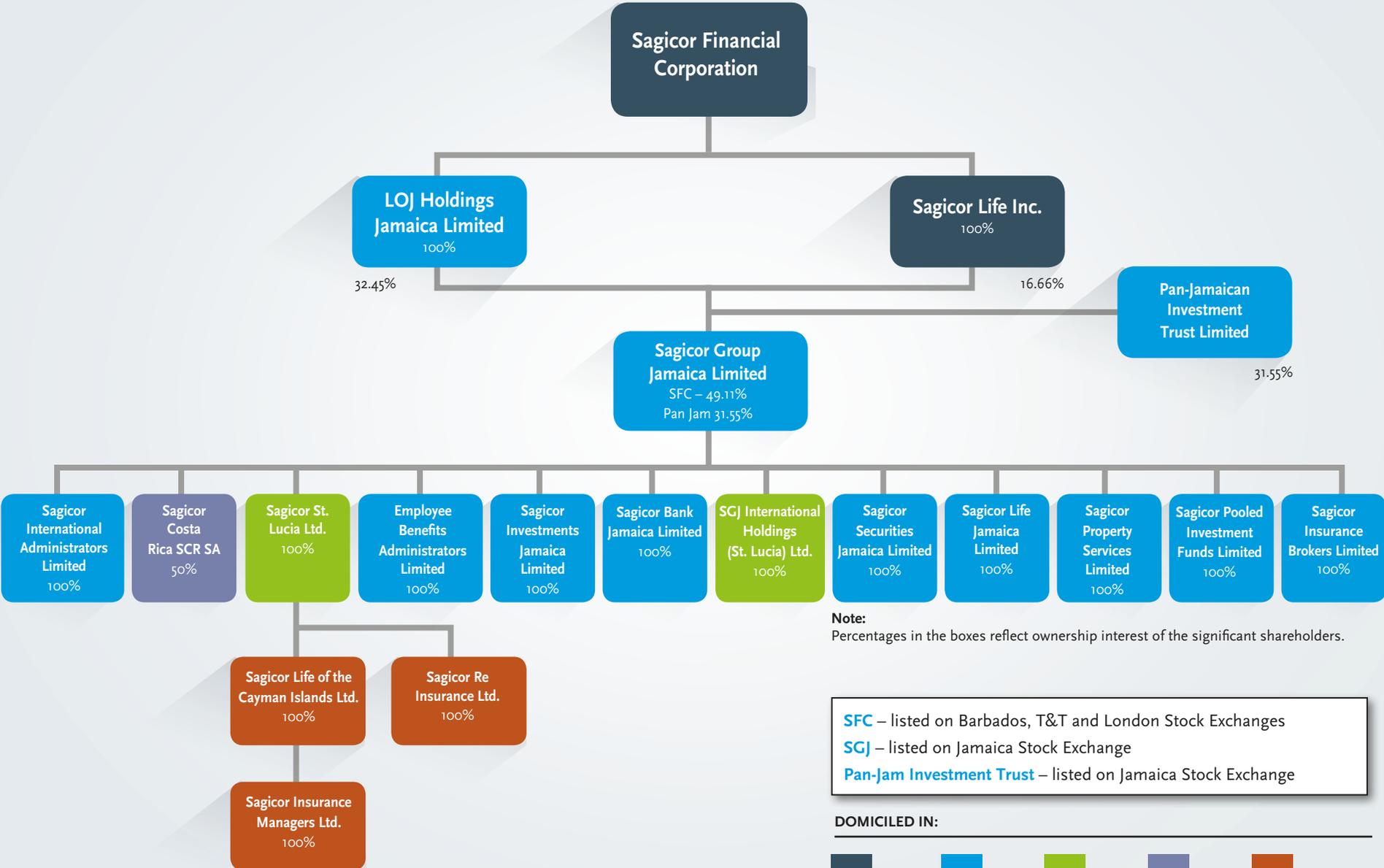
Primla Williamson-Munroe
Sagicor Group Jamaica Client

”

Sagicor Group Jamaica

ORGANISATIONAL STRUCTURE

AS AT DECEMBER 31, 2015



Note:
Percentages in the boxes reflect ownership interest of the significant shareholders.

SFC – listed on Barbados, T&T and London Stock Exchanges
 SGJ – listed on Jamaica Stock Exchange
 Pan-jam Investment Trust – listed on Jamaica Stock Exchange

DOMICILED IN:

BARBADOS
 JAMAICA
 ST. LUCIA
 COSTA RICA
 CAYMAN

Our Chairman...a true visionary



TEN-YEAR PREDICTIONS

Today June 1, 1970 marks the beginning of the operation of Life of Jamaica Limited. As the company's first President, I, Danny Williams predict that within ten years' time Life of Jamaica will have performed beyond all expectations.

Specifically, I predict:

- 1) That by the year 1980 Life of Jamaica's share will be one of the most sought-after shares on the Jamaican stock market.
- 2) That in ten years' time there will be at least four other branches of foreign-owned companies that would have followed our example to Jamaicanise.
- 3) That we will be the first life insurance company in Jamaica to have achieved \$100 million worth of business in one year.
- 4) That our total business in force will exceed \$1 billion.
- 5) That members of our Executive will be the most sought-after personnel in private enterprise for counselling and advice on Government planning and Statutory boards, and corporations.
- 6) That we would have expanded into overseas markets.
- 7) That we would have established a reputation as the most community-minded insurance company in Jamaica.
- 8) That we will make Life of Jamaica a household name in Jamaica.
- 9) That we will become a one-stop financial service centre.
- 10) That by our performance, we will have helped to create brand new faith in the ability for Jamaicans to run their own business.

R.D. Williams, C.L.U.
President, Life of Jamaica Limited





Board of Directors

DR. THE HON. R.D. WILLIAMS, OJ, CD, JP,
Hon. LL.D (UTech), Hon. LL.D (UWI)

Chairman
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. He also serves on the boards of a number of Sagicor Group Jamaica member companies.

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. He is Director Emeritus of Jamaica Broilers Group Limited and Chairman of the Jamaica College Foundation.

RICHARD O. BYLES B.Sc., M.Sc.

President & CEO
Appointed 2004
Citizen of Jamaica

Mr. Richard Byles is President and CEO of Sagicor Group Jamaica Limited. Mr. Byles holds a Bachelor's degree in Economics from the University of the West Indies and a Master's in National Development from the University of Bradford, England.

He is the Board Chairman of Sagicor Bank Jamaica Limited, Sagicor Life of the Cayman Islands Limited, Sagicor Real Estate X Fund and Desnoes & Geddes Ltd. (brewers of Red Stripe). He is also a director of Sagicor Investments Jamaica Limited and Pan-Jamaican Investment Trust Limited where he was Chief Executive Officer for 13 years. He is a former Vice President of the Private Sector Organisation of Jamaica (PSO) and Co-chair of the Economic Programme Oversight Committee (EPOC), a private/public sector committee established to oversee the implementation of the IMF programme in Jamaica. He is also a member of the Council of the University of the West Indies.

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 the Trinidad and Tobago Stock Exchange and a former Director of the Trinidad and Tobago Chamber of Industry and Commerce.



JEFFREY COBHAM B.A., Dip. Mgmt.
Appointed 2003
Citizen of Barbados and Jamaica

Mr. Jeffrey Cobham sits on the boards of Sagicor Group Jamaica Limited, Sagicor Life Jamaica Limited, Sagicor Property Services Limited and Sagicor Life of the Cayman Islands.

Mr. Cobham chairs the board of Diverze Assets Inc. (parent company of Tropical Battery Co. Ltd, Diverze Properties Ltd., and Chukka Cove Adventures Ltd.) sits on the boards of Stocks and Securities Limited, The Development Bank of Jamaica, and Pulse Investments Limited. He is a representative of The Chancellor to the University of the West Indies Mona Campus Council, and sits on its Finance and General Purposes Committee and its Audit Committee.

JACQUELINE COKE-LLOYD
Appointed 2010
Citizen of Jamaica

Mrs. Jacqueline Coke-Lloyd is currently the Principal Director of Make Your Mark Consultants with over 25 years of expertise in General Management, Human Resource Management and Industrial Relations. She is a graduate of the University of Technology Jamaica and the International Training Centre of the International Labour Organization (ILO), Turin, Italy. Mrs. Coke-Lloyd is currently pursuing her Doctorate in Transformational Leadership. She has served on local boards, including the National Housing Trust (NHT), Jamaica Productivity Centre, University of Technology Jamaica (UTech), Young Entrepreneurs Association of Jamaica, and on international boards such as the International Labour Organization (ILO) and the Caribbean Employers Confederation (CEC).

Mrs. Coke-Lloyd is the former CEO of The Jamaica Employers' Federation (JEF). She is an executive member of the Women's Leadership Initiative (WLI) and also serves on the council of the International Council of Women Business Leaders (ICWBL) USA. She also serves on the National Council on Technical and Vocational Education and Training (NCTVET) and as advisor to the MSC in Workforce Education and Training programme at the University of Technology, Jamaica.

RICHARD DOWNER CD, FCA
Appointed 2008
Citizen of Jamaica

Mr. Richard Downer currently serves on the Board of Sagicor Group Jamaica and is chairman of the Audit Committee and a member of the Risk Management Committee. He is a director of Sagicor Life of Jamaica Limited and chairman of its Audit Committee and a member of the Investment & Risk Committee.

Mr. Downer is also a member of the Rating Committee of CariCRIS Limited and a director of Dolphin Cove Limited. Mr. Downer has served on other private sector boards, including Sagicor Investments Limited, Sagicor Bank Limited, Victoria Mutual Building Society, Lascelles deMercado and Co. Ltd, and ICD Group Limited. In the public sector, he has served as executive director of the Bureau of Management Support in the Office of the Prime Minister of Jamaica and a director of the Bank of Jamaica and was chairman of the Coffee Industry Board. He has also served on the boards and audit committees of the National Education Trust, the Overseas Examination Commission and the Tourism Enhancement Fund. He has advised the governments of sixteen countries on privatisation. He is a former senior partner of PricewaterhouseCoopers in Jamaica.



Board of Directors (Cont'd)

PAUL FACEY B.Sc., MBA
Appointed 2005
 Citizen of Jamaica

Mr. Paul Facey holds a B.Sc in Marketing and Management from the University of South Florida and an MBA 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 Vice President - Investments at Pan-Jamaican Investment Trust Limited.

STEPHEN B. FACEY B.A., M.Arch
Appointed 2004
 Citizen of Jamaica

Mr. Stephen Facey is the Chairman and Chief Executive Officer of Pan-Jamaican Investment Trust Limited (Pan-Jam). He brings over 30 years' experience in business, particularly in the development and management of property and real estate. Under Stephen's leadership Pan-Jam continues to be among the most profitable companies listed on the Jamaica Stock Exchange.

He currently serves as Chairman of a number of boards including Jamaica Property Company Ltd., The C.B. Facey Foundation, Mavis Bank Coffee Factory, New Castle Company Ltd., Boys' Town Infant and Primary School, Kingston Restoration Company Ltd. and the New Kingston Civic Association. He is also a Director of Sagikor Life Jamaica Limited, Chukka Caribbean Adventures Limited, The Jamaica Developers Association and the National Gallery of Jamaica. An architect by training, Stephen is also a member of the Jamaican Institute of Architects.

He holds a BA in Architecture from Rice University and an M.Arch, from the University of Pennsylvania.

MARJORIE FYFFE CAMPBELL B.Sc. (Hons.), M.Sc. JP
Appointed 2003
 Citizen of Jamaica

Mrs. Marjorie Fyffe Campbell is a management consultant with over twenty-five years' experience in Finance and Accounting at the Executive Management level. She is a graduate of the University of the West Indies with a B.Sc. (Hons) and an M.Sc. in Accounting, and is a member of the Institute of Chartered Accountants of Jamaica.

She is a former President and Chief Executive Officer of the Urban Development Corporation, Jamaica. Mrs. Fyffe Campbell is an adjunct lecturer in Financial and Management Accounting and Enterprise Risk Management Governance at the Mona School of Business at the University of the West Indies, where she is pursuing a Doctorate in Business Administration with an emphasis on corporate governance. She is also a member of the Board of Directors of Sagikor Financial Corporation (SFC), Sagikor Life Cayman and Sagikor Property Services Limited.

PAUL HANWORTH M.A., M.Sc., A.C.A., C.P.A
Appointed 2008
 Citizen of Jamaica

Mr. Hanworth is the Chief Operating Officer of Pan-Jamaican Investment Trust Limited and an entrepreneur with over 30 years of international experience in financial and strategic leadership. He is both a Certified Public Accountant (USA) and a Chartered Accountant (England & Wales), and holds an M.Sc. in Management from the Hartford Graduate Centre and an M.A. (Hons) in Classics from Cambridge University.

Prior to joining Pan-Jam, he 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 also a director of Hardware & Lumber Limited and British Caribbean Insurance Company Limited, as well as a number of other Jamaican privately held companies. He also founded Jamaica's first specialty fine wine business in 2004, which he sold in 2012.



STEPHEN MCNAMARA

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 January 1, 2010, having formally served as Vice Chairman since June 2007, and 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 as 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. Also in 2015, he was 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.

PETER K. MELHADO BSc, MBA

Appointed 2014
Citizen of Jamaica

Mr. Melhado is President & CEO of ICD Group Limited. He joined Manufacturers Group in 1993 and became its CEO in 1995 until its merger with PanCaribbean in 2004. In that time, 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.

Peter currently serves as Chairman of Sagicor Investments Jamaica Limited, and is the Chairman of CGM Gallagher Group, West Indies Home Contractors, American International School of Kingston and Industrial Chemical Company. His current directorships include British Caribbean Insurance Company, Couples Resorts, Margaritaville Caribbean and Red Stripe. He is a former Vice President of the Private Sector Organisation of Jamaica.

DR. DODRIDGE MILLER

FCCA M.B.A., LL.M., Hon. LLD
Appointed 2001
Citizen of Barbados

Dr. Dodridge Miller was appointed Group President and Chief Executive Officer of Sagicor Financial Corporation in July 2002. Mr. Miller is a Fellow of the Association of Chartered Certified Accountants (ACCA), and obtained his MBA from the University of Wales and Manchester Business School. He holds an LL.M. 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 25 years' experience in the banking, insurance and financial services industries. Prior to his appointment as Group President and CEO, he held the positions of Treasurer and Vice President – Finance and Investment, deputy Chief Executive Officer and Chief Operating Officer. Mr. Miller joined the Group in 1989.

He is also a director of Sagicor Life Inc, Sagicor USA, Sagicor Life Jamaica, Sagicor Investments Jamaica and a number of other subsidiaries within the Group.

Cislyn's Story

While watching television one evening, I saw an advertisement about Sagicor's Sigma Funds. What struck me most was that I could start an investment account with as little as J\$500. I thought to myself, "At my age, can I really start over?"

I called my health insurance agent in Spanish Town about it and she referred me to Mrs. Paulette Small. I spoke with Paulette and afterwards decided to take a leap of faith. I deposited the \$500,000 I had saved at another financial institution for five years, in Sagicor's Sigma Funds.

Paulette took great care to explain to me where she would be placing my funds. After six months I called Paulette to see how much had grown on it and to my amazement I gained a little over half of the previous five years' interest at the credit union. I couldn't help agonising over the amount of interest I would have gained had the money been with Sagicor for those five years.

I then started to tell my friends about Sagicor Investments and encouraged them to start, even if it was with the lowest amount of \$500. I encouraged friends who had been saving by throwing partner

weekly or monthly to put their money at Sagicor, because no 'banker hand' will come out when they receive their draw!

Since my initial deposit, I have started scraping and saving to increase my deposits at Sagicor.

In October 2015, my daughter came home on a visit, and with my prompting she agreed to open an investment account as well. When I called Paulette, she referred us to the Dominica Drive branch where we met another lovely advisor, Mrs. Yvette Grant. At our first meeting it was as if we had been friends for a long time.

The service provided by all the advisors I met along my journey has been wonderful. They have been quite professional, pleasant and friendly.

I continue to recommend Sagicor to others because they are not asking for hundreds of thousands of dollars. One can start with a minimum amount and there are various instruments or portfolios that a person can choose.

My statements have been emailed to me in the past and I have called and have spoken to agents over the phone for

various reasons and received clarification. I have called and asked questions regarding my portfolio and received answers because they know me personally. I recall a time when I came to make a withdrawal because I wanted some of the money on my credit card, and the bank was closed. The agent offered to make the payment for me so as to avoid me having to leave home the following day.



I have confidence in Sagicor, and am confident that my returns will be great! I think I am going to live for a couple more years, and it's comforting to know that I have my own money growing safely at Sagicor.

Cislyn

Sagicor Investments Client





Leadership Team

Richard O. Byles B.Sc. M.Sc.

President and Chief Executive Officer

Richard joined the company in 2004 as President & CEO. His experience and expertise span across the financial industry to include Life, Health and General Insurance, Asset & Investment Management, Banking, Pension Administration and Re-Insurance Management. He is a member of the Executive Committee of Sagicor Financial Corporation, the parent company of SGJ. He is also a member

of the Council of the University of the West Indies.

Richard is Chairman of Sagicor Life of the Cayman Islands Limited, Sagicor Bank Jamaica Limited, Desnoes & Geddes Limited and Sagicor X Fund Limited. He is also a Director of Sagicor Investments Jamaica Limited and Pan-Jamaican Investment Trust Limited.

Ivan B. O'B. Carter MBA, M.Sc., FLMI

**Executive Vice President,
Finance & Information Technology and Group CFO**

Ivan is the Executive Vice President, Finance and Information Technology & Group CFO for Sagicor Group Jamaica. He is responsible to the President and the Board of Directors for directing the Accounting, Financial Reporting, Financial Management, Taxation and Regulatory Reporting functions of the Group in accordance with International Financial Reporting Standards (IFRS), local laws and regulations and Sagicor Group policies; Strategic Financial

Management of the organisation; leadership of the use of Information Technology and leadership of the Group's General Insurance and Captive Management interests.

He sits on the Board of Directors of a number of Sagicor Group Jamaica member companies.



Richard O. Byles

Ivan B.O'B. Carter



Mark Chisholm

Janice Grant Taffe

Rohan D. Miller

Mark Chisholm MBA (Hons.), J.P.

**Executive Vice President,
Individual Life Insurance Division**

Mark's experience in the insurance industry spans over 25 years. Over this period he has moved up the corporate ladder to his current position of Executive Vice President with direct responsibility for the Individual Life Division which encompasses sales in Jamaica and

Sagicor Life of the Cayman Islands. Mark is also responsible for spearheading the Sagicor Group Jamaica's group sales efforts, and also has responsibility for Group Customer Experience and Business Intelligence.

Janice Grant Taffe LL.B.(Hons.), CLE

Vice President, General Counsel & Corporate Secretary

Janice is corporate secretary to the board and its local non-banking subsidiaries. Janice is also its General Counsel with oversight responsibility for the Group's legal, regulatory and corporate secretarial services and manages the overall corporate governance framework. Under her leadership of the legal resources, the implementation of major investment and corporate strategies took place which have helped to position the company as a major player in the financial services and

the real estate sectors. Her experience spans 20 years in the areas of corporate and commercial law, with a considerable experience in pensions, real estate transactions and insurance law. She has been a member of senior management since 1997.

She is a member of the Jamaica Bar Association and sits as a member of its Continuing Legal Education Committee. She is also member of the Corporate Counsel Association (Caribbean).

Rohan D. Miller B.Sc. (Hons.), M.B.A.

**President and CEO
Sagicor Investments Jamaica Limited and Sagicor Real Estate X Fund
Executive Vice President,
Sagicor Life Treasury and Asset Management**

Rohan has been the Chief Investment Officer and Executive Vice President for the Investments Division of Sagicor Life since March 1, 2011 after joining the company in 1993. His responsibilities include overseeing the Treasury Management, Investment Management, Investment Services, Property

Management, Real Estate Development, and the Sagicor Sigma Funds. He is instrumental in the development of new investment products for retail and institutional investors. Rohan is also CEO of Sagicor Real Estate X Fund, a JSE-listed company.

Leadership Team (Cont'd)

Donovan H. Perkins B.A. (Hons.), MBA
President & CEO
Sagicor Bank Jamaica Limited

In 2014, Donovan was appointed Chief Executive Officer of an expanded Sagicor Bank, resulting from the acquisition of RBC Royal Bank (Jamaica). He sits on

the Boards of Pan Jamaican Investment Trust Limited and Jamaica Producers Group, and is Chairman of the Tourism Linkages Council.

Philip Armstrong B.Sc.
Deputy CEO & Director
Sagicor Bank Jamaica Limited

As the Deputy CEO, Philip has direct responsibility for Bank Operations, the Credit Card business, and Treasury. He was the lead Business Integration Executive following the RBC Jamaica acquisition. During the transition he led four business governance committees: Team Engagement, Risk & Compliance,

Client Experience (including brand management), and Operations.

Philip is a graduate of the Harvard Business School's Advanced Management Programme. He is a member of Sagicor Group Jamaica's IT Governance Committee, and SBJ's Credit Committee.



Donovan H. Perkins

Philip Armstrong



Willard Brown

Ingrid Card

Karl Williams

Willard Brown FSA, B.Sc. (Hons.)

Executive Vice President - Employee Benefits and Actuary

Willard has served the Group in various capacities in Information Technology, Employee Benefits Division and Employee Benefits Administrator Ltd. He is currently the Executive Vice President with direct responsibility for the Employee Benefits Division which provides products and services to groups of

employees or members through their employers, associations or other institutions to manage their respective benefits programmes. He also has oversight of all actuarial resources within Sagicor Life Jamaica and is also a director of Employee Benefits Administrator Ltd.

Ingrid Card B.Sc. (Hons), MBA

Vice President, Group Marketing

Ingrid leads the Marketing and Communications Team responsible for the creation and implementation of Sagicor Group Jamaica's Marketing and Public Relations strategies in order to maximise market share, build brand equity and cultivate brand loyalty. She also provides leadership for the Group's Philanthropic initiatives through Sagicor Foundation. Ingrid has over 16 years of experience in Marketing and Public Relations. She

joined Sagicor Life Jamaica Limited in August 2009 as the Marketing & Communications Manager, having served in a similar capacity at the Jamaica Observer, along with several positions in Marketing and Sales with CVM Television and Couples Sans Souci Resort & Spa. Ingrid is a director of Sagicor Foundation and the Jamaica Customer Service Association.

Karl Williams B.Sc., Executive MBA

Vice President, Group Human Resources & Corporate Services

Karl is the VP, Group Human Resources & Corporate Services at Sagicor Life Jamaica Limited. His leadership spans management disciplines of Marketing & Sales, Learning & Development and Human Resources. His current responsibility extends to Procurement, Facilities and Records Management and Security

Operations across the Group. He is a highly creative individual who promotes a strong team ethos propelled by outstanding strategic focus and execution. Karl is the President of the Human Resource Management Association of Jamaica (HRMAJ).



For over 45 years we have proven our expertise in the insurance business with an outstanding history and reputation for leading innovation.

Sagicor Life's Employee Benefits Division offers comprehensive life and health insurance plans that are designed to protect families from financial hardships resulting from illness, injury or death. We partner with a large network of health-care providers, including pharmacies, doctors and hospitals, to support the health-care needs of our clients.

As the market leader for over 20 years in Jamaica and the Caribbean, Sagicor offers the best retirement product available. We enable our clients to live their dream retirement lifestyles, without compromising the present.

During 2015 we sought to address the growing concerns among pensioners regarding the high cost associated with being hospitalised and the lack of access to adequate health insurance. In order to provide an ideal solution, Sagicor embarked upon an initiative to offer in-hospital supplemental health insurance to all pensioners covered under the NIS Pension Scheme. This new offering has been extremely well received to date and the roll-out of the programme will continue in 2016.

Management's Discussion And Analysis



Amidst all of the economic and competitive challenges, Sagicor Group Jamaica continues to perform well, delivering attractive returns to stakeholders. We remain laser-focused on the key drivers of our businesses with a keen eye on the future.

Ivan B. O'B. Carter

Executive Vice President - Finance & Information Technology
& Group CFO

OUR PERFORMANCE

Sagicor Group Jamaica (SGJ, Sagicor or the Group) is a leading financial services group in Jamaica, commanding the largest market share in many of the lines of business it operates and is the third-largest conglomerate on the Jamaica Stock Exchange, measured in terms of profitability.

During 2015, the Jamaican economy continued to show positive trends. Important legislation such as a new tax regime for Life Insurance companies was also enacted. The economies of the Cayman Islands and Costa Rica also showed growth.

While the Group remained focused on business growth and client experience, a top priority during the year was the amalgamation of our banking operations, building out our shared services organisation and converting to a new technology environment.

The Group generated consolidated net profit attributable to stockholders of \$9.79 billion for the year, which is a 15% improvement over 2014's \$8.51 billion. Earnings per stock unit were \$2.51 compared to \$2.21 in 2014 and the return on average Stockholders' Equity (ROE) was 21% (2014: 21%). Total revenue of \$55.00 billion was up on prior year by 21%. Stockholders' Equity at the year-end stood at \$46.57 billion, relatively flat with the 2014 balance of \$46.07 billion. Total assets of the Group grew by 6% to reach \$300.39 billion (2014: \$284.22 billion).

Financial Performance Highlights For 2015:

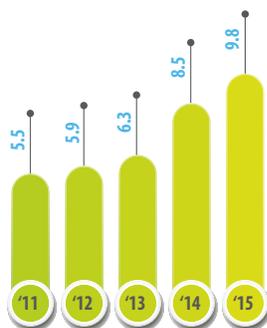
	Dec 2015 Audited	Dec 2014 Audited	% Change
Operating Results (Income Statement Data):			
Net Profit, attributable to Stockholders - J\$ billions	9.79	8.51	15%
Total Revenue - J\$ billions	55.00	45.63	21%
Financial Position & Strength (Balance Sheet Data):			
Total Assets of Sagikor Group Jamaica - J\$ billions	300.39	284.22	6%
Total Assets under management - J\$ billions	526.29	461.29	14%
Stockholders' Equity - J\$ billions	46.57	46.07	1%
Stockholders' Equity to total assets	16%	16%	0%
Profitability:			
Return on average Stockholders' Equity (ROE)	21%	21%	0%
Return on average assets (ROA)	3%	4%	-25%
Group efficiency ratio (Admin. expenses/Revenue)*	29%	29%	0%
Earnings per stock unit (EPS) - J\$	2.51	2.21	14%
Dividends paid per stock unit - J\$	0.73	0.63	16%
Other:			
SGJ Share Price - J\$	20.00	10.25	95%
Market capitalisation - J\$ billions	78.11	40.03	95%

*Normalised & before segregated funds

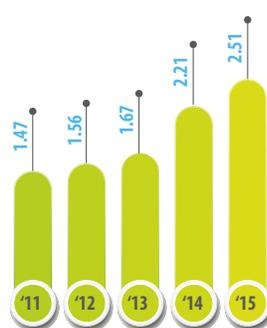
INVESTORS REALISED A 95% GROWTH IN SHARE PRICE

.....
 IN 2015 SGJ SHARE PRICE CLOSED AT \$20.00, UP FROM \$10.25 IN 2014

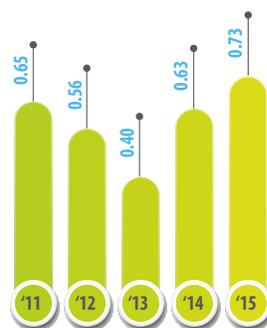
Net Profit Attributable to Shareholders
J\$ BILLIONS



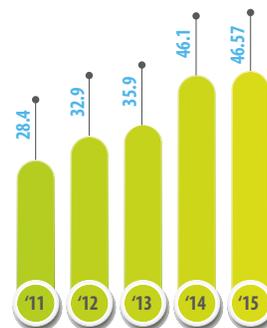
Earnings Per Share
J\$



Dividends Per Share
J\$



Stockholders' Equity
J\$ BILLIONS



Total Assets
J\$ BILLIONS



Key 2015 Performance Drivers

- 1** *Strong insurance and annuities, new business and improved conservation of business in-force.*
- 2** *Strong revenues, especially from earned insurance premiums, investment income and fee-based income.*
- 3** *Favourable insurance benefits experience.*
- 4** *Actuarial insurance and annuity liabilities gains from changes in the tax regime, expense efficiencies and premium persistency.*
- 5** *Banking portfolio growth, especially loans and credit cards.*
- 6** *The RBC portfolio being included for twelve months as against six in 2014.*

ECONOMIC REVIEW

Sagicor Group Jamaica operates in the economies of Jamaica, the Cayman Islands and Costa Rica.

JAMAICA

The global economy in 2015 saw some economies strengthen, while others, particularly emerging and developing economies, were challenged by falling commodity prices and by tightened financial conditions. In particular, the US economy regained momentum after a slow start at the beginning of the year, while in Latin America and the Caribbean economic activity continued to decelerate at the regional level.

However, stronger US growth benefited countries in the Caribbean region, especially those with tighter links through trade, remittances and tourism. Benefits from the uptick in the US economy supported the strong implementation of the Government of Jamaica (GOJ) reform agenda and contributed to improved economic conditions in Jamaica.

Within the context of the global and local developments, Jamaica's economy experienced a positive expansion in real income. For the calendar year 2015, real GDP is estimated to have grown by 0.8%.

This compares with growth of 0.5% recorded in 2014. While more robust expansion in economic activities is required, investment and growth prospects are gradually improving. This is being helped by lower oil prices, which has improved the current account and reduced inflation to its lowest point in nearly 50 years. Inflation for the current year 2015 was 3.7% relative to 6.4% in the previous year.

The moderation in price increases, accompanied by other economic reforms, has facilitated the reduction in the central bank 30-day benchmark interest rate to 5.25% from 5.75%, through reduction of 25bps on two occasions. This occurred under improving economic conditions which underpinned the gradual decline in external financing and debt sustainability risks.

With the economic conditions much conducive for growth, private sector credit increased by 9.6% during 2015, relative to 4.8% over the previous 12-month period. Further, the local

Management's Discussion and Analysis (Cont'd)

stock market benefited from improved confidence in the local economy which spurred increased investment in local companies. This resulted in the market appreciating by approximately 97%, among the highest in the world.

To encourage further investments, reforms focused on reducing the cost of doing business, promoting private sector credit, and lowering electricity costs continued throughout the year. Additionally, the GOJ budget was adjusted to facilitate a modest fiscal stimulus both this year and next to support pro-growth investments. The primary balance target has been lowered by 0.25% of GDP in FY2015/16 and 0.5% of GDP in FY2016/17. This additional fiscal space will provide an opportunity to increase public spending on capital projects that should boost growth and job creation.

For the period January – December 2015, stop-over tourist arrivals increased by 2.1% and cruise ship passengers by 10.2% when compared to the same period in 2014.

Total remittance inflows for the period January to November 2015 increased by US\$63.0M (3.2%). These were above the average inflows for the last five corresponding periods; and above the corresponding pre-crisis out-turn for 2008.

The results of the survey of Business and Consumer Confidence for the

October – December 2015 quarter showed a significant rise in the business index from 110.6 for the previous quarter to 123.0. The consumer index rose even more dramatically from 103.9 to 124.4, its second highest since the closing quarter of 2008.

The Doing Business 2016, released by the World Bank in October 2015, shows that Jamaica ranked 64 among 189 countries in 2015, an improvement of 7 positions from the previous year. Notwithstanding the achievement made thus far under the economic programme, the reforms have not always filtered to the average Jamaican. The unemployment rate at October 2015 was 13.5% compared to 14.2% in October 2014.

Despite substantial job growth in Hotels & Restaurants, unemployment remains too elevated. However, there are signs that imports are being replaced by domestic production, which suggest that employment prospects should continue on an upward trajectory.

Additionally, the recent wage agreement with public sector workers will push the wage bill for FY15/16 to 10.3% of GDP, 0.2% of GDP higher than previously anticipated. To ensure controls on expenditure levels, the GOJ has noted that starting next fiscal year, there will be a systematic effort to modernise the public sector with

an overall reduction in public sector employment through: (i) Divestment of public enterprises and government units; (ii) Enhancing efficiency through shared services; (iii) Beginning to modernise select ministries.

The IMF's continuous surveillance, along with the favourable progress reports, has fuelled increasing confidence in the local economy. Although risks to the reform programme are slowly receding, they remain high, partly due to the slow expansion in economic activities.

In May 2015, Moody's Investors Service upgraded Jamaica from Caa3 to Caa2 with a positive outlook. In June 2015, Standard & Poor's (S&P) upgraded Jamaica from B- to B with a stable outlook. Both agencies cited Jamaica's tight fiscal management, improvements in key economic indicators and the Government's efforts at instituting business reforms as reasons for the upgrade.

Early in 2016, Fitch Ratings upgraded Jamaica's long-term foreign and local currency IDR's to 'B' from 'B-' and revised the Ratings Outlook to Stable from Positive. Fitch noted that a key assumption underlying this upgrade is that "the fiscal policy stance will remain broadly unchanged after the general election...and that the next Government will adhere to the IMF programme through March 2017."

In May 2015
MOODY'S
INVESTORS SERVICE
UPGRADED JAMAICA
FROM CAA3 TO
CAA2 WITH A
POSITIVE OUTLOOK.
.....

In June 2015
STANDARD & POOR'S
(S&P) UPGRADED
JAMAICA FROM B-
TO B WITH A STABLE
OUTLOOK.
.....

Early In 2016
FITCH RATINGS
HAS UPGRADED
JAMAICA'S LONG-
TERM FOREIGN
AND LOCAL
CURRENCY IDR'S
TO 'B' FROM 'B-'
AND REVISED THE
RATINGS OUTLOOK
TO STABLE FROM
POSITIVE.
.....

Management's Discussion and Analysis (Cont'd)

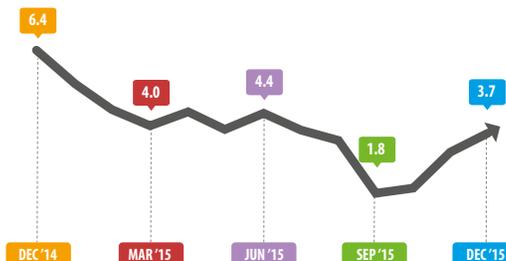
180-Day T-Bill Movements

PERCENTAGE (%)



12-Month Inflationary Changes

PERCENTAGE (%)



J\$ vs US\$ Exchange Rate Movements

J\$



JSE Main Index Movements

J\$ '000



The medium-term macroeconomic outlook for the Jamaican economy has improved. With macroeconomic stability now well entrenched, the strengthening in the debt dynamics along with the lowering in the target for the primary surplus should act as a major impetus for expansion in economic activities. The Bank of Jamaica projects growth in the

economy within the range of 1.0 per cent to 2.0 per cent for the calendar year 2016. The economy should continue to benefit from gains in external competitiveness, further improvements in the business environment as well as the effects of continued implementation of the GOJ growth agenda.

Key Economic Statistics:

- Growth in Real Gross Domestic Product (GDP) was 0.8% for the 12-month period to December 2015 compared to 0.5% in 2014.
- Average savings rates (domestic currency) remained at 1.44% for the year.

- The 6-month Treasury Bill rate decreased by 114 bps to 6.00%. The rate at December 2014 was 7.14%.
- The average lending rate remained at 14.99% for the year.
- Inflation ended the 12-month period to December 2015 at 3.7%, down from 6.4% last year.
- The Jamaica Stock Exchange main index almost doubled (97.4%) advancing to \$150,692.13. There was a 5.3% decline in 2014.
- The Jamaican dollar depreciated by 5% against the US\$, during the 2015 calendar year, versus 8% in 2014 with the weighted average daily selling price of \$120.4150 as at December 31, 2015.
- The unemployment rate at October 2015 was 13.5%, which reflects a 0.7% decrease when compared to 14.2% in October 2014.
- For FY 2014/15 the primary surplus was marginally below the 7.5% target. There was a primary surplus achievement of 7.6% for the previous fiscal year.
- The ratio of debt to GDP at December 2015 fell to 128% relative to 132% for 2014.
- The BOJ's gross reserves amounted to US\$2.914 billion and the NIR

Management's Discussion and Analysis (Cont'd)

US\$2.437 billion as at December 2015, representing 23 weeks of projected imports and well above the international benchmark of 12 weeks of goods and services imports.

- Business confidence index improved to 123.0% compared to 122.9% last year.

THE CAYMAN ISLANDS

The Cayman Islands maintained a positive macroeconomic performance during 2015, albeit at a slower pace. Real GDP grew at an estimated annualised rate of 1.7% compared to 2.1% in the previous year. The expansion in economic activities were influenced by the growth in several sectors, including financing and insurance services (3.6%), real estate, renting and business activities (3.0%) and agriculture and fishing (4.0%).

The economy experienced a decline of 2.3% in overall price levels relative to inflation of 1.5% in 2014. Despite slower growth in air and cruise arrivals, the tourism sector continued to strengthen for the first three quarters of 2015. Total arrivals increased by 2.6% to 1,506,466 visitors. Air arrivals rose by 0.6% while cruise arrivals rose by 3.1%.

For the third consecutive year, the overall fiscal surplus improved. The

fiscal surplus increased to CI\$104.7 million as compared to CI\$93.2 million for the comparative period in 2014. The central government's outstanding debt continued to decline, amounting to \$518.4 million as at September 2015, lower by 4.5% from the same period a year ago.

COSTA RICA

For calendar year 2015, the economy experienced real growth of 3.7% relative to 3.0% in the previous year. This was influenced by higher investment and the strengthening in domestic demand largely due to the benefit of lower import commodity prices. These were sufficient to offset the impact of the withdrawal of Intel's manufacturing and adverse weather conditions for the main agricultural export crops. Both private and public investments recovered significantly, the latter supported by construction of a new port terminal and public water systems. Despite the solid growth over the past decades, Moody's credit ratings agency revised Costa Rica's outlook down from stable to negative, arguing that the fiscal deficit will remain high and that this will result in higher government debt.

Growth prospects are encouraging as domestic demand is expected to remain high. Further economic activities should benefit from the

strengthening in the US economy, resulting in the growth in exports. According to the Central Bank's 2016–2017 Macroeconomic Programme the Bank projects economic growth of 4.2% in 2016 and of 4.0% in 2017.

OUR OPERATING RESULTS

The economies in which we operate showed continued improvements in 2015, while competitive challenges in the financial services remained high. Against this background the Group generated solid results with consolidated Net Profit attributed to stockholders of \$9.79 billion, 15% more than the amount in 2014 of \$8.51 billion. The profit result was earned from revenues of \$55.00 billion, reflecting a 21% growth over the prior year amount of \$45.63 billion. Our core businesses performed well and generated strong profit contributions. Profits in 2015 also reflect a full twelve months of the RBC portfolio, as against six months in 2014. In addition, profits were positively impacted by a large release of actuarial liabilities emanating from the changed tax regime for Life Insurance companies. In 2014, profits benefited from negative goodwill which was earned from the RBC portfolio acquisition.

Revenue and Expenses –

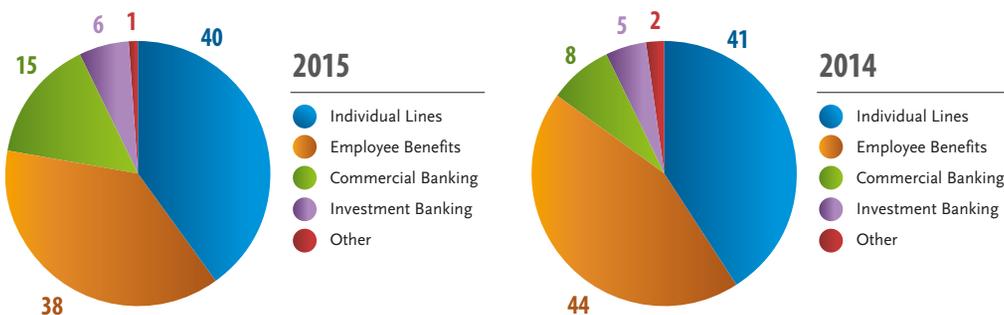
Consolidated Revenue of \$55.00 billion was above prior year by 21%, driven by the RBC portfolio being included for the full year in 2015 but for only six months in 2014. There was also high new business across all lines. Net Premium Income, in aggregate of \$32.48 billion, was 11% up on 2014. With respect to the Individual lines of business, including Universal Life Segregated Funds, earned premiums were up by 14% while Group Insurance and Annuity premiums were 8% above prior year. Investment income, before interest expense and capital gains, was 27.3% higher than in 2014. Realised capital gains from security trades were much lower than prior year but unrealised gains were much higher. In aggregate capital gains were \$3.28 billion and 5.1% lower than prior year. An unrealised impairment charge of \$967.91 million was recorded (2014: \$738.18 million) on securities. Fees and Other Revenues of \$6.21 billion were much higher than prior year with the inclusion of the RBC portfolio for a full 12 months.

Policy benefits paid to policyholders or their beneficiaries, including death claims, health claims, annuity payments, surrenders and fund withdrawals totalled \$19.09 billion, net of reinsurance recoveries. This was 10.7% higher than the amount

Management's Discussion and Analysis (Cont'd)

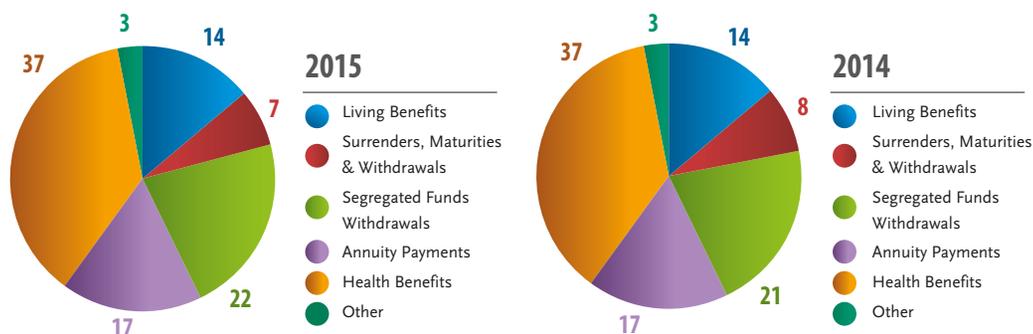
Revenue By Business Segment

PERCENTAGE (%)



Benefits By Expense Type

PERCENTAGE (%)



CONSOLIDATED REVENUE OF \$55.00 BILLION WAS ABOVE PRIOR YEAR BY 21%

for last year of \$17.25 billion. The net expense for death claims was \$2.60 billion, 11.1% more than the 2014 amount. The expense for Individual Life insurance policies surrendered was about \$1 billion while withdrawals from segregated funds were \$4.27 billion. In aggregate surrenders and fund withdrawals were up on prior year by 9.4%. The cost of annuities paid of \$3.35 billion, being 14% more than in 2014. Health claims expense from Group insurance policies (net of reinsurance recoveries) of about \$7 billion was 9.3% more than in 2014. The ratio of health claims to premiums being one per cent lower than prior year. Living and other benefits were \$576.42 million, 2.2% lower than last year. The overall increases in benefits costs flowed mainly from business growth.

At December 2015, the Group carried Insurance and Annuity liabilities of \$61.59 billion.

	2015 \$'000	2014 \$'000
Group annuities	35,765,413	31,490,107
Group insurance	4,736,672	4,918,357
Individual insurance	21,083,738	19,417,847
Total	61,585,823	55,826,311

The actuarial liabilities grew during the year mainly from new business and decrements on the in-force block. However, there were releases of reserves of about \$4.48 billion due to premium persistency, expense efficiencies and, in particular, the change in tax basis for Life Insurance companies.

Group administration expenses of \$13.87 billion were 16% more than in 2014. The RBC portfolio is included for twelve months in 2015 but six in 2014. There were

Management's Discussion and Analysis (Cont'd)

August 2015

A NEW TECHNOLOGY ECOSYSTEM WHICH INCLUDED A NEW BANKING TECHNOLOGY PLATFORM AND AMALGAMATED THE FORMER RBC AND SAGICOR BANKS PORTFOLIOS INTO THE NEW SAGICOR BANK.

also one-time costs for rationalisation of the operations. Team members cost, accommodation, communications and technology account for about 75% of all administration costs. The normalised Group efficiency ratio of administration expenses to total revenue remained at 29% (2014: 29%). The normalised efficiency ratio for Sagicor Bank was 69% and for Sagicor Investments 35%. The ratios for Individual Life and Employee Benefits are less than 20% and 15% respectively.

At the beginning of August 2015, we launched a new technology ecosystem which included a new banking technology platform and amalgamated the former RBC and Sagicor banks portfolios into the new Sagicor Bank. The structural changes also included the full roll-out of our shared services organisation and a new operating environment.

Taxation –

During the 2015 financial year, there were significant changes relating to taxation of financial services in Jamaica. These changes led to much higher tax cost, which in part will be mitigated by reduced actuarial liabilities strain for taxation. The main changes affecting our Group included:

- **Increase in the asset tax rate for regulated entities from .14% to 1% for Life Insurance companies and .25% for Banks.**
- **Life Insurance companies being taxed at 25% of net taxable profits instead of 15% of Investment Income and 3% of long-term insurance premiums.**
- **Group GCT regime**

Comprehensive Income –

Total Comprehensive Income, including net profit for the year and

movements in reserves held in equity, was \$3.44 billion compared to \$10.84 billion for 2014. During the latter half of 2015, significant unrealised fair value losses were recorded on available-for-sale securities. Volatility in global bond prices, impacted mainly by economic decline in China and continued weakness in commodity-based economies, led to the fair value declines in our international securities portfolio. Re-measurements of retirement benefits obligations generated a charge of \$441.97 million net of deferred taxes. This charge was due mainly to a lower net discount rate. In 2014 there was income of \$1 billion.

Cash Flows –

Group consolidated cash used in operating activities was \$9.56 billion, compared to \$12.18 billion generated from these activities in 2014, which reflected the RBC acquisition. Other contributing factors for the decline include repayment of some repurchase agreements, high purchases of investment securities and loan disbursements. Investing activities in the current year reflect mainly capital expenditure for technology and the upgrade of some bank branches. Also included is the acquisition cost for the SGJ 21.1% interest in Sagicor Real Estate X Fund Limited, which was taken up in September. Financing

activities show the dividends declared during year of \$2.85 billion. Liquidity of the Group remained strong. Cash and cash equivalents at the year-end were \$5.34 billion (2014: \$22.55 billion). The large cash positions are in the Commercial Bank with the lower 2015 balance reflecting more aggressive investments.

OUR FINANCIAL CONDITION AND MANAGED FUNDS

Total assets of the Group grew to \$300.39 billion, up from \$284.22 billion, as at December 2014, a 6% increase. Invested assets make up about 85% (2014: 82%) of the Group's asset base. Total assets under management, as at December 2015, including Pension Funds' assets managed on behalf of clients and unit trusts, amounted to \$526.29 billion, up from \$461.29 billion as at December 2014. This 14% increase was generated mainly from new managed funds.

The Stockholders' Equity of SGJ stood at \$46.57 billion, 1% more than the 2014 balance. Equity was negatively impacted by the substantial decline in the unrealised fair value of securities being carried as available-for-sale and the charge from re-measurement of Retirement Benefits.

March 2015

INTERIM DIVIDEND DISTRIBUTION OF \$1.52 BILLION DECLARED

39 CENTS PER SHARE

Market capitalisation of SGJ at December 2015 was \$78.11 billion, almost twice the 2014 level of \$40.03 billion.

During March 2015, the SGJ Board of Directors declared an interim dividend distribution of \$1.52 billion to stockholders or a dividend per share of 39 cents. In November 2015, the directors declared a second interim dividend of \$1.33 billion or 34 cents per share. This was a total dividend pay-out of \$2.85 billion or 73 cents per share. The dividend distribution in 2014 was \$2.41 billion or 63 cents per share.

CAPITAL ADEQUACY

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 Limited (SLJ) carried a ratio of 201.5% at December 31, 2015, compared to the ratio for last year, which was 182.2%.

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 the balance sheet date the prescribed capital requirement for Sagicor Life of the Cayman Islands Ltd (SLC) was

US\$26,015,000 (2014: US\$18,262,000) and available capital when expressed as a percentage of prescribed capital was 162.2% (2014: 294.1%). At the same time, the MCCSR ratio for Sagicor Life Cayman (SLC), based on Canadian Regulatory Standards, was 282.4% (2014: 258.3%).

Capital adequacy of Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited is managed in accordance with techniques based on guidelines developed by the Financial Services Commission (FSC), The Bank of Jamaica (BOJ), Basel 11 and the Group's Risk Management and Compliance department. The regulated required capital base to risk weighted assets is 10%. At the year-end Sagicor Investments Jamaica Limited (SIJL) had a ratio of 14.0% (2014: 13%) and Sagicor Bank Jamaica Limited (SBJ) 13.8% (2014: 15%).

Life Insurance Companies MCCSR

	SLJ 2015	SLJ 2014	SLC 2015	SLC 2014
Regulated Ratio	150%	150%		
Actual Ratio	201.5%	182.2%	282.4%	258.3%

Banking Companies Risk Capital

	COMMERCIAL BANKING		INVESTMENT BANKING	
	SBJL 2015	SBJL 2014	SIJL 2015	SIJL 2014
Actual capital base to risk weighted assets	14%	15%	14%	13%
Required capital base to risk weighted assets	10%	10%	10%	10%

INDUSTRY RATINGS

Sagicor Life Jamaica Limited retained a rating of jmAAA on the Jamaica national scale, from Caribbean Information and Credit Rating Services Limited (CariCRIS), following a review in March 2016. The rating of SLJ reflects the company's market leadership in the Jamaican life

Management's Discussion and Analysis (Cont'd)

March 2016

CariCRIS RATING OF jmAAA RETAINED

insurance industry and its established brand equity underpinned by a comprehensive suite of products and services.

In December 2015, A. M. Best rating agency reaffirmed the Financial Strength Rating (FSR) rating for SLJ of B+ (Good) and the Issuer Credit Rating (ICR) of "bbb-" with a stable outlook.

Concurrently, in December 2015, A. M. Best affirmed the ICR of "bbb-" of the ultimate parent Sagicor Financial Corporation (SFC). Fitch Ratings also affirmed Sagicor Financial Corporation's Long-term Issuer Default Rating (IDR) at 'B'. The rating outlook was revised to stable from positive.

The revised outlook to stable follows Fitch's recent rating action on Jamaica's sovereign ratings, which included the affirmation of Jamaica's country ceiling at 'B' and the change in outlook to stable from positive. SFC's ratings remain constrained by the agency's view of the economic environments and the transfer and convertibility (T&C) risks in both Jamaica and Barbados.

SEGMENT PERFORMANCE

PRIMARY BUSINESS SEGMENTS



All of our primary business segments produced good profits for 2015 which were higher than the 2014 levels. Results of the Individual Life division were buoyed by high new business, improved conservation and a significant release of actuarial reserves with the change in the tax regime to a net profit tax. Previously, Life Insurance companies were taxed on premium income and investment income. The Employee Benefits Division had good new business and generally favourable claims experience. The division also benefited from the release in actuarial reserves for taxation. Sagicor Bank showed good in its loans portfolio and credit cards portfolio and improvement in non-performing loans. Sagicor Investments earned increased fees from stockbrokerage and Corporate Financing activities and growth of the Sagicor Sigma Funds.

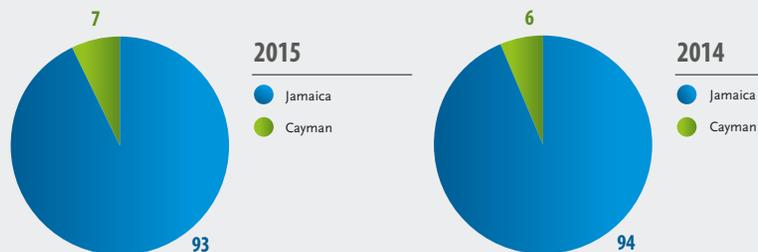
SEGMENT PERFORMANCE (CONT'D)

Net Profit By Geographic Segment

	2015 J\$M	2014 J\$M	2013 J\$M	2012 J\$M	2011 J\$M
Jamaica	8,781	7,468	5,338	4,968	4,237
Cayman	1,045	1,089	1,125	1,105	1,517
Costa Rica	(33)	6	(10)	(11)	-
Total	9,793	8,563	6,453	6,062	5,754

Revenue By Geographic Segment

PERCENTAGE (%)



OUR LARGEST MARKET IS JAMAICA AND WE ARE A MAJOR PLAYER IN THE CAYMAN LIFE INSURANCE SECTOR. STRATEGICALLY WE ARE MAKING INROADS INTO CENTRAL AMERICA.

BUSINESS SEGMENT

INDIVIDUAL INSURANCE DIVISION

The Individual Insurance Division provides individual clients with life & health insurance policies, individual annuities, pension, investment products, living benefits and other insurance-related solutions through our wide range of products. This is serviced by a large distribution network comprising 474 financial advisors in the Branch Distribution System and 21 Agency and Brokerage House Affiliates in Jamaica (Sagikor Life Jamaica or SLJ) and the Cayman Islands (Sagikor Life of the Cayman Islands Ltd or SLC).

A very important measure of any life insurance company's business growth is its growth of the overall block of in-force policies. In 2015 the Division's block of in-force policies (combined SLJ & SLC) grew by 4.1%

versus a target of 3%; this represents actual policy count of 465,076.

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

The Division contributed \$4.98 billion in profits; the 2015 results were generated from strong revenues of \$22.47 billion, which were 20% higher than in the prior year. The results were driven by excellent new business sales, improved conservation, increased benefit payments, significant release of actuarial reserves resulting from the change in the tax regime and

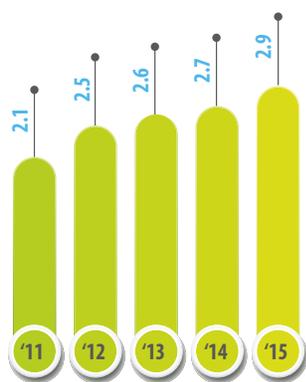
Management's Discussion and Analysis (Cont'd)

Individual Insurance Division

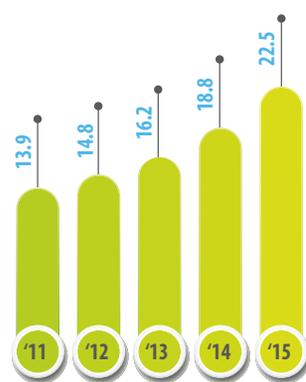
High level P&L for 2015 and 2014

	2015 J\$M	2014 J\$M	% Variance
Revenue	22,469	18,765	19.7%
Benefits	(8,150)	(7,464)	-9.2%
Movement in Actuarial liabilities	(2,459)	(2,462)	0.1%
Commissions	(3,409)	(3,163)	-7.8%
Expenses	(2,916)	(2,632)	-10.8%
Taxes (Corporation, Premium, Investment & Other)	(551)	(596)	7.6%
Net Profit	4,984	2,448	103.6%

Individual Life Consolidated New API
J\$ BILLIONS



Individual Life Consolidated Revenue
J\$ BILLIONS



continued tight control of operating costs. There was an attractive return on the capital allocated to the Division.

For the year 2015, earned premium income, including Segregated Funds contributions, was \$17.81 billion as against \$15.62 billion last year, an increase of 14%. In 2015 premium income represents about 79.3% (2014: 83.5%) of total revenue. Investment income net of interest expense was 20.9% more than last year, while realised capital gains were lower. The Division recorded an unrealised impairment charge of \$110.54 million on investment securities.

Net benefits expense, including Segregated Funds, was \$8.15 billion, an increase of 9.2% over the 2014 amount. Net death claims of \$1.56 billion were 3.5% more than in 2014. Surrenders expense and Segregated Funds encashments of \$5.27 billion showed a 9.4% increase over the 2014 level. Individual health claims were \$393.63 million with a ratio to premiums of 92%. Other benefits, including living benefits, were \$548.79 million, reflecting a 2.3% reduction over the prior year. The change in actuarial liabilities was an increase of \$1.71 billion compared to \$2.55 billion in 2014. The change in actuarial liabilities for 2015 reflects releases for taxation, expense

efficiencies and premium persistency. Commission, expenses and taxes totalled \$6.77 billion and were 8% more than last year.

In Jamaica, the Division achieved yet another industry record for new Annualised Premium Income writing \$2.65 billion, 10% more than in 2014 and holding a market share of 55%. These amounts include individual health. New individual life policies sold were 57,276, showing a 3% decrease when compared to 2014; this however was accompanied by a larger average case size. The amount of new cases sold represented 54% (2014: 55%) of total cases sold by the entire industry.

Sagicor Life of the Cayman Islands generated good New Individual Life and Annuities business during the year and also made an important contribution to profits. New Annualised Premium Income of US\$2.28 million was produced in 2015, 2% more than that written in 2014. In Cayman 2,147 (2014: 2,055) new policies were sold during the year.

BUSINESS SEGMENT

EMPLOYEE BENEFITS DIVISION

The Employee Benefits Division provides group health, group life, creditor life and personal accident insurance to institutional clients. The Division also provides pension funds administration services and annuity products to corporate clients. The Division focuses on building financial security programmes that balance the needs of both employer and employees. Sagicor Life Jamaica is the largest provider of these services in Jamaica. The Employee Benefits business operates in a highly competitive environment where most contracts are renewed annually and competition is mainly driven by price and service.

On revenues of \$20.95 billion, a profit contribution of \$3.37 billion was generated during 2015. The Employee Benefits Division earns its revenues from insurance premiums; annuity contributions; fees from the administration of pension funds under

management, fees from administrative service only contracts and investment income earned on assets which support liabilities of the portfolios and required surplus.

Premiums grew across all product lines resulting in an overall revenue increase of 5.3% over the prior year. Earned premiums for Group Life grew by 8% while Group Health premiums grew 7%. Normal annuity contributions were also strong during the year but contributions from bulk annuities were lower. The Division wrote \$4.6 billion of new business during the year compared to \$4.0 billion in 2014. The Division earned investment income commensurate with the portfolio growth, however, there was also a loss due to an unrealised impairment of specific securities of \$143.98 million. There were realised capital gains from sale of securities of \$363.12 million compared to \$623.95 million in 2014.

An unrealised foreign exchange gain of \$54.34 million was recorded on net assets denominated in US\$ compared to \$323.28 in 2014.

Net benefits expense was \$10.94 billion, an increase of 12% over the 2014 amount due to portfolio growth.

Net death claims of \$1.09 billion were 24% higher than in 2014 while health claims of \$6.59 billion were higher than in 2014 by 9%. Annuity payments of \$3.23 billion were 14% higher than prior year. The change in actuarial liabilities was lower in 2015 than in 2014 by 12% due to releases in 2015 emanating from favourable experiences and the new tax structure which came into effect in 2015. Commissions, expenses and taxes totalled \$3.87 billion and showed a 27% increase over the 2014 amount mainly due to the new tax structure. The division also continued to produce an attractive return on the allocated capital.

Employee Benefits Division

High level P&L for 2015 and 2014

	2015 J\$M	2014 J\$M	% Variance
Revenue	20,948	19,899	5.3%
Benefits	(10,941)	(9,783)	-11.8%
Movement in Actuarial liabilities	(2,633)	(3,000)	12.2%
Commissions	(835)	(756)	-10.4%
Expenses	(2,242)	(2,064)	-8.6%
Taxes (Corporation, Premium, Investment & Other)	(890)	(361)	-146.5%
Share of (loss)/profit from joint venture	(33)	6	-650.0%
Net Profit	3,374	3,941	-14.4%

BUSINESS SEGMENT

SAGICOR BANK JAMAICA LIMITED

2015 was a year of significant progress for Sagicor Bank. It represented the first full year of operations for our expanded Commercial Banking Division, since the June 2014 acquisition of RBC's Jamaican operations.

During 2015, we successfully executed five key objectives:

1. We consolidated our branch network, and systematically rationalised our branch distribution channels across major markets to close the year with 15 branches in key locations.
2. In mid-2015, we upgraded our technology to a single platform that now runs our banking operations, and launched e-Bank - a significantly improved internet banking service with powerful capabilities for our clients.
3. We expanded our credit card business – fully introducing five new credit card products that have been well-received by our customers. As a result, we've seen significant growth in customer activity, increased cards in circulation and growing usage at our point-of-sale terminals.
4. Our loan portfolios reflect significant growth as we disbursed \$15.0 billion in new commercial loans and \$5.5 billion in retail credit, an outstanding performance by our teams.
5. The Bank's credit quality improved significantly, with non-performing loans falling from \$3.5 billion to \$2.0 billion in 2015. Non-performing assets in 2015 declined to 3.9% of the portfolio versus an industry average of 4.1%.

In December 2015, the Bank's capital was reorganised through the Courts and its Statutory Capital now stands at \$13.0 billion, with Total Equity of \$17.8 billion. The Bank now has the capacity to underwrite loans of up to \$2.6 billion to a single borrower, improving its ability to compete and participate in larger transactions.

This reorganisation, along with a significant improvement in 2015's Net Profit, has also resulted in a restoration of positive retained earnings. The comparative financial highlights of Sagicor Bank for the financial years 2014 and 2015 are tabled below and reflect continuing significant positive impact of the RBC acquisition on the Bank's performance, its balance sheet and operations.

JA\$ Billions	2015	2014	% Variance
Loans & Corporate Bonds	\$49.8	\$39.1	27.4%
Deposits	\$62.9	\$56.0	12.3%
Equity	\$17.8	\$16.3	9.2%
Total assets	\$96.8	\$86.1	12.4%
Net Profit/(Loss)	\$1.32	(\$0.50)	366.1%

SBJ net profit after tax for the year was \$1.32 billion, a significant improvement over \$0.50 billion loss position in 2014. The comparative information for 2014 contains only six months for RBC Jamaica Limited that was acquired in June 2014.

Operating income of \$8.2 billion (2014: \$3.8 billion) showed a 116% increase over prior year. The improved performance was driven mainly by strong loan growth at competitive interest rates, recovery on non-accrual loans and controlled funding costs. The net interest margin was 6.3% (2014: 5%).

Operating expenses were \$6.0 billion (2014: \$4.4 billion) and the bank benefited from improved operating efficiencies ending with a ratio of 69% compared to 103% the prior year. The

SAGICOR BANK JAMAICA LIMITED (CONT'D)

improvement came from increased revenues, the benefits of a single operating system, the consolidation of overlapping branch network locations and synergies within enterprise shared services.

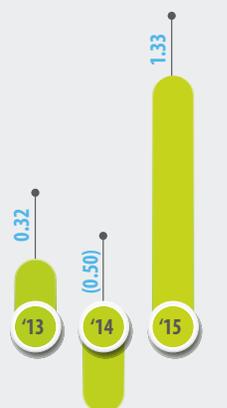
Restructuring costs totalled \$306.8 million compared to \$312.1 million in 2014. No significant restructuring is planned for 2016.

Commercial Banking Division

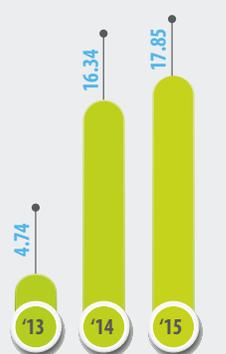
High level P&L for 2015 and 2014

	2015 J\$M	2014 J\$M	% Variance
Revenue	8,250	3,821	115.9%
Expenses	(6,121)	(4,441)	-37.8%
Taxes (Corporation & Other)	(804)	122	-759.0%
Net Profit	1,325	(498)	366.1%

Sagicor Bank Net Profit/(Loss)
J\$ BILLIONS



Sagicor Bank Stockholders' Equity
J\$ BILLIONS



BUSINESS SEGMENT

SAGICOR INVESTMENTS JAMAICA LIMITED

In 2015, Sagicor Investments Jamaica Ltd (SIJL) implemented key changes to its core systems designed to improve operating efficiency, thereby creating greater value for all stakeholders. The bank delivered after-tax profits of \$1.47 billion for 2015, as against \$912 million in 2014 (before amortisation of purchased intangibles 2015: \$50 million and 2014: \$527 million).

Improved earnings were produced from revenues for 2015 of \$3.09 billion, up 30.7% over prior year. This comprised net interest income of \$2.1 billion (2014:\$1.7 billion) and realised trading gains of \$255 million (2014:\$359 million). Net interest margin was 3% versus 2.5% in 2014. This was achieved through a deliberate strategy to utilise lower cost funding to grow the balance sheet. This performance was in the context of continued decline in interest rates (six-month Treasury Bills declined from 7.14 to 6.0%).

The company capitalised on trading opportunities in GOJ global bonds and GOJ local J\$-denominated securities through deliberate investment strategies and favourable market conditions that were triggered by GOJ re-entry into the international Bond Market and GOJ J\$ maturities in the last quarter of 2015. The division also increased its activities in the capital markets earning fees of J\$112 million and brokering the largest Rights Issue in the history of the Jamaica Stock Exchange (JSE), X Fund 2015.

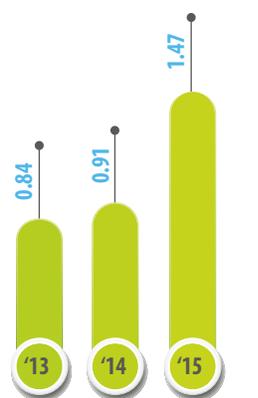
Management's Discussion and Analysis (Cont'd)

Investment Banking Division

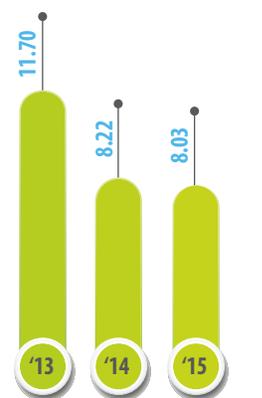
High level P&L for 2015 and 2014

	2015 J\$M	2014 J\$M	2015 Variance
Revenue	3,091	2,405	30.7%
Expenses	(1,093)	(1,259)	(5.6%)
Taxes (Corporation & Other)	(524)	(234)	112.1%
Net Profit (before amortisation of purchased intangibles)	1,474	912	56.7%

Sagcor Investments Net Profit J\$ BILLIONS



Sagcor Investments Stockholders' Equity J\$ BILLIONS



SIJL REVENUES INCREASED IN 2015 TO \$3.09 BILLION, UP 30.7% OVER PRIOR YEAR

Sagcor Investments Jamaica Market Performance

	2015	2014	2013	2012
Market Share Stockbrokerage (value traded)	43%	12%	9%	27%
Market Position Stockbrokerage	#1	#3	#5	#1

Operating expenses for the year were \$1.1 billion compared to \$1.3 billion in prior year. The reduction was due mainly to non-recurring costs in 2014 for redundancy and occupancy costs. SIJL also benefited from improved operating efficiency, 35% compared to 48% in 2014, as a result of synergies within the Sagcor Group and enterprise shared services.

Our interest earning assets, consisting of investment securities, loans and short-term deposits and cash totalled \$79.2 billion (2014: \$87.0 billion), this represents a reduction of 9% compared to prior year. At the end of 2014 the company was holding approximately \$10 billion of client funds that were placed on short-term deposits.

SIJL investment portfolio consists of high quality assets, approximately 60% (2014: 57%) of the portfolio is invested in Government of Jamaica

securities (including government-guaranteed bonds).

SIJL copped the position of the # 1 Stockbroker on the Jamaica Stock Exchange for 2015 with 43% market share. This was in a context where the JSE was recognised as the # 1 Stock Exchange in the World based on market performance.

Our 2016 initiatives will continue to create opportunities for our clients to diversify their portfolios while working with the corporate community to provide brokerage and advisory services.

PERFORMANCE OF THE SAGICOR LIFE INVESTMENT PORTFOLIOS

The Sagicor Life Jamaica Treasury & Asset Management Division manages the investment portfolios for all Group companies, except for Sagicor Bank. At the end of 2015, the Division managed assets totalling \$432.36 billion on behalf of individual policyholders, group insurance clients, pension clients, annuitants, Sigma Funds, Sagicor Investments clients and stockholders. These portfolios are managed using disciplined Asset/Liability Management (ALM) principles, while applying prudent risk management through diversification across all asset classes.

SAGICOR LIFE GENERAL FUND

The total invested assets of Sagicor Life Jamaica increased by 8.5% to \$88.95 billion at the end of 2015, compared to \$82.00 billion at the end of 2014. This portfolio generated income of \$6.7 billion, representing a yield of 7.8%. This income amount is before capital gains and interest expense. Sagicor Life Jamaica's General Fund is invested primarily in Government of Jamaica JAD and USD bonds, as well as other sovereign and corporate bonds

and notes, mortgage loans and leases, equities and real estate.

The invested assets of Sagicor Life of the Cayman Islands' General Fund totalled \$19.23 billion in 2015, compared to \$19.43 billion in 2014. The assets of this portfolio are heavily weighted towards international corporate bonds, with significantly less exposure to the domestic market through GOJ global bonds, equities, real estate and mortgage loans. The portfolio produced income of \$1.10 billion, before capital gains and interest expense charges, with a yield of 5.6%.

Sagicor Life Jamaica Segregated Funds

	Annual Return	Annual Benchmark Return	Benchmark
Equity Fund	86.3%	97.4%	JSE Main Index
Fixed Income Fund	7.3%	7.7%	Weighted Avg 5-10 year GOJ Yield & Inflation
Foreign Currency Indexed Fund	2.4%	-3.7%	JSE Global Bond Index & Devaluation
Balanced Fund	20.3%	23.1%	Avg Asset Yields & Inflation
International Equity Fund	7.6%	4.3%	S&P 500 Index & Devaluation
Money Market Fund	6.8%	6.3%	Avg GOJ 180 Day Treasury Bill
Real Estate Fund	49.8%	3.7%	Inflation
Real Growth Fund	90.7%	3.7%	Inflation

Sagicor Life Cayman Segregated Funds

	Annual Return	Annual Benchmark Return	Benchmark
Cayman International Equity Fund	-0.1%	-0.7%	S&P 500 Index
Cayman Investment Fund	3.2%	0.7%	US Inflation
Cayman Fixed Income Fund	-2.0%	-4.5%	Investment Grade Corporate Bond Index

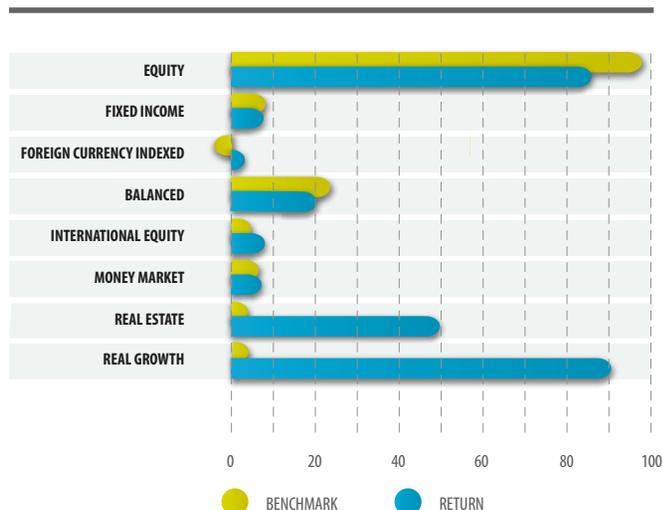
TOTAL INVESTED ASSETS OF SLJ INCREASED BY 8.5% TO \$88.95 BILLION AT THE END OF 2015

.....

Management's Discussion and Analysis (Cont'd)

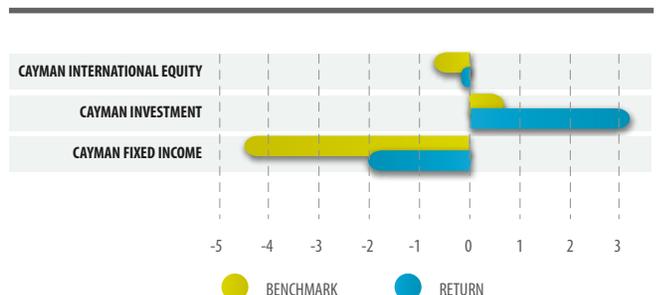
Sagicor Life Jamaica Segregated Funds

PERCENTAGE (%)



Sagicor Life Cayman Segregated Funds

PERCENTAGE (%)



SEGREGATED POLICY INVESTMENT FUNDS

Sagicor manages segregated funds on behalf of the policyholders of Sagicor Life Jamaica Limited (SLJ) as well as for Sagicor Life of the Cayman Islands (SLC). Policyholders share all rewards and risks of the performance of these funds.

SLJ's segregated funds under management totalled \$18.2 billion, representing a 23% increase over \$14.8 billion at the end of 2014. These funds are unitised and allow for diversification across the main asset classes of stocks and bonds and real estate. Policyholders are able to participate in local as well as global securities which provide a protection against adverse movements in the value of the Jamaican dollar. Among

the top performing funds were the Equity and Real Estate funds which generated strong, positive returns of 86% and 49% respectively. These performances were in keeping with market trends, where the local stock market reflected increased activity and vibrancy in the latter part of the year, and activities in the real estate market showed some increase over the period. The segregated funds continue to provide solid long-term returns for our policyholders for more than 30 years.

SLC's segregated funds under management totalled \$4.6 billion in 2015, compared to \$4.7 billion at the end of 2014. These funds are invested in global equities and global fixed income securities. The Cayman Investment Fund gave the best returns at 3.2%.

SLJ'S SEGREGATED FUNDS UNDER MANAGEMENT TOTALLED \$18.2 BILLION, A 23% INCREASE OVER PRIOR YEAR

SLC'S SEGREGATED FUNDS UNDER MANAGEMENT TOTALLED \$4.6 BILLION AT THE END OF 2014

Management's Discussion and Analysis (Cont'd)

Sagicor Life Jamaica Pooled Pension Funds

	Invests mainly in	Net Asset Value (\$B)	Annual Return	Annual Benchmark Return	Benchmark
Equity Fund	Listed Stocks	20.4	62.3%	97.4%	JSE Main Index
Fixed Income Fund	GOJ Securities (average tenure 10-15 years)	12.1	10.5%	7.7%	Weighted Avg 10-15 year GOJ Bond Yield & Inflation
Foreign Currency Fund	GOJ, US and Euro Denominated Fixed Bonds	11.8	5.6%	-3.7%	JSE Jamaica Global Bond Index & Devaluation
Money Market Fund	GOJ Securities (average tenure not exceeding 5 years)	11.0	7.7%	6.3%	Avg 180-Day Treasury Bill Yield
Mortgage & Real Estate Fund	Hotels, Commercial and Warehouse Properties	18.0	25.3%	3.7%	Jamaica Inflation
Diversified Fund	Bonds, Equities & Real Estate	20.3	26.4%	23.1%	Avg Asset Yields & Inflation
Consumer Price Index Fund	GOJ Inflation Indexed Bonds	6.3	7.5%	3.7%	Jamaica Inflation
Global Markets Fund	US\$ Equity & Fixed Income Securities	3.2	7.3%	5.7%	US Inflation & Devaluation
International Equity Fund	Listed Securities on International Exchanges	3.5	5.2%	4.3%	S&P 500 Index & Devaluation

PENSION FUNDS

Total pension funds under management increased by 32%, from \$101.34 billion in 2014 to \$133.48 billion at the end of December 2015.

Sagicor Life Jamaica, as a licensed investment manager, operates three pension investment structures, and these are:

Pooled Funds

Self-directed Funds

Deposit Administration Funds

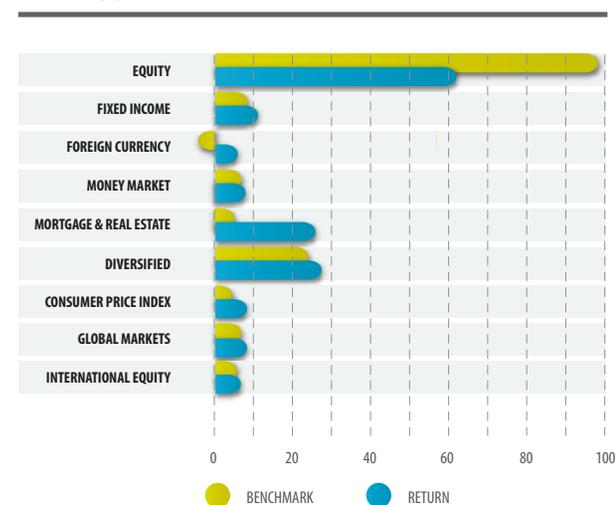
Through these three structures, we offer our clients the most flexible and diverse range of investment options of local and

global stocks and bonds, as well as a real estate portfolio that spans commercial and tourism properties located across Jamaica. These allow pension fund trustees to engage in a strategy of diversification, thereby reducing the level of investment risk for their respective pension plans. They are better able to match the liabilities of the pension plan with assets of a suitable tenure.

The Pooled Funds comprise nine unitised funds, the assets of which are segregated from the assets of SLJ, and held in a wholly owned subsidiary trust company, Sagicor 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'.

Pooled Pension Funds Return vs Benchmark

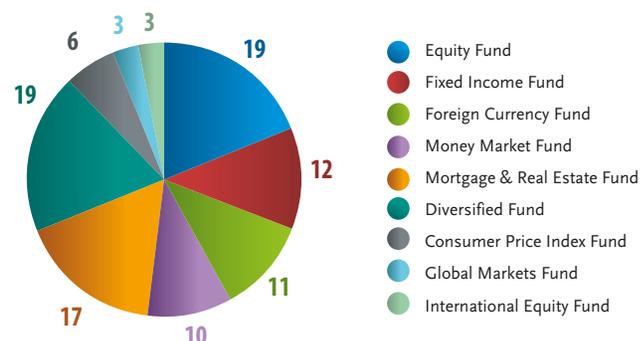
PERCENTAGE (%)



Management's Discussion and Analysis (Cont'd)

Pension Funds Under Management

Percentage (%)



Within an economic climate of declining inflation and interest rates, and a vibrant stock market, the average yield of the Pooled Funds portfolio was 24.6%, with all nine Pooled Funds outperforming inflation for the period, and eight of the nine funds outperforming their respective benchmarks. The top performing Pooled Fund was the Pooled Equity fund which generated 12-month returns of 62%, followed by the Pooled Diversified Investment Fund and the Pooled Mortgage & Real Estate Fund at 26% and 25% respectively.

Sagicor has a proven track record of pension fund management spanning forty-four

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 includes being Jamaica's top investment manager both in funds under management and performance.

Our main objective is to generate real long-term investment growth for our clients based on a prudent long-term asset allocation strategy which incorporates diversification.

Sagicor Sigma Global Funds

	Annual Return	Annual Benchmark Return	Benchmark
Sigma Equity	93.6%	97.4%	JSE Main Index
Sigma Bond	8.2%	7.7%	Weighted Avg 10-15 year GOJ Yield & Inflation
Sigma Global Bond	5.3%	-3.7%	JSE Global Bond Index & Devaluation
Sigma Global Corporate	2.7%	-4.5%	Investment Grade Corporate Bond Index
Sigma Real Estate	17.3%	4.7%	Jamaica Inflation & 100 BPS
Sigma Global Venture	32.5%	98.9%	JSE Main Index & 150 BPS
Sigma Money Market	4.4%	5.3%	BOJ/GOJ 30 Day Rate
Sigma Diversified	28.2%	3.7%	Jamaica Inflation
Sigma Global Equity	5.1%	4.3%	S&P 500 Index & Devaluation
Sigma Real Growth	4.3%	3.7%	Jamaica Inflation

SAGICOR SIGMA GLOBAL FUNDS

Throughout 2015, the Sagicor Sigma Global Funds maintained its number one position in the unit trust market, both in terms of performance and funds under management. Total funds under management at the end of 2015 stood at \$73.88 billion, representing a 19% increase over 2014 which ended the year at \$62.06 billion.

The Sigma funds comprise ten unit trust funds, making our product the most diverse and affordable in the market. These portfolios cover the full range of asset classes, both local

and global, allowing us to meet all the investment needs of our clients.

In 2015, the Sigma Equity Fund was the top performing fund in the unit trust market, generating outstanding returns of 94% which was in keeping with the vibrancy of our local stock market. The Sigma Global Venture and Sigma Diversified Funds also generated strong returns for our clients, at 33% and 28% respectively. The Sigma Real Estate Fund likewise generated double-digit returns at 17%.

In 2015, we achieved another first in the unit trust market, wherein, all individual Sigma unit holders became eligible for Group Life Insurance coverage and Group Accidental Death and Dismemberment (AD&D) coverage provided by Sagicor Life, subject to eligibility criteria being met. The maximum benefit payable for Group Life under this arrangement is \$100,000 and for Group AD&D, \$5 million. This initiative has made our Sigma Funds more attractive to both our existing and prospective clients.

.....
THE SAGICOR REAL ESTATE X FUND LIMITED GROUP (X FUND GROUP) EARNED REVENUE OF \$6.6 BILLION FOR THE YEAR, A SIGNIFICANT IMPROVEMENT OVER 2014.
.....

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 ("JSE"). It is a leading private sector investor in the Jamaican commercial and tourism real estate market, through its investment in the Sigma Real Estate Portfolio and indirect ownership of the Hilton Rose Hall Beach Resort & Spa in Montego Bay through a wholly owned subsidiary, X Fund Properties Limited.

The Sigma Real Estate Portfolio has property investments in the tourism sector with ownership of three Jewel Resorts-branded hotels; and the commercial real estate sector by owning four office/retail shopping buildings, four industrial/warehousing properties and two prime land holdings slated for development. Unrealised capital gains

from investment in the portfolio were 34% above 2014 (\$1.323 billion when compared with \$985 million) with foreign exchange losses on US dollar denominated loans of \$302 million. The net earnings in the portfolio, which forms the basis for appreciation of the portfolio unit values, was based on 2015 revenue of \$8.53 billion, EBITDA of \$2.88 billion and net profit of \$2.26 billion. The portfolio net earnings had revaluation gain of \$972 million during the period.

In 2015, X Fund expanded its activities in the tourism sector with the acquisition of the 489-room Hilton Rose Hall, effective January 2015, and the 742-room Doubletree in September 2015. The Doubletree, which is located at the entrance of Universal Studios, is expected to add diversity to the X Fund Group's revenue stream as the first non-Jamaican property holding.

The Sagicor Real Estate X Fund Limited Group (X Fund Group) earned revenue of \$6.6 billion for the year, an improvement of 587% over 2014. With expenses for the year of \$5.1 billion and taxation of \$168 million, the X Fund Group generated net profit attributable to stockholders of \$1.297 billion for the period. This was another strong performance by the Group. Earnings per stock unit were \$0.75.

SAGICOR PROPERTY SERVICES LIMITED

Sagicor Property Services Limited (SPS), our property management subsidiary, provides property management and real estate sales and leasing services to Sagicor Group-owned and managed properties, as well as to third party-managed properties. Its primary revenue sources are fee-based income from the sale, rent collection and management of real estate properties and project management.

For 2015, property management fees earned by SPS increased by 14% to \$117.3 million, from \$103.8 million earned in 2014. We also outperformed our targets for real estate sales income, project management fees and leasing income.

At the end of 2015, SPS managed approximately 2.7 million square feet of prime commercial and residential real estate across the island, making us the largest private property manager in Jamaica.

SPS' medium to long-term goal is to significantly increase our footprint in the local real estate sales market through several strategies being implemented over the next few years. We recognise that there have been improvements in the performance

Management's Discussion and Analysis (Cont'd)

of the real estate market, and so we continue to intensify efforts to take advantage of this opportunity. We are also working to increase the volume of third party properties under management.

SAGICOR INSURANCE MANAGERS LTD

Sagicor Insurance Managers Ltd. (SIM), our Cayman Islands subsidiary which manages Captive Insurance Companies, continues to make a positive contribution to Group results. Among its client base are private sector companies and the prestigious Caribbean Catastrophe Risk Insurance Facility, Segregated Portfolio Company (CCRIF SPC), the first multi-country risk pool in the world, which provides Parametric Insurance products to 16 Caricom member countries. SIM has provided insurance management services to CCRIF SPC since its inception in 2007.

SIM has been at the forefront of new initiatives for CCRIF as it expands its service offerings to regional governments. One such initiative is the Excess Rainfall Product being offered for the second year by CCRIF SPC to participating countries as a complimentary product to the Earthquake and Tropical

Cyclone policies. The University of the West Indies is also a CCRIF SPC beneficiary 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, received approval in 2013 to operate as a composite insurance company. We can conduct business in the Costa Rican Life and P&C insurance business. Sagicor is now at a break-even stage, after the build-out of products, distribution and administrative capacity. Sagicor continues to gain traction in the market as demonstrated by the renewal of business and sales.

OPERATIONAL CAPABILITIES AND TECHNOLOGY

Sagicor Group Jamaica's operational capabilities include the mix of team members, financial advisors, brokers, health-care providers, suppliers and all other entities along the supply and value chains. We carefully manage and synchronise 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 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.

In August 2015, Operation Phoenix went live! Launched only twelve months earlier, Operation Phoenix is a program of technology and process improvement projects designed to integrate the legacy RBC portfolio, Sagicor Bank and Sagicor Investments and build out an enhanced shared services organisation. Through Operation Phoenix we implemented a new technology ecosystem including:

A cutting-edge core Banking Platform

An Omni-channel Internet Banking platform

Numerous specialised systems

Upgraded infrastructure and networks

In August 2015

OPERATION PHOENIX, A PROGRAM OF TECHNOLOGY AND PROCESS IMPROVEMENT PROJECTS, WENT LIVE.

Management's Discussion and Analysis (Cont'd)

RISK MANAGEMENT

Sagicor Group Jamaica operates in a wide cross-section of financial services which exposes it to a variety of insurance, financial and operational risks. Taking various types of risk is core to the financial services business, and operational risk is an inevitable consequence of being in business. The Group's aim is to achieve an appropriate balance between risk and return, in order to maximise

stakeholder value and to minimise potential adverse effects on the Group's financial performance.

The Group utilises an Enterprise Risk Management framework with clear terms of reference and which includes policies and procedures designed to identify, analyse, measure and manage risks from all sources. This is supplemented with an organisational structure with delegated authorities and responsibilities from the Board of Directors to Executive Management Committees and Senior Managers.

The Framework defines the Group's risk appetite through its policies and limits, developed with regulatory guidance as well as inputs from Board of Directors and Executive Management. These policies also provide guidance to the business units through the setting of boundaries and tolerances for various categories of key risks.

The risk management process is interactive as Executive Management and business process owners participate in the identification and assessment of existing and emerging

risks enterprise-wide. Top risks are agreed upon during this process with responsibilities specifically assigned to the relevant executives for management and reporting. While the assessment activity is conducted annually, there is ongoing monitoring and management of the key risks to ensure that they remain relevant to the business strategies of the Group. This process provides for quarterly reporting to the Board of Directors and other Board Committees on the management of financial risks, as well as operational risks.

		BOARD (GROUP AND ENTITY LEVEL)				
<p>"Top-Down" Oversight, identification, assessment and mitigation of risk at the corporate level</p>	Has overall responsibility for our risk management and internal controls systems (including periodic reviews to ensure its effectiveness)		Provides direction on the importance of risk management and risk management culture	Approves strategic objectives and ensures alignment with risk appetite	Monitors the nature and extent of risk exposure for our principal risks	
	RISK MANAGEMENT COMMITTEES	AUDIT & COMPLIANCE COMMITTEES	MANAGEMENT	ENTERPRISE RISK MANAGEMENT		INTERNAL AUDIT
<p>"Bottom-Up" Identification, assessment and mitigation of risk at business unit level and across functional areas</p>	Supports the Board in monitoring risk exposure, risk culture and the design and operating effectiveness of the underlying risk management systems	Supports the Board in monitoring the design and operating effectiveness of the internal controls systems in place to support regulatory compliance and risk mitigation	Designs, implements, and monitors our internal controls system to mitigate key risks Continuously assesses our risks and mitigating measures at the entity and group level	Supports the Board and Management in: Designing, implementing and monitoring our risk management systems Conducting independent risk assessments and tolerance measurements group-wide Ensuring effective regulatory compliance strategies and systems		Supports the Audit Committee in reviewing the effectiveness of our risk management and internal controls systems
	OPERATIONAL LEVEL					
Risk identification, assessment and mitigation performed across each business			Risk Management process and internal controls practised across business operations and functional areas			

Management's Discussion and Analysis (Cont'd)

Board Audit and Compliance Committee

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

- Overseeing management's monitoring of internal controls, compliance with the Group's risk management policies, and adequacy of the risk management framework to risks faced by the Group;
- Reviewing the Group's annual and quarterly financial statements, related policies and assumptions;
- Reviewing 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.

Risk Management Committee

The Risk Management Committee comprises a majority of independent directors. As part of its Terms of Reference, the Committee:

- Oversees the Group's enterprise risk management framework;
- Approves the investment policies within which the Group's investment portfolios are managed;
- Ensures that the Group's origination and management of risk is consistent with stated risk policy;
- Reviews the effectiveness of the Group's risk policies and processes, legal and regulatory requirements within management authorities.

Asset/Liability Management Committee

The Group has in place an Asset/Liability Management (ALM) Committee of Executive 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.

Anti-Money Laundering (AML)

The Group has assigned responsibility for AML and anti-fraud policies to the Group Risk Management & Compliance department. The primary responsibilities in this area include:

- Maintaining and communicating the AML and Anti-fraud policies and procedures;
- Interrogating financial transactions on a daily basis to identify suspicious and threshold reportable items;
- Coordinating information received from operating departments on reportable items;
- Ensuring that adequate anti-money laundering and anti-fraud controls and awareness programmes are in place; and
- Filing the required reports with Management, Board of Directors and Regulatory bodies.

Regulatory Compliance

The Board has assigned responsibility for ensuring compliance with regulatory standards to the Executive Management; with the day-to-day compliance function managed by the Vice President, Group Risk Management & Compliance who is responsible for:

- Keeping abreast of laws and regulations affecting the business;
- Developing, managing and maintaining the compliance framework of the Sagicor Jamaica Group, ensuring the appropriate implementation of regulatory changes within the business;
- Developing and implementing compliance policies; providing guidance to Management and the Board on regulatory changes impacting the Group and ensuring the appropriate implementation of operational processes to manage these changes;
- Monitoring the timely submission of all required regulatory filings by the respective departments;
- Providing compliance updates and performance reports to Management, the Board of Directors, and the Audit and Compliance Committees of the Board.

Information and Data Security

The Group treats the reliability and security of its information, technology infrastructure and customer databases as a top priority. In this regard, we have implemented 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 customer data.

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

The Group operates under a detailed, rigorous information security policy and programme designed to protect the security and confidentiality of our customers' information. The Board of Directors has approved this policy and programme, and the Board is kept informed on the overall status of our information security programme. The information security programme is 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. Further, 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

Identified among the top risks for Sagicor Group Jamaica are business continuity and information technology recovery arrangements to support mission critical business functions. To manage and mitigate these risks, the following frameworks are in place:

A Corporate Business Continuity Plan (BCP)

An Information Technology Disaster Recovery Plan (IT DRP)

The Corporate Business Continuity Plan (BCP) was developed with input from all business units and approved by the Board of Directors. The BCP ensures the continuity of critical business functions in the event of business disruptions and helps to minimise the impact on team members, customers and

other stakeholders, thus enabling the continued provision of certain critical services in the event of a disruption, crisis or emergency. The BCP seeks to address events such as natural disasters, loss of utilities, loss of services by external providers, organised &/or deliberate disruption and other organisational threats.

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 security features, aimed at ensuring the availability, integrity and confidentiality of the information asset.

To ensure that our BCP and IT DRP recovery strategies, policies and procedures are relevant, regular simulation exercises form part of our preparedness strategy, which are used to refine our recovery procedures and inform the ever-greening of our Business Continuity and IT Disaster Recovery Policies and Plans.

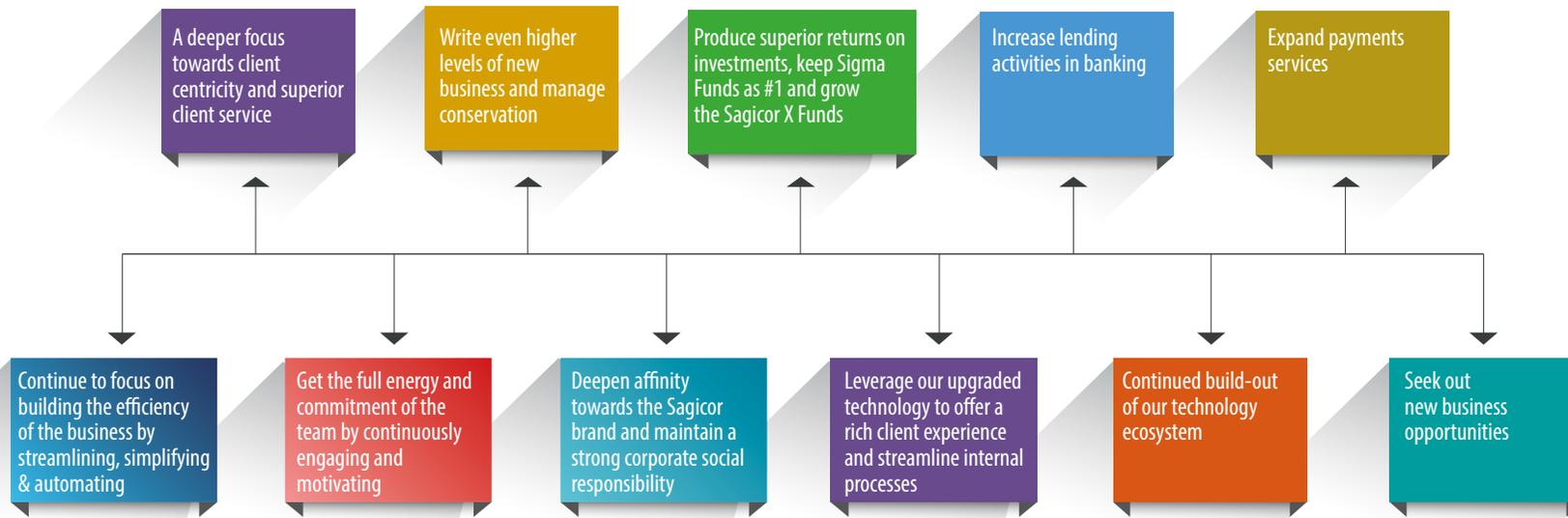
OUR CORPORATE STRATEGY

Strategic thinking, strategic planning, financial modelling, performance measurement and performance-driven compensation are central to how we manage our business.

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 conduct 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.

Amidst the local and global economic challenges, we at Sagicor will continue to exploit our advantages and opportunities while managing risks and exposures.

The key strategies which we will be pursuing in 2016 across the Group include:



OUTLOOK

Our Group results for 2015 were very pleasing and reflect our strategies for business growth, excellent client service, team members' engagement and a heavy reliance on the use of technology. We are confident and optimistic about the future.

The Jamaican economy is performing well in respect of a number of macro indicators but GDP growth remains low. All of the quarterly IMF tests were passed during 2015. We look forward to continued positive and focused fiscal management.

CONCLUSION

We express our sincere appreciation to the commitment and expertise of our Executive Management, our hard-working team members and each of our financial advisors and brokers. It is also with gratitude that we recognise our loyal customers, our stockholders and the wise counsel of our Board of Directors.

Be Audacious!

Richard O. Byles
President & Chief Executive Officer

14 March 2016



Our retail, commercial and corporate banking business lines position us to service key market segments in Jamaica. With our vision, we see a bright future to excel and innovate in the financial services sector.

We continue to experience consistent growth through our high performance teams and cross-selling initiatives via an improved distribution network. We are committed to helping our clients maximise their growth potential by meeting their financial needs at every stage.

With our world-class suite of highly competitive products and service offerings, along with our expert team, Sagicor Bank offers the very best in banking to help our clients to take full advantage of their opportunities, and provide them with relevant solutions to meet their financial needs.

Our personal and business credit card portfolio has experienced significant growth in the last year, and our clients have benefited from a robust and unique rewards programme . We also have a plethora of residential and commercial mortgage solutions to fit the needs and budgets of individual and corporate clients. In addition, our electronic banking platform, e-Bank, has been upgraded to provide our clients with greater convenience and 24-hour access to banking facilities.



The Future is Technology

The criticality of technology is resonant with us. We aim to be recognised as one of the leading digital financial services groups in the Caribbean region.

We were on a good Tech path when along came the RBC Jamaica portfolio acquisition in June 2014. This acquisition provided the opportunity to expand our Commercial Banking arm and also forced us to fast-track our Tech strategy and ramp up our investment in Technology.

The Future is Technology (Cont'd)

We rose to the occasion by –

- **Restrategising the use of Technology throughout the Group**
- **Redesigning our Tech ecosystem**
- **Hardening our Tech Governance framework**
- **Launching “Operation Phoenix”**

Operation Phoenix was Technology program and process improvement projects designed to integrate the legacy RBC, Sagicor Bank and Sagicor Investments and build out an enhanced shared services organisation within Sagicor Group Jamaica.

Operation Phoenix comprised – Technology Systems:

- **Implementation of a new core banking system, Temenos T24 R14**
- **Implementation of a new multi-channel Internet Banking Application, NetTeller**
- **Conversion/upgrade of a number of specialised systems**
- **Build-out of a redesigned systems architecture which incorporates the legacy RBC Jamaica operations**
- **Build-out of a new IT infrastructure which incorporates the legacy RBC Jamaica footprint**

Business Operations:

- **Amalgamation and streamlining of the banking operations**
- **Automation of a number of processes**
- **Expanded products and services to clients, in particular banking**
- **Expanded Shared Services within the Group**
- **Implementation of enhanced analytics**
- **Driving a customer-centric and sales-oriented culture.**

For such a mega project we engaged a number of best-in-class consultants and partners from around the world to work with our in-house teams. The main external partners were –

- **Temenos (Core Banking system)**
- **Sofgen (Core Banking system implementation)**
- **NetInfor (NetTeller online Banking application)**
- **IBM**

Temenos is one of the world’s leading core banking software providers, with more than 2,000 customers in over 150 countries worldwide. Russell Taylor, Temenos’ Regional Director and President for North America, speaking at the signing of the partnership agreement, said “Each

year, 20 percent of Temenos’ revenue is spent on research and development; which is probably what keeps us in the top right-hand corner of the quadrant. The implementation of our T24 product will provide Sagicor Bank and Investments with a technologically advanced platform and superior financial service for its investors, depositors and borrowers.”

Extreme focus, agility, perseverance and sacrifice for the mission are some of the features which led to phenomenal results! Operation Phoenix was initiated in August 2014 - twelve months after we operationalised the new Tech ecosystem. Since August 2015, we have been running a single core banking application along with a new and enriched online banking application providing a single real-time view of the client; a Tech ecosystem which seamlessly integrates all supporting systems and runs on a modern platform.

“Our clients and stakeholders will benefit from our new suite of products, faster turnaround times, improved processes, increased automation, straight-through processing, enhanced security, and increased client self-service options available through our Tech applications and the new e-bank® platform...” said Ivan Carter, Executive Vice President, Finance and IT Divisions at Sagicor Group Jamaica.

Looking ahead, we will continue to exploit the use of Technology to grow our businesses and achieve our strategic objectives. Operation Phoenix 2.1 is coming in 2016, offering a suite of systems enhancements and transformational client capabilities.



Our clients and stakeholders will benefit from our new suite of products, improved processes, increased automation and straight-through processing, enhanced security, and increased client self-service options available through our new e-bank® platform.

Ivan Carter

Executive Vice President
Finance and IT Divisions,
Sagicor Group Jamaica.



Corporate Governance

THE BOARD OF DIRECTORS

The Board of Directors is responsible for and committed to the adherence by the Company and its subsidiaries to the highest standards of corporate governance. This commitment is central to the Board's oversight role of providing entrepreneurial leadership and oversight to the management in the delivery of value to all its stakeholders.



Corporate governance is that fine balancing act of managing the business between the board of directors and all stakeholders.

Janice Grant Taffe

Vice President - General Counsel & Corporate Secretary

The Board has adopted a Corporate Governance Code which is influenced by applicable laws and regulations and internationally accepted corporate governance best practices. The Code is available on our website at www.sagicorjamaica.com.

The Corporate Governance and Ethics Committee of the Board is the key driver of the Code, which is reviewed from time to time in keeping with the legislative and regulatory framework of the jurisdictions in which the company operates. The Code also takes into account the Rules of the Jamaica Stock Exchange and the PSOJ Code of Corporate Governance.

CORPORATE STRUCTURE

Sagicor Group Jamaica Limited is a financial holding company listed on the Jamaica Stock Exchange and is the financial holding company for a number of financial services companies operating in Jamaica, Cayman and St Lucia. The Group

structure evolved from a major corporate reorganisation which commenced in December 2013 and was completed in December 2015. As a financial holding company the Group now falls under the supervision of the Bank of Jamaica under the Banking Services Act.

BOARD FUNCTIONS

The Board of Directors is responsible for providing entrepreneurial leadership that maximises shareholder value. This is outlined in the Board Charter which provides clear guidelines on the Board's mandate.

Board meetings are held monthly, except in the month of August, with a structured agenda comprising matters reserved for the Board. The Directors also meet on an adhoc basis to consider matters which are deemed urgent and critical to the functioning of the Group.

The Board delegates certain of its authorities 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.

BOARD COMPOSITION AND STRUCTURE

As at December 31, 2015, the Board has thirteen (13) directors and is chaired by Dr the Hon. R.D. Williams C.D., O.J., LL.D., J.P. Twelve (12) directors are non-executive directors and one (1) is an executive director. An executive director is one who holds office (or is employed to the Group or its associated or affiliated companies). Of the 12 non-executive directors, 5 are deemed to be independent as defined in its Corporate Governance Code. A director is not independent in the following instances (unless the Board can argue a case for independence):

1. The director or an immediate family member is or was in any of the last five years an employee or officer in the Sagicor Group.
2. The director participates in the Group's share option or a performance-related pay scheme, and is a member of the Company's pension scheme.
3. The director or the director's spouse has a significant interest in a class of the Group's shares.
4. External auditor in certain instances i.e.
 - The director or an immediate family member is a current partner of a firm that is engaged as an internal or external auditor within the Sagicor Group;
 - The director is a current employee of such a firm;
 - The director's immediate family member is a current employee of such a firm and participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or
 - The director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Group's audit within that time.
5. A director who is an executive officer or an employee, or whose immediate family member is an executive officer, 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, is not "independent" until three years after falling below such threshold.
6. The Company beneficially owns 5% or more of any class of equity securities of an entity:
 - i) controlled by the director;
 - ii) in which the director has an investment equal to 15% or more of the director's net worth,
 - iii) for which the director is an officer or has a similar position, or;
 - iv) for which the director could reasonably be deemed to have a material influence on the management of such entity.
7. The director holds 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).

The office of Chairman and Chief Executive Officer is kept separate to ensure transparency and independence in the governance of the business. The Chairman, who is the founder of the company, is a non-executive Chairman and

is responsible for the efficient and effective functioning of the Board. He ensures that the Board Agenda covers the key strategic issues which are relevant to the Group's business, including the approval and periodic review of Management's action plans.

.....

THE BREADTH OF KNOWLEDGE AND EXPERTISE OF THE DIRECTORS PROVIDE FOR DIVERSITY OF OPINIONS AND INVALUABLE SUPPORT TO THE DECISION-MAKING PROCESS WHICH UNDERPINS THE NEED FOR INDEPENDENT AND CRITICAL THINKING.

.....

Corporate Governance (Cont'd)

BOARD EXPERTISE

The Directors have wide and diverse expertise, experience and knowledge in the areas of international business, corporate finance, strategic management, human resources and corporate governance. This breadth of knowledge and expertise provide for diversity of opinions and invaluable support to the decision-making process which underpins the need for independent and critical thinking. Additionally, directors are afforded

the opportunity through training to build on or to be exposed to other disciplines.

APPOINTMENT, TERM, ELECTION & RETIREMENT

The appointment, tenure, retirement and re-election of directors are conducted in accordance with the Company's Articles of Incorporation. Each year at least one third of the directors retire at the company's

Annual General Meeting and are eligible for re-election by the shareholders. Directors Paul Facey, Stephen Facey, Dodridge Miller and Stephen McNamara retire by rotation and are eligible for re-election. Directors may serve up to age 65 where the Board exercises its discretion by inviting a former Director or any other person who has attained 65 years to serve as a Director for a specified period, subject to retirement

or re-election as otherwise provided for in the Articles of Incorporation.

The Corporate Governance and Ethics Committee of the Board, which is charged with the responsibility for the nomination of directors, recommends each nominee to the shareholders having regard to the expertise, core competence and the performance of each nominee and their willingness to devote time required to effectively perform their role as directors.

BOARD EXPERTISE

DIRECTOR	Gen Mgt	Int'l Bus	Finance	Strat Mgmt	Corp Law	Banking	Corp Fin M&A	Asset Mgt	Insurance	HR Mgt	Property	Info Tech	Other
Richard Byles	•		•	•		•	•	•	•	•			
Peter Clarke	•				•		•	•					
Jeffrey Cobham	•		•	•		•				•			
Jacqueline Coke-Lloyd	•	•		•						•	•		Marketing & P&R
Paul Facey	•		•	•		•		•			•		
Stephen Facey	•		•	•			•				•		
Marjorie Fyffe Campbell	•		•								•		Corp. Gov.
Richard Downer	•	•	•	•		•	•						
Paul Hanworth	•	•	•	•			•		•		•		
Stephen McNamara	•	•			•						•		Corp. Gov.
Peter Melhado	•		•	•		•	•	•	•				
Dodridge Miller	•	•	•	•	•	•	•	•	•			•	
Hon. R. D. Williams	•			•		•			•		•		

Corporate Governance (Cont'd)

DIRECTOR ORIENTATION AND TRAINING

Directors are inducted in the business through a formal orientation process. In addition, our directors receive periodic training relating to the core business of the Company and its subsidiaries, including the drivers of the business lines, products and subsidiaries. Directors are also kept abreast of trends in the business and regulatory environment. During the year, additional training was provided in the provisions of the Banking Services Act and presentations by management on the key drivers of the business. Directors also participated in the annual AML (Anti Money Laundering) training exercise.

BOARD OPERATIONS

In 2015, the Board held seven (7) formal meetings; in addition, adhoc meetings were held to deal with other urgent matters. The critical agenda items which were covered at board meetings during the year included:

- The approval of the year-end Audited Financial Statements;
- The review and approval of the unaudited quarterly financial

statements and Reports to the stockholders;

- Annual General Meeting preparation;
- Approval of the Company's Budget and Strategic Plan for 2016--2018;
- 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;
- Consider and approve new Corporate Policies and approved amendments to existing policies.

BOARD COMMITTEES AND ATTENDANCE RECORD

The Committee members are appointed by the Board of Directors immediately following the Annual General Meeting each year and hold office until the end of the next Annual General Meeting or until they cease to be directors. The committees each comprise a majority of non-executive directors. Members of the Executive Management Team attend meetings as invitees and participate in the meetings through presentation

DIRECTORS' ATTENDANCE: BOARD AND COMMITTEE MEETINGS 2015

	Board	Audit Committee	Risk Management	Corporate Governance & Ethics	Human Resource & Compensation
Directors	Total Meetings	Total Meetings	Total Meetings	Total Meetings	Total Meetings
(Number of Meetings Attended)	held: 7	held: 5	held: 4	held: 4	held: 3
Richard Byles	7 of 7		1 of 4		
Jeffrey Cobham	7 of 7		4 of 4		
Jacqueline Coke-Lloyd	6 of 7	4 of 5		4 of 4	3 of 3
Richard Downer	7 of 7	5 of 5	3 of 4		
Paul Facey	7 of 7	4 of 5			
Stephen Facey	7 of 7			3 of 4	2 of 3
Marjorie Fyffe Campbell	6 of 7	3 of 5		4 of 4	3 of 3
Paul Hanworth	5 of 7	4 of 5	4 of 4		
Stephen McNamara	6 of 7		4 of 4		
Peter Melhado	5 of 7	5 of 5			
Dr. Dodridge Miller	6 of 7		0 of 4		1 of 3
Hon. R. D. Williams	7 of 7			4 of 4	3 of 3

The table above shows the composition of the committees and directors' attendance at meetings as at December 31, 2015.

Corporate Governance (Cont'd)

DIRECTORS' REMUNERATION					
Board/Committee J\$	Annual Retainer	Audit	Risk Management	Corporate Governance & Ethics	Human Resources & Compensation
Board Chairman	\$2,425,500.00				
Members	\$1,543,500.00				
Committee Chair		\$945,000.00	\$1,134,000.00	\$630,000.00	\$630,000.00
Members		\$630,000.00	\$756,000.00	\$420,000.00	\$420,000.00

of discussion documents and development of strategies.

DIRECTORS' REMUNERATION

The Board determines the level and structure of fees paid to non-executive directors annually; executive directors do not receive fees in respect of their office as a director of the company or any of its subsidiaries. There was no change in directors' fees. Fees are paid quarterly based on an annual retainer.

Fees paid to non-executive directors in 2015 amount to \$27,782,875.00.

See table above.

BOARD COMMITTEES

Some Board functions are delegated to Committees of the Board, each with clearly defined mandates which are Board approved. The Committees meet periodically (typically on a quarterly basis) to examine issues which fall within their respective mandate and report on its activities to the Board. The Committees are Audit & Compliance, Risk Management, Corporate Governance & Ethics, and Human Resource & Compensation.

<p>Audit & Compliance Committee</p> <p>Monitors the effectiveness of the Company's risk management and internal control systems and compliance with applicable regulations and laws.</p>	<p>Human Resource and Compensation Committee</p> <p>Has overall responsibility for the Human Resource policies and practices in line with the strategic goals of the Group.</p>
<p>Risk Management Committee</p> <p>Oversees and assesses the Group's risk appetite in respect of financial and regulatory risks.</p>	<p>Corporate Governance and Ethics Committee</p> <p>Ensures compliance with best practice standards of Corporate Governance and Ethics.</p>

Audit & Compliance Committee

The Audit and Compliance Committee has responsibility for monitoring the effectiveness of the Company's risk management and internal control systems and compliance with applicable regulations and laws. It also oversees the external audit process. This Committee comprises non-executive directors: Mr. Richard Downer (Chairman), Mrs. Marjorie Fyffe Campbell, Mr. Paul Facey, Mr. Paul Hanworth, Mrs. Jacqueline Coke-Lloyd and Mr. Peter Melhado.

The Committee met five (5) times during the year to consider and approve inter alia the financial reports of the Company and its subsidiaries and disclosures to the shareholders and regulators, review and assess the main areas of operational risk management and internal control processes, review the activities of the internal and external auditors and assess the level of compliance with legal and regulatory requirements. The Committee also reviewed and approved the Annual Audit Plan and the Audit Charter during the period.

Risk Management Committee

The Risk Management Committee oversees and assesses the Group's risk appetite in respect of financial and regulatory risks.

The Committee met four (4) times and considered and approved the Risk Management Charter and the effectiveness of the risk management framework for the entities within the group; the financial, regulatory and operational risks are also monitored through the subsidiary Boards and Risk Committees.

The members of the committee are: Mr. Paul Hanworth (Chairman), Mr. Dodridge Miller, Mr. Jeffrey Cobham, Mr. Richard Downer and Mr. Stephen McNamara and Mr. Richard Byles.

Human Resource and Compensation Committee

The Human Resource and Compensation Committee has overall responsibility for the Human Resource policies and practices in line with the strategic goals of the Group, the compensation policies and programmes and recommends the Management Succession plans and the Pension Plan for staff to the Board.

The Committee met three (3) times during the period to consider and approve the annual and long-term

incentive plan for executives and the bonus payment to staff. The review of the Pension Fund Performance and amendments to benefits and issues affecting team members were also considered.

The members are Dr. The Hon R. Danny Williams (Chairman), Dr. Dodridge Miller, Mrs. Marjorie Fyffe Campbell, Mrs. Jacqueline Coke-Lloyd and Mr. Stephen Facey. The President is an invitee to the meetings.

Corporate Governance and Ethics Committee

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

The Committee met four (4) times in 2015. Among the matters considered and approved were the Related Party Transactions, the Procurement Policy and Framework (as revised), the process for dealing with potential conflicts of interest and the review

of the list of Corporate Policies to ensure that these were being updated periodically. The level of directors' compensation was also reviewed to ensure that this is maintained in line with similar entities within the financial sector or companies listed on the Jamaica Stock Exchange new contract procurement practices were accepted and monitored against the guidelines.

The corporate governance structure is further strengthened by the commitment to director independence. Directors are required to submit to an annual self-assessment of their compliance with independence and conflict of interest requirements.

The annual Director Peer Review was conducted during the year. Arising from this exercise, meetings are held with directors to discuss any gaps in performance which were highlighted from the Peer Review.

The Committee keeps the board composition and the director expertise under its review annually, demonstrating its commitment to ensuring that it has the appropriate functional skill sets to provide the leadership role in guiding the management of the business. This is done through a formal Board Evaluation exercise, including the evaluation of the President and Chief Executive Officer and the Company

Secretary. The Directors are covered under a Directors' and Officers' Liability Policy in respect of legal action which may be brought against them in certain instances. This policy also covers the Executive Management team.

The committee comprises only non-executive directors with diverse areas of expertise including Corporate Governance. The members are Mrs. Marjorie Fyffe Campbell (Chairman), Dr the Hon. R. D. Williams, Mr. Stephen Facey and Mrs. Jacqueline Coke-Lloyd. The President is an invitee to the meetings. ■

.....
THE AUDIT AND COMPLIANCE COMMITTEE HAS RESPONSIBILITY FOR MONITORING THE EFFECTIVENESS OF THE COMPANY'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS AND COMPLIANCE WITH APPLICABLE REGULATIONS AND LAWS.



Sagicor Investments Jamaica is one of Jamaica's top investment service providers with nearly three decades of experience in the market. In 2015 we earned the enviable distinction of being named Jamaica's Number 1 Stockbroker.

We are focused on providing expert guidance to individuals and businesses seeking to maximise their growth potential through a diverse range of value-added investment solutions across a varied selection of asset classes and investment styles whilst matching their appetite for risk.

Knowing when to invest is as important as knowing what to invest in. We provide individual and business clients with the necessary insight and expert guidance to make strategic decisions to achieve their financial goals through a wide array of local and global investment options.

In the area of real estate, Sagicor Property Services is one of the premier real estate companies in Jamaica. Meeting the needs of individual and corporate clientele based on their residential and commercial property needs, including but not limited to: sales, leasing, property management and strata management.

Our hallmark is recognised as offering wise, insightful advice that matches personal objectives with the best local, regional and global opportunities available today.



Left to Right: Donovan Perkins, Latoya Mayhew-Kerr, Rohan Miller, Mark Chisholm, Michael Fraser, Fernando Viquez

**SAGICOR BANK
JAMAICA LIMITED**

Head Office
17 Dominica Drive
Kingston 5, Jamaica W.I.
Tel: (876) 960-2340
Donovan Perkins
President & CEO

**EMPLOYEE BENEFITS
ADMINISTRATOR LIMITED**

R. Danny Williams Building
28 – 48 Barbados Avenue
Kingston 5, Jamaica W.I.
Tel: (876) 929-8920-9
Latoya Mayhew-Kerr
General Manager

**SAGICOR INVESTMENTS
JAMAICA LIMITED**

Head Office
85 Hope Road
Kingston 6, Jamaica W.I.
Tel: (876) 929-5583
Rohan Miller
President & 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
Mark Chisholm
General Manager

**SAGICOR LIFE OF THE
CAYMAN ISLANDS LTD.**

1st Floor Harbour Place
103 South Church Street,
George Town
Grand Cayman KY1-1102
Cayman Islands
Tel: (345) 949-8211
Fax: (345) 949-8262
Michael Fraser
President

**SAGICOR COSTA RICA,
SCR, S.A.**

102 Avenida Escazu,
Torre, 2 Suite, 405
Escuzu, San Jose,
Costa Rica
Fernando Viquez
Deputy Manager

**SAGICOR INSURANCE
MANAGERS**

1st Floor Harbour Place
103 South Church Street,
George Town
Grand Cayman KY1-1102
Cayman Islands
Tel: (345) 815-0841
Fax: (345) 949-6297

**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 ST. LUCIA LIMITED

c/o McNamara Corporate
Services Inc.
20 Micoud Street
Castries, St. Lucia
Tel: (758) 452-2662
Fax: (758) 458-0007

**SAGICOR RE INSURANCE
LIMITED**

1st Floor Harbour Place
103 South Church Street,
George Town
Grand Cayman KY1-1102
Cayman Islands
Tel: (345) 815-0841
Fax: (345) 949-6297

**SAGICOR PROPERTY
SERVICES LIMITED**

63-67 Knutsford Boulevard
Kingston 5
Jamaica W.I.
Tel: (876) 929-9182-9

Our Subsidiaries

Corporate Data

DIRECTORS:

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

Richard O. Byles
PRESIDENT & CEO

Peter Clarke
Jeffrey C. Cobham
Jacqueline Coke-Lloyd
Richard Downer
Paul A.B. Facey
Stephen B. Facey
Marjorie Fyffe Campbell
Paul Hanworth
Stephen McNamara
Peter Melhado
Dr. Dodridge D. Miller

LEADERSHIP TEAM:

Richard O. Byles
President & CEO

Ivan B. O'B. Carter
Executive Vice President,
Finance & IT Divisions and Group CFO

Janice A.M. Grant Taffe
Vice President, General Counsel &
Corporate Secretary

Rohan D. Miller
Executive Vice President,
Treasury & Asset Management,
Sagicor Life Jamaica Ltd.
President & CEO
Sagicor Investments Jamaica Limited
President & CEO
Sagicor Real Estate X Fund Limited

Mark Chisholm
Executive Vice President,
Individual Insurance Division

Willard Brown
Executive Vice President, Employee
Benefits Division
and Actuary

Karl Williams
Vice President,
Group Human Resources and
Corporate Services

Donovan H. Perkins
President & CEO
Sagicor Bank Jamaica Limited

Philip Armstrong
Deputy CEO
Sagicor Bank Jamaica Limited

Ingrid Card
Vice President
Group Marketing
Director, Sagicor Foundation

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

Myers, Fletcher & Gordon
21 East Street
Kingston

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

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

DunnCox
48 Duke Street
Kingston

Hart Muirhead Fatta
Victoria Mutual Building, 2nd Floor
53 Knutsford Boulevard
Kingston 5
St. Andrew

Registered Office:

R. Danny Williams Building
28-48 Barbados Avenue,
Kingston 5,
Jamaica, W.I.
Telephone : (876) 929-8920-9
Toll Free : 1-888-SAGICOR
Fax No : (876) 929-4730
Email : infoja@sagicor.com
Cable Code : 'LOJAM'
Website : www.sagicorjamaica.com

FOREIGN OPERATIONS

THE CAYMAN ISLANDS

**Sagicor Life of
The Cayman Islands Ltd.**
103 South Church Street,
P.O. Box 1087,
Georgetown, Grand Cayman,
Cayman Islands KY1-1102.

TURKS & CAICOS ISLANDS

**Turks & Caicos
First Insurance Limited**
T & C First Building
Downtown
P. O. Box 80
Providenciales
Turks & Caicos Islands

COSTA RICA

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

Vice Presidents

Employee Benefits Division



Carol Lawrence
Vice President
Group Insurance Services



Nicola Leo-Rhynie
Vice President
EBD Marketing

Employee Benefits Administrator Ltd.



Latoya Mayhew-Kerr
General Manager
Employee Benefits Administrator Ltd.

Individual Insurance Division



Audrey Flowers-Clarke
Vice President
Insurance Operations

Sagicor Bank Jamaica Ltd.



Jeffrey Chevannes
Vice President
Credit Risk



Sabrina Cooper
Vice President
Retail Banking



Sean Parris
Vice President
Operations



Michael Willacy
Vice President
Corporate and Commercial Banking

Sagicor Life Jamaica Ltd.



Brenda-Lee Martin
Vice President
Asset Management



Tara Nunes
Vice President
Investments Client Services
and Wealth Management



Donnette Scarlett
Vice President
Treasury and Investment Services

Group Shared Services



Mark Clarke
Vice President
Group Infrastructure and
Technical Services



Eric Scott
Vice President
Accounting - Bank



Jacqueline Somers-King
Vice President
Finance



Hope Wint
Vice President
Enterprise Risk Management and Group
Compliance

Assistant Vice Presidents

Employee Benefits Administrator Ltd.



Corrinne Bellamy
Assistant Vice President
EBA Actuarial Services

Employee Benefits Division



Nadia Hamilton
Assistant Vice President
EBD Underwriting



Megan Irvine
Assistant Vice President
Pensions and Annuities

Individual Insurance Division



Merrick Plummer
Assistant Vice President
Sales and Distribution



Andrea Taylor
Assistant Vice President
New Business,
Underwriting, Paramed
and Claims

Sagicor Bank Jamaica Ltd.



Tanya Allgrove
Assistant Vice President
Credit Risk



Natasha O'Neill
Assistant Vice President
SME Business Banking



Annette Osborne
Assistant Vice President
Operations

Sagicor Property Services Ltd.



Wayne Robinson
Assistant Vice President
Sagicor Property Services
Ltd.

Group Shared Services



Andrew Burke
Assistant Vice President
Group IT and Data
Security



Andrea Chung
Assistant Vice President
Group Project
Management Office



Jacqueline Donaldson
Assistant Vice President
Group Corporate Services



Coretta Foster
Assistant Vice President.
Group Human Resources



Vinnate Hall
Assistant Vice President
Group Internal Audit



Lorna Jamieson-Bond
Assistant Vice President
Group Management
Accounting



Jacinth Kelly
Assistant Vice President
Insurance Accounting



Patrick Kelly
Assistant Vice President
Group Application
Support and Development



Christopher King
Assistant Vice President
Corporate Actuarial



Grace Royal-Bassaragh
Assistant Vice President
Group Legal, Trust &
Corporate Services



Camisha Sinanon
Assistant Vice President
Group Corporate
Accounting



Camille Witter
Assistant Vice President
Corporate Actuarial

Regional and Branch Managers

SAGICOR LIFE JAMAICA



Olivine Barnes
Spanish Town Branch



Dale Greaves Smith
Mandeville Branch



Patrick Sinclair
Montego Bay Branch
Senior Branch Manager



Roaan Brown
Belmont Dukes Branch



Dave Hill
Sagicor Insurance Brokers



Marston Thomas
Half-Way-Tree Branch



Mavis Ferguson
Ocho Rios Branch
Senior Branch Manager



Christopher Lawe
Holborn Branch



Marvin Walters
Senators Branch



Pete Forrest
Corporate Circle Branch
Senior Branch Manager



Donovan McCalla
New Kingston Branch



Norman Wilson
Sagicor Life of the Cayman Islands



Walter Grant
Liguanea Branch



Randolph McLean
Knutsford Branch
Senior Branch Manager

SAGICOR BANK JAMAICA



Oral Heaven
Regional Manager - North,
Branch Manager -
Montego Bay and Fairview



Clinton Hunter
Regional Manager -
Corporate



Loven McCook
Regional Manager - South,
Branch Manager - May Pen



Marvia Brown
Branch Manager
Portmore
(Region South)



Jason Ho-Sue
Branch Manager
Up Park Camp
(Region Corporate)



Kavan Walker
Branch Manager
Mandeville
(Region South)



Carla Drummond
Branch Manager
Sav-la-Mar
(Region North)



Garfield Morgan
Branch Manager
Dominica Drive
(Region Corporate)



Tamara Waul-Douglas
Branch Manager
Hope Road and Liguanea
(Region Corporate)



Clement Ellington
Branch Manager
Duke and Tower Street
(Region Corporate)



Doreen Pindling-Williams
Branch Manager
Ocho Rios (Region North)



Ingrid Wood
Branch Manager
Half Way Tree and Tropical Plaza
(Region Corporate)



Vilma Barrett Gunter
Branch Manager
Black River
(Region South)

SAGICOR INVESTMENTS JAMAICA



Karen Richards
Regional Manager
Investment Client Services
(Kingston Metropolitan Area)



Stephanie Vassell
Regional Manager
Investment Client Services
(West)



Jacqueline Lambert
Manager
Wealth Management



Chevaughne Miller
Regional Manager
Investment Client Services
(Central)

Only When Clients Win, We Win

2015 brought to Sagicor Group Jamaica new channels and opportunities to interact with our clients. The introduction of new systems brought with it some challenges but overall the group has stood strong, delivering on promises and ensuring that our clients continue to 'win'.

- The Group Client Contact Centre celebrated its 5th anniversary in 2015 and saw the team handling a total of 511,309 client interactions, including 474,000 telephone calls, 33,889 online chats and 8,280 inbound emails. The Group Client Contact Centre Team delivered a high quality Sagicor Client Experience with a service handle time of 6 minutes, an average quality interaction score of 97% and a resolution rate of 98%.
- During 2015, the Group Client Contact Centre was positioned to play a significant role in providing assistance by supporting the SBJ/RBC Conversion activities. The team also steered the way forward in service experience by unfolding 24-hour capabilities across Group Insurance, Individual Line, Sagicor Bank, Sagicor Investments, Property and Pension Services. Our commitment to our clients stands incomparably at the forefront of our client experience charter. We continue to serve with a team of 81 highly qualified customer experience experts, confirming the Sagicor promise and maintaining the Sagicor brand.
- Our client-facing team members served 127,663 clients across all our locations islandwide with approx. 60% being served in less than 30 minutes
- 90% of our clients' complaints were responded to and resolved within 7 days
- We delivered a 99% average weighted accuracy level for the year for health claims payments with 89.5% of claims paid within 5 working days
- We onboarded and enrolled 99% of our health groups within 3-5 days and were able to dispatch 97% of health cards within 3-5 days
- 93% of Group Life/PA claims paid within 5 working days (following receipt of all documents)
 - a. Made 96% of our pension benefits payments within 5 working days.
 - b. Met with 92% of our Boards of Trustees, with 32% of the Boards being visited repeatedly, up from 20% in 2014.

- c. Connected with our clients on an average of 4 times each month, with pension educational content as well as information pertinent to continued regulatory compliance. This is aimed at keeping this important matter of pension top-of-mind with our clients.
- d. We conducted member education sessions for 25% of our clients. This allowed us to explain to members the importance of maximum participation in their Pension Plan, the plans' benefits, the regulatory landscape as well as being available for face-to-face interaction and questions.
- e. Pension Plan Annual Reports are now available to clients in a more user-friendly electronic format and are posted on "My Sagicor", our pension online interface, making it more easily accessible to plan members

The bank focused its attention on the training of all team members as the first step towards delivering standardised high quality service. Team members were trained on how to manage clients, communicate information and resolve day-to-day issues, with knowledge on how to turn a negative client experience into a positive one!

DURING 2015

511,309
CLIENT INTERACTIONS

127,663
CLIENTS SERVED
ISLANDWIDE

90%
CLIENT COMPLAINTS
RESPONDED TO AND
RESOLVED WITHIN 7 DAYS

89.5%
OF HEALTH CLAIMS PAID
WITHIN 5 DAYS

99%
OF HEALTH GROUPS
ONBOARDED AND
ENROLLED WITHIN
3-5 DAYS

Team Highlights



Our team members are invaluable to the success of the Group. We are proud to have some of the very best talent working at Sagicor Group Jamaica and we will continue to deliver on our team member value proposition to ensure we will always be a great place to work. Happy team members make over-happy clients.

Karl Williams
Vice President - Group Human Resources

ENGAGEMENT AND INTEGRATION

2015 was an exciting and challenging year for Sagicor Group Jamaica, as we became bigger and stronger through the expansion of our Banking Division.

Efforts were focused on ensuring that the new team members were properly integrated. Several engagement activities were introduced and executed, in a continued effort to build team synergies and maintain high team member engagement levels.

KEEPING SPIRITS HIGH

We continued to provide a 'fun, fit, and friendly' environment for our team by hosting several social and bonding activities throughout the year, and events to display our team members' talents. New ones were introduced but we also brought back some favourites, particularly for our new team members:

- STARS (Showcasing Talent and Recognising Staff) Week Movie Night;
- The annual Team Member Christmas Party held at the Hope Zoo, Jamaica;
- STARS Week Corporate Church Service and Gospel Concert
- The 2015 Sagicor Motivational Seminar held at the Secrets Resort included speakers such as Lisa Nichols, Delatorro L. McNeal, Carlyle Fletcher and renowned Jamaican athlete Asafa Powell.
- Our Sagicor Grande Market Expo, which afforded team members the opportunity to showcase their talents, creativity and entrepreneurial spirit;
- STARS Week activities including our "Hair & Make-up Challenge", and "Mixology" Competitions.
- The bi-annual Mr. & Miss Sagicor Competition where we crowned our 2015-2017 Mr. & Miss Sagicor winners – Zaid Hamil of our Liguanea Branch and Kerry-Ann Parker of our Corporate Contact Centre.

Team Highlights (Cont'd)

KEEPING MINDS, BODIES AND SOULS HEALTHY

A healthy team is a happy and productive team, and our Wellness programme continued to be a major focus in 2015. Our primary goal was achieved and we were able to reduce our claims utilisation rate at year-end, resulting in us being able to provide an improved Group Health Benefit for the new year. Our activities included:

- Islandwide Fitness Challenges;
- Lunch & Learn Wellness Seminars;
- STARS Week Wellness Days;
- A Hike and Bike trip up Blue Mountain;
- The continued support of the Sagicor Sports Programmes;
- The expansion of the complementary Exercise Programme to our Non-Corporate Branches.

We also continued to actively encourage volunteerism amongst our team members, and they gave back to the community by supporting:

- The STARS Week Blood Drive;
- The STARS Week Charity Day for the Wortley Home for Girls and the Strathmore Gardens Home for Children;
- The Christmas Visit and Gift-giving to the Golden-Age Home;
- The Adopt-A-School programme, in which several departments within the Group adopted and gave back to a primary school throughout the year.



1. Team members Meila McKitty Plummer (l), Deanne Logan-Johnson (2nd l) and Shelly-Ann Morgan (r), are all smiles as they pose for a photo with Olympian and Sub-10 record holder Asafa Powell at the Sagicor Motivational Seminar in October 2015. Powell was a guest speaker at the event.

2. Mr. & Miss Sagicor winners – Zaid Hamil (r) of our Liguanea Branch and Kerry-Ann Parker of our Corporate Contact Centre.

Team Highlights (Cont'd)



LEARNING AND DEVELOPMENT: SUPPORTING AND DEVELOPING OUR TEAM

In 2015, Learning and Development shifted gears and moved to the forefront, to ensure the Group achieved its strategic human resources goals. We launched 3 new development programmes – Human Relations, Problem Solving & Decision Making, and Managing in an Environment of Change. These supported our other client service and compliance programmes.

The first half of the year saw significant training for the new banking platform, T24, being rolled out to all members of Sagicor Bank and Sagicor Investments. Additionally, during the December training was conducted for our corporate clients to sensitise them on the new e-banking features.

A new Service Excellence Programme was launched focusing on Client Experience and Service Value. It commenced with the roll-out to members of the SBJ branches and in November saw the combination of the programme as a part of the new Team Onboarding, where all new team members and newly promoted members participated in a three-day programme prior to taking up their new assignment.

Development programmes for the Field Force placed emphasis on the new recruits through the new Incubator Programme covering areas of Ethics & Professionalism, Networking, and Sales Skills.



3. A team member gets a makeover from a professional make-up artist during STARS Week Wellness Day 2015
4. Tents in the Sagicor colours adorn the lawns of Devon House for the Sagicor Grande Market Showcase.
5. The Individual Life Insurance team meets during Sagicor Group Jamaica's annual kick-off event, Blast Off 2015, at the Jamaica Conference Centre.
6. Team members pose for a photo at the Sagicor Group Jamaica "Luxe" black and white themed Christmas Party in December 2015.

Team Highlights (Cont'd)

LEADERSHIP DEVELOPMENT: SUCCESSION PLANNING AND BEST-FIT IN ACTION

Succession Planning and Preparation continues to be a top priority for Sagicor Group Jamaica and 2015 was no different. As part of the Succession Planning for our Field Managers, Leadership Development Programmes with the John Maxwell Institute & Maurice Springer were finalised by third quarter 2015 for approximately thirty-five (35) second-line Sales Managers and included members of the Bank and Investment Teams. Other specialised development sessions for the Field Managers included Strategic Planning and Entrepreneurship.

Additionally, talent reviews and discussions were also held with other team members across the Group. One of the action plans associated with this strategy was the completion of Individual Development Plans (IDPs).

We collaborated with our Branch/ Unit Heads to identify high potential team members and critical roles. We identified one hundred and eight (108) high potentials and seventeen (17) roles that were considered as critical. The high potential team members and team members in critical roles all have IDPs in place.

Developing talent is a partnership among Human Resources, Leaders and the identified Talent reporting Manager. Development of these team members is critical and so every effort is made to ensure that they attend the formal trainings and cross-train in the areas identified on their plans.

SUPPORTING AND DEVELOPING THE JAMAICAN LEADERS OF TOMORROW

In 2015, we continued our Sagicor Experience Internship Programme, allowing us to do our part in developing the leaders of tomorrow. The programme gives recent university graduates an opportunity to not only gain valuable work experience and build confidence, but also to make a seamless transition into the workforce.

The programme began in October 2013 and has grown from sixteen (16) participants in the first cohort to eighty-five (85) in 2015. To date, a total of forty-three (43) tertiary graduates have successfully transitioned from intern to team member status within the Sagicor Group. ■

Our Group President & CEO

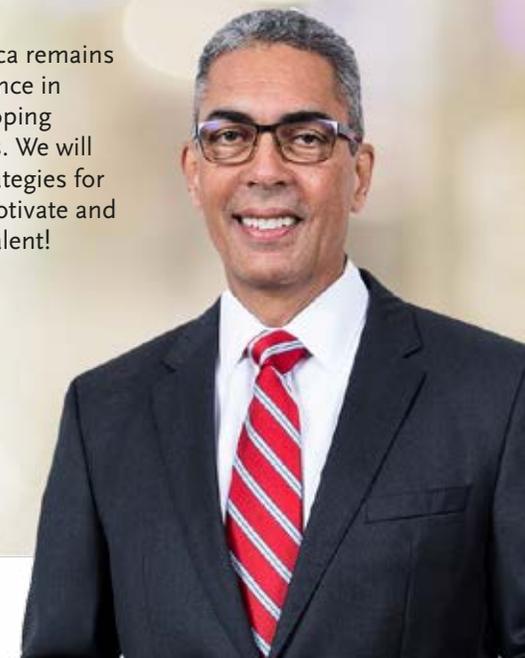
Richard Byles

also received the following awards in 2015:

1. International Achievement Award from The American Friends of Jamaica.
2. Manager of the Year from The Jamaica Institute of Management.
3. Commitment Award from Jamaica College Boys' Association of Canada.

Congratulations, Richard!

Sagicor Group Jamaica remains committed to excellence in managing and developing our human resources. We will continue to build strategies for success to attract, motivate and retain the very best talent!



Team Member of The Year 2015

The Team Member of the Year award recognises a team member who has consistently performed at the highest level throughout the year under review.

This award recognises outstanding contributions for Customer Service, Creativity, Innovation, Department & Attitude, Quality of Work, Teamwork, Social and Community Involvement, demonstrating qualities that typify the rounded personality which is considered worthy of emulation.

Andre Latchman

A human 'dynamo', talented, unassuming, congenial, amiable, respectful with tremendous drive, are some of the words/phrases that could aptly be used to describe this particular team member whom we know as Andre Latchman.

Andre commenced at Sagikor at age 21 where he began establishing what was to become his indelible landmark as a temporary Call Centre Representative in the Individual Life Division. Known to many as the 'Energizer Bunny', he works relentlessly to complete and/or achieve formidable targets without tiring. He unstintingly gives of his personal time, skills, his intellect, knowledge and his overall competencies to facilitate the development and growth of the team and the completion of tasks with successful outcomes.

Andre always finds time, working outside of his job description, to assist everyone. During the year, he also found the time to plan and deliver

a team-building programme for Teachers and the administrative team of one of Jamaica's leading preparatory schools – Our Lady of the Angels, as a contribution from Sagikor in its role of corporate citizen. Andre never allowed his numerous and varied responsibilities to deter him from acknowledging and responding to his civic duty to participate in the provision of community service. During the year he involved himself in several civic, social and

service events, including our own internal activities and outreach programmes.

An exemplary team member, Mr. Latchman's attributes have contributed significantly to his rapid ascendance to the post of Assistant Manager in the organisation and we applaud him for all his achievements and wish him continued success in his career.



Our Corporate Social Responsibility



Sagikor has a long history of giving back to our community, and that is entrenched in our vision which is “to be a great company committed to improving the lives of people in the communities in which we operate”. It is through this vision that we will continue to deliver positive contributions in Jamaica in the areas of health, education and sport.

Ingrid Card
Vice President - Group Marketing

Caring. Inspiring. Serving.

Sagikor Group Jamaica continued to create a positive impact in the communities we serve through initiatives focused on Health, Sports, Education and Community. The official registration of the Sagikor Foundation in August 2015 empowered our mandate to respond to the needs and urgencies of the socio-economic landscape in which we operate.

HEALTH

In February 2015, Sagikor Group Jamaica (SGJ) hosted its largest Sigma Corporate Run since inception. Approximately 24,000 persons participated in the event, which raised over \$26 million for its beneficiaries – Cornwall Regional Hospital’s Neonatal Unit and the Jamaica Kidney Kids Foundation (JKKF). The JKKF was presented with a Peritoneal Dialysis Machine and other Dialysis supplies to strengthen its service delivery to kidney patients. The Cornwall Regional Hospital Neonatal Unit received equipment and supplies, including a ventilator, respiratory humidifier and accessories and an air-conditioning system.

Since its inception, Sagikor Sigma Run has contributed approximately \$166 million to local institutions and child-related charities. The impact of Sigma

and what it represents is far-reaching as evidenced by the participation from Jamaica’s business community.

A donation of \$1 million was made to the Jamaica Cancer Society towards the execution of their Keeping Abreast Luncheon. Cancer survivors and supporters in attendance listened to specially invited guest, Hollywood Actress Sheryl Lee Ralph who shared words of motivation.

EDUCATIONAL INITIATIVES

Approximately fifteen million dollars was awarded in scholarships to outstanding secondary and tertiary awardees.

At the tertiary level, thirty-four (34) students received Sagikor Scholarships for the 2015/16 school year, to attend the Edna Manley College of the Visual and Performing Arts, the University of the West Indies, the University of



Our Corporate Social Responsibility (Cont'd)

Technology, Mico University College and the University College of the Caribbean. In addition, thirteen (13) students at the tertiary level who did not qualify for scholarships received book grants.

Students entering high schools across the island in September 2015 were awarded with academic scholarships. Sixteen scholarships were awarded to children of SGJ stakeholders who excelled in the local Grade Six Achievement Test (GSAT). Children of our team members received scholarships through our Corporate Staff Education Programme – ninety-two (92) at the primary level and forty-one (41) at the secondary level.

Sagikor's support of education was also demonstrated as the company observed International Day of Literacy by living its mantra, spending time, shaping lives at the Balcombe Drive Primary School. Sagikor also sponsored prizes in the annual

Jamaica Library Service Reading Competition.

COMMUNITY

The Strathmore Gardens Children's Home received assistance through SGJ's biannual Sagikor Motivational Seminar (SMS) Planning Committee. The Sagikor Motivational Seminar is staged by SGJ with the goal of developing and motivating team members. Every year the planning committee combines its efforts and resources to identify and offer assistance to a charity. In addition to cash donations, the SMS Planning Committee provided assistance by executing a workday to refurbish sections of the Childcare Facility.

Giving back is in Sagikor's DNA, and our team members held their 2015 Grande Market at Devon House in August. The bi-annual Grande Market is staged by team members of Sagikor, showcasing their entrepreneurial skills and creativity. All products and services of team members, such as

clothing, accessories, perfume, food and beverage, household supplies, art and craft as well as health and fitness paraphernalia are exhibited and sold to the public. Part proceeds from the sale of items were donated to the Wortley Home for Girls Rebuilding Initiative. The Wortley Home is a near century-old building housing 19 girls, which was destroyed by fire on Tuesday, July 21, 2015.

During the year there was participation in various activities related to wellness and sports, such as the Jamaica Cancer Society's Relay for Life in Kingston and Ocho Rios, and the CUMI Come Run race, which is in aid of the rehabilitation of the mentally ill in St James. Teams were sponsored in support of the Gleaner 5K, Reggae Marathon, Digicel 'Take Back the Night' 5K in aid of special needs, and the Everyone's a Winner Challenge series.

We ended the year, by offering basic health checks to nine communities



Our Corporate Social Responsibility (Cont'd)



while utilising our specially designed “Sagikor Santa Claus” to offer Christmas cheer and toys to passersby.

#45WaysToGiveBack Initiative

Sagikor Group Jamaica in June 2015 launched its 45th Anniversary give back initiative dubbed #45WaysToGiveBack. The 45 Ways to Give Back Initiative evolved from the concept of giving back to 45 clients in celebration of 45 years.

The initiative was launched at the company’s anniversary team event, and clients were invited to nominate individuals, community or charity-based initiatives. The first #45waystogiveback recipient was the Golden Age Home Cluster A. The Golden Age Home Cluster A is Sagikor’s sponsored block

at the Home for the elderly in Kingston. Almost four hundred requests for assistance were received and the remaining forty-four beneficiaries of the #45waystogiveback initiative received wheel-chairs, health benefits and school-related assistance.

Some beneficiaries included: Great Pond High School, Silverstone Basic School, Pembroke Hall Primary, Covenant City Church, Heartease United Youth Club, The Women’s Resource and Outreach Centre, Mensana, Tredegar Park All-Age, Faith Temple Open Bible Church, Ebenezer Home, Almond Hill Primary, St Richards Primary, The Queen’s School, Mico Practising Educational Unit, Cambridge High School, Mountain View Primary, Rebirth Limited, Darliston Primary, Rosetta New Testament Church, Mount Olivet Boys’ Home, Evans Basic School, Godfrey Stewart High, Centre For Investigation Of Sexual Offences and Child Abuse (CISOCA), Belmont Park Primary,



5



6

1. Almost 24,000 people gather at the start line of the Sagikor Sigma Corporate Run 2015.
2. Lord Sebastian Coe (l), president of the IAAF and special guest at Sigma Run 2015, is presented with a special gift by Richard Byles at the start line.
3. A “selfie” at the start line of the Sigma Run 2015. On stage are (l) members of Jamaica’s national netball team, Elva Ruddock, master of ceremonies, Tarrus Riley, Sigma Run Patron, Alia Atkinson, Patron, Richard Byles and Alfred Francis, race director.
4. Gina Harrison (2nd r), race director of the Sagikor Sigma Run, gives final instructions to the volunteer cyclists ahead of the start of the Sigma Run 2015.
5. Iakida Johnson, Manager, Government Business in the Employee Benefits Division, poses for a photo with the Under-9 Relay team from the parish of St. Andrew who emerged winners of their race in the JTA Sagikor National Athletic Championships.
6. Mark Chisholm, Executive Vice President, Individual Insurance, presents Trevolyn McGhan, Unit Supervisor at Mico Practising Special Education Unit with a cheque which will assist with roof repairs at the Unit, during Sagikor’s #45WaysToGiveBack presentation ceremony.

Our Corporate Social Responsibility (Cont'd)



Manchester Parish Library, Hazard Primary School and Special Education Unit, Samuel Basic School, Schoolfield Primary, Ann's Learning Center and Strathmore Gardens Children's Home. Other recipients included children requiring hip and scoliosis braces and wheelchairs as well as adults in need of medical treatment and surgeries.

SPORTS INITIATIVES

The partnership with the Jamaica Teachers' Association (JTA) continued in 2015 with the sponsorship of the JTA/ Sagicor National Athletic Championships, which saw more than 1,200 primary school student athletes as well as their parents, teachers and the wider community being impacted by our sponsorship.

The Sagicor/JTA Track Meet is an annual sporting event held at the National Stadium for primary,

junior high and all-age schools with participation of over 5,000 students in the lead-up to the event. At the championships, students competed by parish to be crowned national champions. The Champion Boy and Girl at this athletic meet received five-year scholarships to further their education at the secondary level.

We continued to foster the development of our youth in sports by supporting the Sagicor/UWI Guild Champions League. The League, in its fourth year, saw a total of 16 teams from the blocks and clusters of the various halls of residence competing in the fast-paced, "knock-out" style football competition for the Sagicor/UWI Guild Champions League Trophy. The League is aimed at encouraging camaraderie and a sense of hall spirit as well as integration among the students of the UWI.

7. *Recipients of Sagicor Foundation's 2015 GSAT and Tertiary Scholarships along with Richard O. Byles (l, 1st row) and R Danny Williams (r, 2nd row).*
8. *Karl Williams (l), VP Group Human Resources and Corporate Services, and Janice Grant Taffe, VP Legal and General Counsel, present the symbolic "netball" cheque for \$3 million to Marva Bernard, former president of the Jamaica Netball Association.*
9. *Richard O. Byles, President and CEO, Sagicor Group Jamaica, 'high-fives' David Virgo, a dialysis patient assisted by the Jamaica Kidney Kids Foundation (JKKF). JKKF was one of the recipients of funds raised through the Sigma Run 2015.*
10. *Team members paint the curb wall at the Strathmore Gardens Children's Home in Spanish Town, St. Catherine. The Home was the Sagicor Motivational Seminar Charity Recipient in 2015.*
11. *Ian Bourne, Insurance Advisor at Sagicor Life's Holborn Branch, chops some bushes at his branch's Adopted School on Labour Day.*



\$3m

DONATED TO JAMAICA CANCER SOCIETY'S KEEPING ABREAST LUNCHEON AND RELAY FOR LIFE



400

STUDENTS IMPACTED THROUGH ADOPT-A-SCHOOL PROGRAMME IN BASIC SCHOOLS



4,600+

STUDENTS IMPACTED BY SPONSORSHIP OF JAMAICA TEACHERS' ASSOCIATION / SAGICOR NATIONAL ATHLETIC CHAMPIONSHIP



ALMOST

\$100m

DONATED IN CASH AND KIND TO VARIOUS PERSONS AND INSTITUTIONS IN 2015



OVER

\$26m

RAISED THROUGH SIGMA CORPORATE RUN FOR CORNWALL REGIONAL HOSPITAL'S NEONATAL UNIT AND THE JAMAICA KIDNEY KIDS FOUNDATION



\$15m

IN SCHOLARSHIPS AWARDED TO 196 TERTIARY & SECONDARY LEVEL STUDENTS



\$6.9m

DONATED TO DEVELOPMENT OF YOUTH SPORTS



\$6.5m

DONATED TO COMMUNITY BUILDING ACTIVITIES VIA #45 WAYS TO GIVE BACK



WAYS TO GIVE BACK

Sagicor celebrated its 45th Anniversary in 2015 and chose to commemorate the milestone by creating a relevant platform to execute an impactful Corporate Social Responsibility project. We wanted to get our clients and the wider Jamaica involved in giving back. We asked Jamaicans to help us by nominating a charity, person or community to receive an act of kindness from Sagicor.



“

We opened this initiative to help our clients who have contributed to our success over the past 45 years. It is our intention that they will in turn deliver a larger impact in their communities.

Nadene Newsome

Manager, PR and Corporate Social Responsibility

”

The response was truly overwhelming as hundreds of persons responded with letters.

A panel of judges looked over all submissions, and in the end Sagicor selected and executed forty-five (45) acts of kindness.

In addition to a \$300,000 donation presented to the Golden Age Home in June 2015 on the occasion of our birthday, 44 individuals, institutions, charity and community groups received donations towards their needs from Sagicor Group Jamaica as part of this #45WaysToGiveBack 45th anniversary initiative.

The presentations were made at a ceremony in November at Sagicor's head offices in New Kingston. These persons and projects from across the island were selected by a panel that reviewed more than 300 nominations submitted between June and July 2015.

Some beneficiaries included: Great Pond High School, Silverstone Basic School, Pembroke Hall Primary School, Covenant City Church, Heartease United

Youth Club, The Women's Resource and Outreach Centre, Mensana, Tredegar Park All-Age School, Faith Temple Open Bible Church, Ebenezer Home, Almond Hill Primary School, St Richards Primary School, The Queen's School, Mico Practising Educational Unit, Cambridge High School, Mountain View Primary School, Rebirth Limited, Darliston Primary School, Rosetta New Testament Church, Mount Olivet Boys' Home, Evans Basic School, Godfrey Stewart High School, Centre for the Investigation Of Sexual Offences and Child Abuse (CISOCA), Belmont Park Primary School, Manchester Parish Library, Hazard Primary School and Special Education Unit, Samuel Basic School, Scholefield Primary School, Ann's Learning Center and Strathmore Gardens Children's Home. Other recipients included children requiring scoliosis braces and wheelchairs, as well as adults in need of medical treatment.

1. Kevin Parkinson is delighted as his mother assists him to put on his new Perthes brace donated by the Sagicor Foundation through the 45 Ways to Give Back initiative
2. Dr the Honourable R. Danny Williams, Chairman of the Sagicor Foundation, greets Kessiana Fairweather, student at Schoolfield Primary, who wrote in to Sagicor requesting computers for her school's resource room. Kessiana received a donation for her school at Sagicor's #45WaysToGiveBack presentation ceremony held at the company's head offices in New Kingston on Thursday, November 19.
3. Teshawney Rankine, final-year home economics student at the Queen's School, is supervised by her teacher, Lydia Dunn as she uses the stove donated by Sagicor Foundation as part of the 45 Ways to Give Back initiative.
4. L- R - Winston Bennett - Chairman of the Board of Elders, Ms. Sonia Kerr - Head of Ushering and Hospitality and Mrs. Patricia Tysons - Head of Benevolent Operations of the Covenant Christian Church are excited to receive their donation of an industrial microwave from Sagicor Foundation as part of the 45 Ways to Give Back Initiative.





NONE OF US IS AS
STRONG as
 ALL OF US
 #SAGICORWINNING

Pictured are Sagicor Group Jamaica Team Members



FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

INDEX TO THE FINANCIAL STATEMENTS

Note	Page	Note	Page	Note	Page				
		Independent Auditors' Report to the Members	93	10	Derivative financial instruments and hedging activity	125	35	Other liabilities	152
		Financial Statements		11	Loans and leases, after allowance for credit losses	125-126	36	Insurance contract liabilities	152-155
		Consolidated statement of financial position	94	12	Pledged assets	126	37	Investment contract liabilities	155
		Consolidated income statement	95	13	Investment properties	126	38	Other policy liabilities	156
		Consolidated statement of comprehensive income	95	14	Investment in joint venture	126-127	39	Investment contracts benefits	156
		Consolidated statement of changes in equity	96	15	Interest in structured entities	128-129	40	Premium income	156
		Consolidated statement of cash flows	97	16	Investment in associated company	129-130	41	Net investment income	157
		Company statement of financial position	97	17	Investment in subsidiaries	130	42	Fee and other income	157
		Company income statement	98	18	Intangible assets	131-132	43	Insurance benefits and claims	157
		Company statement of cash flows	98	19	Property, plant and equipment	132-133	44	Finance costs	157
		Company statement of changes in equity	99	20	Reinsurance contracts	133	45	Administration expenses	158
		Notes to the financial statements		21	Retirement benefits	133-139	46	Commission and sales expense	158
1	Identification and activities	99-100	22	Deferred income taxes	140-141	47	Taxation	158-160	
2	Summary of significant accounting policies	101-116	23	Taxation recoverable	141	48	Earnings per stock unit	160	
3	Critical accounting estimates and judgements in applying accounting policies	116-118	24	Other assets	141	49	Cash flows	161	
4	Responsibilities of the appointed actuary and external auditors	118	25	Related party balances and transactions	142-143	50	Fair values of financial Instruments	162-164	
5	Segmental financial information	119-122	26	Share capital	143	51	Insurance and financial risk management	164-181	
6	Cash resources	122	27	Equity reserves	144-147	52	Sensitivity analysis	182-184	
7	Cash and cash equivalent	122	28	Stock options reserve	148-149	53	Capital management	185-186	
8	Cash reserve at the Bank of Jamaica	122	29	Investment and fair value reserve	149	54	Fiduciary risk	186	
9	Financial investments	123-124	30	Currency translation reserve	149	55	Contingent liabilities	186	
			31	Other reserves	149	56	Litigations	186	
			32	Dividends declared	150	57	Acquisition of subsidiary	187	
			33	Net profit and retained earnings	150	58	Offsetting financial assets and financial liabilities	187-189	
			34	Deposit and security liabilities	150-152	59	Subsequent event	189	



Independent Auditor's Report

To the Members of
Sagicor Group Jamaica Limited

Report on the Consolidated and Company Stand-Alone Financial Statements

We have audited the accompanying consolidated financial statements of Sagicor Group Jamaica Limited and its subsidiaries, set out on pages 94 to 189, which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, and the accompanying financial statements of Sagicor Group Jamaica Limited standing alone, which comprise the statement of financial position as at 31 December 2015 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company Stand- Alone Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and company stand-alone financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and company stand-alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand-alone

financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and company stand-alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand-alone financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and company stand-alone financial statements.

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

Opinion

In our opinion, the consolidated financial statements of Sagicor Group Jamaica Limited and its subsidiaries, and the financial statements of Sagicor Group Jamaica Limited standing alone give a true and fair view of the financial

position of Sagicor Group Jamaica Limited and its subsidiaries and of Sagicor Group Jamaica Limited standing alone as at 31 December 2015, and of their financial performance and cash flows for the year then ended, so far as concerns the members of Sagicor Group Jamaica Limited, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

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

Chartered Accountants
March 15, 2016
Kingston, Jamaica

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

L.A. McKnight P.E. Williams L.E. Augier A.K. Jain B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan
C.I. Bell-Wisdom D.D. Dodd G.K. Moore

Consolidated Statement of Financial Position

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
ASSETS			
Cash resources	6	7,527,747	21,073,597
Cash reserve at Central Bank	8	6,458,895	5,492,491
Financial investments	9	200,268,041	183,095,026
Derivative financial instruments	10	192,303	761,732
Loans & leases, after allowance for credit losses	11	43,761,061	38,808,049
Pledged assets	12	6,184,591	8,402,683
Investment properties	13	472,000	871,888
Investment in joint venture	14	759,115	738,718
Investment in associated company	16	4,869,225	-
Intangible assets	18	5,663,052	4,617,001
Property, plant and equipment	19	4,195,227	3,506,736
Reinsurance contracts	20	432,968	380,822
Retirement benefit assets	21	8,695	58,912
Deferred income taxes	22	4,652,992	3,018,293
Taxation recoverable	23	2,887,330	3,114,495
Other assets	24	12,056,685	10,275,370
TOTAL ASSETS		300,389,927	284,215,813

Consolidated Statement of Financial Position (Continued)

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Stockholders' Equity Attributable			
Stockholders' of the Company			
Share capital	26	9,147,723	9,161,065
Equity reserves	27	(823,888)	6,413,536
Retained earnings		38,245,576	30,490,757
Total Equity		46,569,411	46,065,358
Liabilities			
Deposit and security liabilities	34	159,607,054	151,584,382
Derivative financial instruments	10	192,303	716,186
Taxation payable		570,635	714,632
Retirement benefit obligations	21	4,467,473	3,361,094
Other liabilities	35	11,365,871	10,631,301
Policyholders' Funds			
Insurance contracts liabilities	36	61,585,823	55,826,311
Investment contracts liabilities	37	12,971,978	12,348,035
Other policy liabilities	38	3,059,379	2,968,514
		77,617,180	71,142,860
Total Liabilities		253,820,516	238,150,455
TOTAL EQUITY AND LIABILITIES		300,389,927	284,215,813

Approved for issue by the Board of Directors on March 14, 2016 and signed on its behalf by:

Hon. R.D. Williams, O.J.

Chairman

Richard O. Byles

Director

The accompanying notes on pages 99 – 189 form an integral part of these financial statements.

The accompanying notes on pages 99 – 189 form an integral part of these financial statements.

Consolidated Income Statement

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Revenue:			
Gross premium revenue	40	33,442,171	30,135,173
Insurance premium ceded to reinsurers	40	(959,757)	(966,385)
Net premium revenue	40	32,482,414	29,168,788
Net investment income	41	16,301,549	12,552,316
Fee and other income	42	6,214,079	3,909,119
Total revenue		54,998,042	45,630,223
Benefits:			
Insurance benefits incurred		19,360,940	17,508,793
Insurance benefits reinsured		(269,811)	(262,090)
Net insurance benefits	43	19,091,129	17,246,703
Net movement in actuarial liabilities	36(d)	4,777,174	5,523,213
Expenses:			
Provision for credit losses	11	171,635	225,107
Administration expenses	45	13,350,447	11,461,285
Commissions and sales expenses	46	4,203,287	3,875,268
Depreciation	19	349,322	276,989
Amortisation and impairment of intangible assets	18	417,760	737,499
Other taxes and levies	47(b)	966,857	640,023
		19,459,308	17,216,171
		43,327,611	39,986,087
Share of (loss)/profit from joint venture	14	(33,082)	6,310
Negative goodwill	57	(119,628)	3,211,180
Share of profit from associate	16	94,202	-
Profit before Taxation		11,611,923	8,861,626
Taxation	47(a)	(1,818,478)	(298,508)
NET PROFIT		9,793,445	8,563,118
Stockholders of the parent company		9,793,445	8,512,779
Non-controlling interests		-	50,339
		9,793,445	8,563,118
Earnings per stock unit for profit attributable to the stockholders of the company during the year:			
Basic and fully diluted	48	2.51	2.21

The accompanying notes on pages 99 – 189 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	2015 \$'000	2014 \$'000
Net profit for the year	9,793,445	8,563,118
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Available-for-sale investments:		
Unrealised (losses)/gains on available-for-sale investments	(7,138,754)	729,844
Gains reclassified and reported in profit in the Income Statement	(241,800)	(848,705)
Impairment losses on available-for-sale investments recognised and reported in the Income Statement	967,907	738,183
	<u>(6,412,647)</u>	<u>619,322</u>
Re-translation of foreign operations	533,919	570,118
Items that will not be subsequently reclassified to profit or loss		
Unrealised (loss)/gains on owner-occupied properties	(32,609)	80,549
Re-measurements of retirement benefits obligations	(441,970)	1,004,348
Total other income recognised directly in stockholders' equity, net of taxes	<u>(6,353,307)</u>	<u>2,274,337</u>
Total Comprehensive Income	3,440,138	10,837,455
Total Comprehensive Income attributable to:		
Stockholders of the parent company	3,440,138	10,721,799
Non-controlling Interests	-	115,656
	<u>3,440,138</u>	<u>10,837,455</u>
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 47(c).		

The accompanying notes on pages 99 – 189 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

Note	Attributable to stockholders of the parent					Grand Total
	Share Capital	Equity Reserves (Note 27)	Retained Earnings	Equity Owners' Total	Non-controlling Interests Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance as at January 1, 2014	7,854,938	5,343,433	22,727,470	35,925,841	1,695,002	37,620,843
Total comprehensive income for the year	-	1,204,672	9,517,127	10,721,799	115,656	10,837,455
Transactions with owners -						
Employee share option scheme – value of services provided	-	23,677	-	23,677	-	23,677
Employee stock grants and options exercised/expired	-	(6,693)	-	(6,693)	-	(6,693)
Issue of share capital	1,306,127	-	-	1,306,127	-	1,306,127
Purchase of non-controlling interest	-	-	504,532	504,532	(1,810,658)	(1,306,126)
Dividends paid to stockholders of the parent	32	-	(2,409,925)	(2,409,925)	-	(2,409,925)
Total transactions with owners	1,306,127	16,984	(1,905,393)	(582,282)	(1,810,658)	(2,392,940)
Transfers between reserves -						
To special investment reserve	2(r)	-	202,736	(202,736)	-	-
To retained earnings	2(s)	-	(92,906)	92,906	-	-
Adjustment between regulatory loan provisioning and IFRS	31(b)	-	(261,383)	261,383	-	-
Total transfers between reserves		-	(151,553)	151,553	-	-
Balance at 31 December 2014	9,161,065	6,413,536	30,490,757	46,065,358	-	46,065,358

The accompanying notes on pages 99 – 189 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity (Continued)

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

Note	Attributable to stockholders of the parent					Grand Total
	Share Capital	Equity Reserves (Note 27)	Retained Earnings	Equity Owners' Total	Non-controlling Interests Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance as at January 1, 2015	9,161,065	6,413,536	30,490,757	46,065,358	-	46,065,358
Total comprehensive income for the year	-	(5,911,336)	9,351,474	3,440,138	-	3,440,138
Transactions with owners -						
Employee share option scheme – value of services provided	-	21,143	-	21,143	-	21,143
Employee stock grants and options exercised/expired	-	(92,773)	-	(92,773)	-	(92,773)
Dividends paid to owners of the parent	32	-	(2,851,113)	(2,851,113)	-	(2,851,113)
Transfer of treasury shares to employees	28	36,402	-	36,402	-	36,402
Purchase of treasury shares	28	(49,744)	-	(49,744)	-	(49,744)
Total transactions with owners	(13,342)	(71,630)	(2,851,113)	(2,936,085)	-	(2,936,085)
Transfers between reserves -						
To special investment reserve	2(r)	-	16,338	(16,338)	-	-
To retained earnings	2(s)	-	(23,872)	23,872	-	-
Adjustment between regulatory loan provisioning and IFRS	31(b)	-	(1,246,924)	1,246,924	-	-
Total transfers between reserves		-	(1,254,458)	1,254,458	-	-
Balance at 31 December 2015	9,147,723	(823,888)	38,245,576	46,569,411	-	46,569,411

The accompanying notes on pages 99 – 189 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Net profit		9,793,445	8,563,118
Adjustments for:			
Items not affecting cash and changes to policyholders' funds:			
Adjustments for non-cash items, interest and dividends	49(a)	(7,106,524)	(8,892,465)
Changes in other operating assets and liabilities	49(b)	188,566	23,549,941
Net investment purchases	49(c)	(23,143,653)	(19,588,803)
Interest received		18,479,964	14,579,571
Interest paid		(4,805,205)	(4,646,360)
Income taxes paid		(2,963,048)	(1,383,797)
Net cash (used in)/generated from operating activities		(9,556,455)	12,181,205
Cash Flows from Investing Activities			
Investment in joint venture	14	(17,688)	(41,105)
Investment in associate		(3,320,906)	-
Acquisition of subsidiary, net of cash acquired	57	-	6,022,237
Purchase of investment property	13	(12,888)	-
Purchase of property, plant and equipment, net	49(d)	(548,288)	(451,066)
Purchase of intangible assets, net	18	(1,460,387)	(164,623)
Net cash (used in) / provided by investing activities		(5,360,157)	5,365,443
Cash Flows from Financing Activities			
Dividends paid to stockholders		(2,851,113)	(2,409,925)
Net cash used in financing activities		(2,851,113)	(2,409,925)
Effect of exchange rate on cash and cash equivalents		556,009	1,970,456
(Decrease)/increase in cash and cash equivalents		(17,211,716)	17,107,179
Cash and cash equivalents at beginning of year		22,551,578	5,444,399
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	5,339,862	22,551,578

The accompanying notes on pages 99 – 189 form an integral part of these financial statements.

Company Statement of Financial Position

Year ended 31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
ASSETS:			
Cash resources	6	93,417	6,685
Financial investments	9	1,766,045	5,466,100
Investment in associated company	16	3,305,560	-
Investment in subsidiaries	17 (b)	58,215,756	57,444,464
Intangible assets		1,197,386	5,875
Property, plant and equipment		189,608	298
Deferred income taxes	22	88,261	-
Taxation recoverable	23	161,938	60,763
Other assets	24	114,132	767,953
TOTAL ASSETS		65,132,103	63,752,138
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity Attributable			
Stockholders' of the Company			
Share capital	26	9,147,723	9,161,065
Equity reserves		26,395,535	26,541,998
Retained earnings		15,501,756	15,845,408
		51,045,014	51,548,471
Liabilities			
Promissory notes	34	12,347,661	11,525,678
Taxation payable		85,868	-
Other liabilities	35	1,653,560	677,989
Total Liabilities		14,087,089	12,203,667
TOTAL EQUITY AND LIABILITIES		65,132,103	63,752,138

Approved for issue by the Board of Directors on March 14, 2016 and signed on its behalf by:



Hon. R.D. Williams, O.J.

Chairman



Richard O. Byles

Director

The accompanying notes on pages 99 – 189 form an integral part of these financial statements.

Company Income Statement

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Revenue:			
Net investment income	41	2,695,172	18,501,953
Management fees	1(f)	123,591	-
Other income		679	8,419
Total revenue		2,819,442	18,510,372
Expenses:			
Administration expenses	45	187,575	235,142
Depreciation	19	17,298	27
Amortisation of intangible assets	18	109,039	203
Other taxes		3	-
Asset tax		400	100
		314,315	235,472
Profit before Taxation		2,505,127	18,274,900
Taxation	47	2,334	(60)
NET PROFIT		2,507,461	18,274,840

The accompanying notes on pages 99 – 189 form an integral part of these financial statements.

Company Statement of Cash Flows

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Net profit		2,507,461	18,274,840
Adjustments for:			
Items not affecting cash and changes to policyholders' funds:			
Adjustments for non-cash items, interest and dividends	49(a)	(2,567,872)	(18,470,625)
Changes in other operating assets and liabilities	49(b)	(2,146,095)	(36,691)
Net investment sales	49(c)	3,525,106	(5,327,502)
Interest received		562,293	104,465
Interest paid		(280,045)	-
Income taxes paid		(460)	(100)
Dividend received		2,832,526	17,373,268
Net cash generated from operating activities		4,432,915	11,917,655
Cash Flows from Investing Activities			
Investment in joint venture	14	-	(547,905)
Investment in subsidiaries		-	(101,000)
Acquisition of subsidiaries	56	-	(8,820,238)
Purchase of property, plant and equipment	19	(206,608)	(325)
Purchase of intangible assets	18	(1,300,550)	(6,078)
Net cash used in investing activities		(1,507,157)	(9,475,546)
Cash Flows from Financing Activities			
Dividends paid to stockholders		(2,851,113)	(2,409,925)
Net cash used in financing activities		(2,851,113)	(2,409,925)
Effect of exchange rate on cash and cash equivalents		907	-
Increase in cash and cash equivalents		75,552	32,184
Cash and cash equivalents at beginning of year		32,184	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	107,736	32,184

The accompanying notes on pages 99 – 189 form an integral part of these financial statements.

Company Statement of Changes in Equity

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

Note	Share Capital	Equity Reserves	(Accumulated Deficit)/	Grand Total
			Retained Earnings	
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	7,854,938	26,518,975	(19,488)	34,354,425
Total comprehensive income	-	6,039	18,274,821	18,280,860
Dividends paid to owners of parent	1(b) -	-	(2,409,925)	(2,409,925)
Employee stock options	-	16,984	-	16,984
Group reorganization	1(b) 1,306,126	-	-	1,306,126
Balance at 31 December 2014	9,161,064	26,541,998	15,845,408	51,548,470
Total comprehensive income	-	(74,833)	2,507,461	2,507,461
Dividends paid to owners of parent	1(b) -	-	(2,851,113)	(2,851,113)
Transfer of treasury shares to employees	28 36,402	-	-	36,402
Purchase of treasury shares	28 (49,744)	-	-	(49,744)
Employee stock options	-	(71,630)	-	(71,630)
	28 (13,342)			(84,972)
Balance at 31 December 2015	9,147,722	26,395,535	15,501,757	51,045,014

The accompanying notes on pages 99 – 189 form an integral part of these financial statements.

Notes to the Financial Statements

31 December 2015

(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% (2014 – 32.45%) owned by LOJ Holdings Limited which is also incorporated and domiciled in Jamaica. The ultimate parent company is Sagicor Financial Corporation (SFC), which is incorporated and domiciled in Barbados. SFC has an overall interest of 49.11% (2014 – 49.11%) in the company. The other significant shareholder in SGJ is Pan-Jamaican Investment Trust Limited with a 31.55% (2014 – 31.55%) holding.

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

- (b) Reorganisation

At an Extraordinary General Meeting held in September 2013, the stockholders of Sagicor Life Jamaica Limited (SLJ) unanimously approved the reorganization of the Sagicor Jamaica Group of Companies under a Scheme of Arrangement approved by the Supreme Court of Jamaica in accordance with the Jamaica Companies Act. In December 2013, the new holding company, Sagicor Group Jamaica Limited (SGJ) was listed on the Jamaica Stock Exchange and at the same time Sagicor Life Jamaica Limited was delisted. The existing shareholders of SLJ exchanged their shares for SGJ shares of equal value. At December 31, 2013, SLJ also transferred ownership of all subsidiaries, except for the Sagicor Investments Jamaica Limited and its subsidiaries, the Banking Group, directly to SGJ. The subsidiaries outside of Jamaica now report to SGJ through their immediate parent company, Sagicor St. Lucia Limited.

Effective May 2014, Sagicor Investments Jamaica Limited (SIJL) became a wholly owned subsidiary of SGJ, through a court approved scheme of arrangement. Previously, Sagicor Investments Jamaica Limited was owned 85.45% by Sagicor Life Jamaica Limited. At an Extraordinary General Meeting held in March 2014, the stockholders of Sagicor Investments Jamaica Limited (SIJL) unanimously approved the reorganization of the Sagicor Jamaica Group of Companies under a Scheme of Arrangement. The existing then minority shareholders of Sagicor Investments Jamaica Limited exchanged their SIJL shares for Sagicor Group Jamaica Limited (SGJ) shares in the ratio of 1.8 SGJ share for each SIJL shares held. The previously existing parent company, Sagicor Life Jamaica Limited exchanged its shares in SIJL for unsecured debenture bonds from SGJ. SIJL was subsequently delisted from the Jamaica Stock Exchange. The exchange of SIJL shares to SGJ shares took effect on 5 May 2014, pursuant to the order of approval from the Supreme Court. This allowed for the transfer of all the assets and liabilities (including reserves) of its other subsidiaries to the company, following which non-operating entities were automatically dissolved in accordance with separate schemes of arrangement. The affected entities were Manufactures Investments Limited, Pan Caribbean Asset Management Limited and Pan Caribbean Investments Limited.

Consequently SIJL transferred ownership of its banking subsidiary, Sagicor Bank Jamaica Limited to SGJ in May 2014. The consideration for the transfer of the subsidiary from SIJL to SGJ was effected by dividend distribution in specie and debenture bonds.

All subsidiaries are now wholly owned by Sagicor Group Jamaica Limited.

The accompanying notes on pages 99 – 189 form an integral part of these financial statements.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

(b) Reorganisation (continued)

As the reorganisation is a transaction among entities under common control, the Group has applied predecessor method of accounting. Under the predecessor method:

- The Group does not restate assets and liabilities to their fair values, instead the Group incorporates the assets and liabilities at the amounts recorded in the books of the combined companies, adjusted only to achieve harmonization of accounting policies.
- No goodwill arises.
- The consolidated financial statements incorporate the combined companies' results as if the companies had always been combined. Consequently, under predecessor accounting, the consolidated financial statements reflect both the companies' full year's results, even though the business combination may have occurred part of the way through the year.
- The corresponding amounts in the consolidated financial statements for the previous year reflect the results of the combined companies, even though the business combination did not occur until the current year.

(c) Acquisition of RBC Royal Bank (Jamaica) Limited

Sagicor Group Jamaica Limited (SGJ) acquired the entire share capital of RBC Royal Bank (Jamaica) Limited (RBC) and its subsidiary, RBTT Securities Limited on June 27th 2014 (Note 56).

Sagicor Bank Jamaica Jamaica Limited applied for and obtained approval for the transaction under the Banking Act and Regulations for the transfer of its entire business (including its assets, liabilities and entire undertaking) to Royal Bank Jamaica Limited (RBC) which changed its name to Sagicor Bank Jamaica Limited and became the surviving entity. The former entity Sagicor Bank Jamaica Limited changed its name to Sagicor SPV Limited to facilitate the progress of the surviving Banking entity. The entity known as RBTT Securities Jamaica Limited has changed its name to Sagicor Securities Jamaica Limited.

In compliance with the Banking Services Act, Sagicor Group Jamaica Limited acquired the remaining 80% of Sagicor Securities Jamaica Limited through a court approved Scheme of Arrangement in December 2015. Under the scheme, Sagicor Bank Jamaica Limited (formerly RBC):

- Re-organised its capital structure resulting in the elimination of accumulated deficit with the off-set in Share Capital and Capital Reserves.
- Transferred all remaining assets and capital reserves in Sagicor SPV Limited to Sagicor Bank Jamaica Limited (formerly RBC).
- Dissolved Sagicor SPV Limited (formerly Sagicor Bank Jamaica Limited).

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

- The company, its subsidiaries and joint venture 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.	Health insurance, annuities, retirement products, pension administration and investment services	Jamaica	100%
Sagicor Investments Jamaica Limited	Investment banking	Jamaica	100%
Sagicor Bank Jamaica Limited	Retail banking	Jamaica	100%
Sagicor Securities Jamaica Limited	Securities trading	Jamaica	80%
Sagicor SPV Limited	Inactive	Jamaica	100%
Sagicor St. Lucia Ltd. and its joint venture company	Financial services (holding company)	St. Lucia	100%
<ul style="list-style-type: none"> • Sagicor Costa Rica SCR, S.A • Sagicor Life of the Cayman Islands Ltd. 	Life insurance	Costa Rica	50%
<ul style="list-style-type: none"> • Sagicor Insurance Managers Ltd. • Sagicor Re Insurance Ltd. 	Captives management Property and casualty insurance (captive)	Grand Cayman Grand Cayman	100% 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	Invest in real estate activities	St. Lucia	29.3%

(f) Shared Services

The Group operates a shared services organization through Sagicor Group Jamaica Limited with the provision of common services to member companies. The cost of these services is charged to each entity at cost based on volumes consumed.

Notes to the Financial Statements

31 December 2015

(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 have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, investment property, certain property, plant and equipment, 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:

IAS 19 (Amendment) – 'Defined Benefit Plans: Employee Contributions', (effective for annual periods beginning 1 July 2014). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. There was no significant impact from adoption of this amendment during the year.

IAS 24, 'Related Party Disclosures', was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity. The adoption of these amendments effective 1 January 2015 did not have any significant impact on the Group's financial statements.

Notes to the Financial Statements

31 December 2015

(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)

Annual Improvements 2012, (effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). The improvements comprise changes to a number of standards, the following of which are relevant to the Group's operations. IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014. IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. There was no significant impact from adoption of these amendments during the year.

Annual Improvements 2013, (effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to a number of standards, of which the following are relevant to the Group's operations. IFRS 13 was amended to clarify that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The Group has applied the Standard effective 1 October 2014 but, there was no significant impact from its adoption of these amendments during the year.

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:

Notes to the Financial Statements

31 December 2015

(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)

IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2018). In July 2014, the IASB issued IFRS 9 which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect the asset's cash flows, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

Notes to the Financial Statements

31 December 2015

(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)

IFRS 9, 'Financial Instruments' (continued)

The Group is still assessing the potential impact of adoption and whether it should consider early adoption but it is not possible at this stage to quantify the potential effect. The Group expects the following impacts following adoption of the standard.

The Group expects that, in many instances, the classification and measurement outcomes will be similar to IAS 39, although differences may arise, for example, since IFRS 9 does not apply embedded derivative accounting to financial assets. The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in population of financial assets measured at amortised cost or fair value compared with IAS 39.

Regarding credit loss provisioning, the Group expects that, as a result of the recognition and measurement of impairment under IFRS 9 being more forward-looking than under IAS 39, the resulting impairment charge may tend to be more volatile. It may also tend to result in an increase in the total level of impairment allowances, since all financial assets will be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is likely to be larger than the population for which there is objective evidence of impairment in accordance with IAS 39.

The Group does not currently adopt hedge accounting but may consider doing so in future under the simplifications under the new standard.

IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019) was issued in January 2016 and replaces IAS 17, 'Leases'. A company can choose to apply IFRS 16 before the effective date but only if it also applies IFRS 15, 'Revenue from Contracts with Customers'. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors and lessees that will improve information provided to users of the financial statements. The Group is considering the implications of the standard, the impact on the company and the timing of its adoption.

Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets' - Clarification of Acceptable Methods of Depreciation and Amortisation, (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Group does not expect any impact from the adoption of the amendments on its financial statements as it does not use revenue-based depreciation or amortisation methods.

Notes to the Financial Statements

31 December 2015

(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)

IFRS 15, 'Revenue from Contracts with Customers', (effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

Amendments to IAS 27, 'Associates', (effective for annual periods beginning 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

IFRS 11, Joint Arrangements (effective for annual periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The adoption of these amendments effective 1 January 2015 did not have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, (effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The adoption of these amendments effective 1 January 2015 did not have any significant impact on the Group's financial statements.

Notes to the Financial Statements

31 December 2015

(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)

Annual Improvements 2014, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report". The adoption of these amendments effective 1 January 2015 did not have any significant impact on the Group's financial statements.

Amendment to IAS 1, 'Presentation of Financial Statements', (effective for annual periods beginning on or after 1 January 2016). This amendment forms part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment also clarifies that the share of other comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

Amendments to IAS 12, 'Income Taxes', (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 12 clarifying specifically how to account for deferred tax assets related to debt instruments measured at fair value as well as clarifying the guidance for deferred tax assets in general by adding examples and elaborating on some of the requirements in more detail. The amendments do not change the underlying principles for the recognition of deferred tax assets. The Group does not expect any significant impact on its financial statements arising from the future adoption of the amendments.

Amendments to IAS 7, 'Statement of Cash Flows', (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 7 to improve information about an entity's financing activities. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments require disclosure of information enabling users to evaluate changes in liabilities arising from financing activities including both cash and non-cash changes. The future adoption of these amendments will result in additional disclosure in the financial statements.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

The financial statements are prepared in accordance with the following significant accounting policies:

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a majority voting interest. Subsidiaries are consolidated from the date on which control is transferred to the Group, and 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Subsequent ownership changes in a subsidiary, without loss of control, are accounted for as transactions between owners in the statement of changes in equity.

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 minority 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 minority interest component is entitled to a proportionate share of net identifiable assets of the acquiree in the event of liquidation. For certain components of minority interests, other IFRS may override the fair value option.

Non- controlling interest balances are subsequently re-measured by the minority's proportionate share of changes in equity after the date of acquisition.

Investments in subsidiaries are stated in the company's financial statements initially at cost less impairment. They are subsequently measured at fair value.

(ii) 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.

(iii) Associates and Joint ventures

The investments in associated companies, which are not majority-owned or controlled but 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. Accounting policies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

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 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(iv) Long term Incentive Scheme

The company has established an Incentive Scheme which either acquires company shares on the open market, or is allotted new shares by the company. The Scheme holds the shares on behalf of employees until taken up. Until distribution to the employees, shares held by the Scheme are accounted for as treasury shares. All dividends received by the Scheme are applied towards the future purchase of company 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').

The consolidated financial statements are presented in Jamaican dollars, which is the Group's presentation currency.

(ii) Transactions and balances

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

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

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

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

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale 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 profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

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 available-for-sale financial assets, are included in the fair value reserve in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency 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 entities and borrowings are 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 cash flow statement, cash and cash equivalents comprise:

- cash balances,
- short term deposits,
- other liquid securities with maturities of three months or less from the acquisition date,
- bank overdrafts which are repayable on demand; and
- other borrowings from financial institutions made for the purpose of meeting cash commitments and which have maturities of three months or less from origination.

Cash equivalents are subject to an insignificant risk of change in value. Cash and cash equivalents exclude balances held to meet statutory requirements.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

(i) Financial asset at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are initially recognised at fair value, which is the cash consideration to originate or purchase the loan including any transaction costs.

(iii) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be re-classified as available-for-sale. Held-to-maturity investments are initially recognised at fair value, which is the cash consideration including any transaction costs.

(iv) Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Available-for-sale investments are initially recognised at fair value, which is the cash consideration including any transaction costs.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

Purchases and sales of available-for-sale financial assets are recognised at the trade date – the date on which the Group commits the purchase or sell the asset. Loans and receivables are recognised when cash is advanced to the borrowers.

Subsequent to initial recognition at cost, financial assets at fair value through profit or loss and available-for-sale financial assets are carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in consolidated statement of comprehensive income, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in the consolidated statement of comprehensive income is recognised in profit or loss. However, interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payment is established.

The fair values amounts represents the price (or estimates thereof) that would be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidence by a quoted market value, if one exists. The estimate fair values of the financial assets are based on quoted bid prices of securities as at December 31 where available.

Financial assets are derecognised when the right to received cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, that is, when the obligation is discharged, cancelled or expires.

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(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. Investment property includes property held under partnership and joint venture arrangements with third parties which are accounted for using the equity method.

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 and any difference with carrying value at the date of change in use is dealt with in accordance with note 2 (m).

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 an owner-occupied.

Rental income is recognised on an accruals basis.

(h) 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Leases

(i) As lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are recognised at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges so as to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to the income statement over the lease period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) As lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned assets. Rental income is recognised on a straight-line basis over the lease term.

(j) Acceptances, guarantees, indemnities, letter of credit and undertakings

Acceptances, guarantees, indemnities and letters of credit and undertakings are various forms of contractual commitments to advance funds to or on behalf of customers and include:

- (i) Obligations on the part of the Group to make payments (directly or indirectly) to a designated third party contingent upon a default by the Group's customer in the performance of an obligation under the terms of that customer's contract with the third party; and
- (ii) Obligations to guarantee or stand as surety for the benefit of a third party.

Where the Group's obligations under acceptances, guarantees, indemnities and letters of credit and undertakings are not considered to be contingent, the amounts are reported as a liability in the statement of financial position. There are equal and offsetting claims against customers in the event of a call on these commitments, which are reported as an asset.

Where the Group's obligations are considered to be contingent, the amounts are disclosed in Note 55.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(k) Impairment of assets

(i) Assets carried at amortised cost – loans and advances and provisions for credit losses

Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method.

Provision for credit losses determined under the requirements of IFRS

The Group continuously monitors loans or groups of loans for indicators of impairment. In the event that indicators are present, the loans or groups of loans are tested for impairment. A provision for credit losses is established if there is objective evidence of impairment. A loan or group of loans is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan (a 'loss event') and that loss event has reduced the estimated future cash flows of the loan and the amount of the reduction can be reliably estimated. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the obligor;
- default or delinquency in interest or principal payments;
- having to grant the borrower a concession that would not otherwise be considered due to the borrower's financial difficulty;
- the probability that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan portfolio since the initial recognition of the loans, although the decrease cannot yet be identified with the individual loan in the portfolio, including:
 - i. adverse changes in the payment status of borrowers in the portfolio; and
 - ii. national or local economic conditions that correlate with defaults on the loan portfolio.

The Group first assesses whether objective evidence of impairment exists individually for loans that are individually significant, and individually or collectively for loans that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of loans with similar credit risk characteristics and collectively assesses them for impairment. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the carrying amount of the loan and the present value of estimated future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan. For accounting purposes, the carrying amount of the loan is reduced through the use of a provision for credit losses account and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For the purposes of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers loan type, industry, collateral type and past-due status). Those characteristics are relevant to the estimation of future cash flows for groups of such loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the loans being evaluated.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(k) Impairment of assets (continued)

(i) Assets carried at amortised cost loans and advances and provisions for credit losses (continued)

Provision for credit losses determined under the requirements of IFRS (continued)

Future cash flows in a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the loans in the group. Losses over the preceding 12 months are used as a baseline to determine historical loss experience for loans with credit risk characteristics similar to those in the group. This historical loss experience is then adjusted, if necessary, to reflect broader economic trends over the most recent 24-month period with a 36-month look back period used on the highest risk portfolios. Finally, applicable adjustments are made on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of loans should reflect and be directionally consistent with changes in related observable data and management's assessment of changes in the economy from period to period (for example, changes in unemployment levels, property and motor vehicle prices, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is deemed uncollectible, it is written off against the related provision for credit losses. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the provision for credit losses. The amount of the reversal is recognised in the income statement.

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 reserve 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

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(k) Impairment of assets (continued)

(i) Assets carried at amortised cost loans and advances and provisions for credit losses (continued)

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.

(ii) Assets classified as available-for-sale

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. In this context, management considers a 40% decline in fair value below cost to be significant and a decline that has persisted for more than twelve months to be prolonged. For an available for sale security other than an equity security, which the Group can hold to maturity, determination of which asset is impaired includes consideration of the volatility of the fair value, and the financial condition and financial viability of the issuer.

If any such evidence of impairment exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from stockholders' equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(k) Impairment of assets (continued)

(iii) Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

(iv) 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(l) 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 - 33 $\frac{1}{3}$ %
Furniture	10%
Other equipment	15%
Motor vehicles	20%
Leased assets	Shorter of period of lease or useful life of asset

Land is not depreciated.

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.

(m) Real estate developed for sale

Construction in progress for resale are classified as real estate held for resale and are valued at the lower of cost and net realisable value. Gains and losses realised on the sale of real estate are included in revenue at the time of sale.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(n) 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, negative goodwill, in the case of a bargain purchase, the difference is recognised 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 changed in circumstances indicate a potential impairment.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(o) 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 corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in 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 equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(o) Employee benefits (continued)

(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.

(iv) Share-based compensation

The Group operates an equity-settled, share-based compensation plan.

Share options

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

Share grants

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

Share purchase plan

Employees of the company are also eligible to purchase shares in the company under a share purchase plan.

(v) Productivity bonus plan

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 the company's 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(p) 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 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. Consequently the assets, liabilities and activity of these funds are not included in these consolidated financial statements.

(q) 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 (Note 2(u)).
- (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.

(r) Special investment reserve

Unrealised gains on investment properties are recorded in the income statement under IFRS. Regulatory reserve requirements are met through the following:

- (i) Net unrealised gains brought forward at the beginning of each year are transferred from the special investment reserve to retained earnings at 10%.
- (ii) Net unrealised gains earned during the year are transferred from retained earnings to the special investment reserve at 90%.

(s) Transfers to retained earnings

Unrealised gain on quoted equities is recorded in the investment and fair value reserves under IFRS. Regulatory reserve requirements are met by transferring the following:

- (i) 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%.
- (ii) Net unrealised gains earned during the year are transferred from the investment and fair value reserves to the retained earnings at 25%.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(t) Financial Liabilities

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 2 (v) and in the following paragraphs.

Deposit liabilities

Deposits are recognised initially at fair value and are subsequently stated at amortised cost using the effective yield method.

Loans and other debts obligations

Loans and other debts 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 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 noted or 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 (Note 2(bb)). The non-derivative elements are stated at amortised cost using the effective interest method.

(u) 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 discernable 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(u) Insurance and investment contracts (continued)

(ii) Recognition and measurement (continued)

Insurance contracts and investment contracts issued by the Group are summarised below:

(1.1) Short-term insurance contracts

These contracts are casualty, property and short-duration life and health insurance contracts.

Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Short duration life and health insurance contracts protect the Group's customers from the consequences of events (such as sickness, death and disability) that would affect the ability of the customer or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of economic loss suffered by the policyholder. There are no maturity or surrender benefits.

For most of these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the year end date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They include claims settlement costs and arise from events that have occurred up to the year end date even if they have not yet been reported to the Group. Significant delays may be experienced in the notification and settlement of certain types of claims, particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at the year end date. Provision for certain claims is therefore discounted using rates having regard to the returns generated by the assets supporting the liabilities. Liabilities for unpaid claims are estimated using case reserves, statistical analyses for the claims incurred but not reported and a provision for unallocated loss adjustment expenses.

(1.2) 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 (1.3) as the amount of additional benefits is not paid at the discretion of the Group.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(u) Insurance and investment contracts (continued)

(ii) Recognition and measurement (continued)

(1.2) Long-term traditional insurance contract (continued)

The policy reserves have been calculated 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 process of calculating policy reserves necessarily involves the use of estimates concerning such factors as mortality and morbidity rates, persistency rates, future investment yields and future expense levels. Consequently, these liabilities include reasonable provisions for adverse deviations from the estimates.

An actuarial valuation is prepared at least 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.

(1.3) Long-term insurance contracts without fixed terms and without discretionary participation features (DPF) –

A DPF is a contractual right to receive, as a supplement to the guaranteed benefit, additional benefits:

- That are likely to be a significant portion of the total contractual benefits;
- Whose amount or timing is contractually at the discretion of the issuer; and
- That are contractually based on:
 - The performance of a specified pool of contracts or specified type of contract; and
 - Realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
 - The profit or loss of the company, fund or other entity that issues the contract.

These contracts include interest-sensitive and unit-linked universal life type policies which are classified as insurance liabilities.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(u) Insurance and investment contracts (continued)

(ii) Recognition and measurement (continued)

- (1.3) Long-term traditional insurance contract without fixed terms and with discretionary participation features (DPF) (continued)

A unit-linked insurance contract is an insurance contract with an embedded derivative linking payments on the contract to units of an internal investment fund set up by the Group with the consideration received from the contract holders. This embedded derivative meets the definition of an insurance contract and is not therefore accounted for separately from the host insurance contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

Revenue consists of fees deducted for mortality, policy administration and surrender charges. Interest or changes in the unit prices credited to the account balances and excess benefit claims in excess of the account balances incurred during the period are charged as expenses in the income statement.

Investment contracts without discretionary participatory feature (DPF) –

The Group issues investment contracts without fixed terms and DPFs because these contracts do not satisfy the requirements that the amount or timing of additional benefits is contractually at the discretion of the Group.

Investment contracts without fixed terms are financial liabilities whose fair value is dependent on the fair value of underlying financial assets and are designated at inception at fair value through the profit or loss.

Valuation techniques are used to establish the fair value at inception and each reporting date.

- (1.4) Investment contracts without discretionary participatory feature (DPF)

The Group's main valuation techniques incorporate all factors that market participants would consider and are based on observable market data. The fair value of a unit-linked financial liability is determined using the current unit values that reflect the fair values of the financial assets contained within the Group's unitised investments funds linked to the financial liability, multiplied by the number of units attributed to the contract holder at the year end date.

If the investment contract is subject to a put or surrender option, the fair value of the financial liability is never less than the amount payable on surrender, discounted for the required notice period where applicable.

(iii) Amounts on deposit and deposit administration funds

These funds are managed by the company but are not legally separated from the general operations. The assets and liabilities of these funds are included in these financial statements. The company earns administration and investment fees on the management of these funds.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(u) Insurance and investment contracts (continued)

(iv) 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.

(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 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. The impairment loss is also calculated following the same method used for these financial assets.

Actuarial liabilities arising from reinsurance are included as an insurance contract liability.

(vi) Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Group gathers the objective evidence that the insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(v) 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.

(w) Revenue recognition

(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.

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

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(w) Revenue recognition (continued)

(iii) Interest income

Interest income is recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount or premium on treasury bills and other discounted instruments. When loans become doubtful of collection, they are written down to their recoverable amounts and interest income is 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.

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. IFRS require that when loans become doubtful of collection, they are written down to their recoverable amounts and interest income is 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. The difference between the regulatory and IFRS bases of interest recognition was assessed to be immaterial.

(x) Interest and commission expense

(i) Interest expense

Interest expense is recognised in the income statement on an accrual basis using the effective yield method. Amounts paid under contracts with principally financial risk are recorded directly to the statement of financial position as an adjustment. The interest credited to these funds is recorded as an interest expense.

(ii) Commission expense

Commissions are expensed over the policy year on the same basis as earned premiums.

(y) 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(y) Taxation (continued)

(i) Current and deferred taxes (continued)

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.

(z) 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.

(aa) 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 discussed in Note 50.

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.

(bb) 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(bb) Derivative financial instruments and hedging activities (continued)

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'.

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) Adoption of IFRS 10, 'Consolidation of financial statements'
Management assessments were done for the Sagicor Real Estate X Fund Limited, Sagicor Pooled Investment Fund and Sagicor Sigma Funds to ensure that changes made to IFRS 10 were properly implemented in accordance with the standard. 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 Real Estate X Fund Limited and Sagicor Pooled Investment Fund
IFRS 10 does not establish bright lines as to what level of exposure definitely result in control and the assessment should be based on the relevant facts and circumstances. In determining whether a fund manager has control over the fund they manage, therefore, involves significant judgement. Management considers that the Group does not have control of Sagicor Real Estate X Fund Limited and Sagicor Pooled Investment Fund. Although the Group contractual terms provide the Group with influence over Sagicor Real Estate X Fund Limited and Sagicor Pooled Investment Fund Funds, management is of the view that the overall exposure of the Group to the variability of returns is not sufficient to conclude that the Group has control. Therefore, the Sagicor Real Estate X Fund Limited and Sagicor Pooled Investment Fund have not been consolidated in these financial statements. However, while the Group does not control Sagicor Real Estate X Fund, it has significant influence over the X Fund and therefore it is treated as an associate of the Group.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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

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

- Sagicor Sigma Funds

These are Unit Trusts managed by the Group, but which have independent trustees. Determining whether the Group has control over 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.B65, the single party substantive removal rights may in isolation be sufficient to conclude that the fund manager is an agent. We note that the language in the Trust Deed is not specific on causes for which the manager can be removed. "Good and sufficient reason" envisages by the Trust Deed may include negligence, poor financial performance and other reasons. However, the Deed also provides for appeal right for the manager. 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 Sagicor Sigma Funds. Although the Group contractual terms provide the Group with influence over 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.

(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.

Were the numbers of death in future years to increase per year by 3% for five years from management's estimate, the liability would increase by \$3,222,894,000 (2014 - \$3,043,719,000).

Notes to the Financial Statements

31 December 2015

(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)

(i) Insurance (continued)

For contracts without fixed terms, it is assumed that the Group will be able to increase mortality risk charges in future years in line with emerging mortality experience.

Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. Where the average future investment returns decrease by 0.5% for ten years from management's estimates, the insurance liability would increase by \$15,615,774,000 (2014 - \$14,429,908,000).

For long term insurance contracts, estimates of future deaths, voluntary terminations, investment returns and administration expenses are made and form the assumptions used for calculating the liabilities during the life of the contract. A margin for adverse deviation is added to these assumptions.

Were the actual lapse experience to differ by 200% (for products where the reserves increase with increases in lapse rates) or by 50% (for products where the reserves increase with decreases in lapse rates) of expected lapse experience the liability would increase by \$4,817,340,000 (2013 - \$4,742,506,000).

(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.

Notes to the Financial Statements

31 December 2015

(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)

(iii) *Estimated impairment of intangible assets*

Goodwill

The assessment of goodwill impairment involves the determination of the fair value of the cash-generating units to which the goodwill has been allocated. Determination of fair value 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.

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.

(iv) *Fair value of securities and investment in subsidiaries not quoted in an active market*

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

(v) *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.

(vi) *Impairment of financial assets*

An available for sale debt security, a loan or a receivable is considered impaired when management determines that it is probable that all amounts due according to the original contract terms will not be collected. This determination is made after considering the payment history of the borrower, the discounted value of collateral and guarantees, and the financial condition and financial viability of the borrower.

The determination of impairment may either be considered by individual asset or by a grouping of assets with similar relevant characteristics.

Notes to the Financial Statements

31 December 2015

(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)

(vii) *Purchase price allocation of a business combination*

In a business combination, the acquirer must allocate the cost of the business combination at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at fair value at that date. The allocation is based upon certain valuations and other studies performed with the assistance of external valuation specialists. Due to the underlying assumptions made in the valuation process, the determination of those fair values requires estimations of the effects of uncertain future events at the acquisition date and the carrying amounts of some assets, such as intangible assets, acquired through a business combination could therefore differ significantly in the future.

As prescribed by IFRS 3 (revised), if the initial accounting for a business combination can be determined only provisionally by the end of the reporting period in which the combination is effected, the acquirer must account for the business combination using those provisional values and has a twelve month period from the acquisition date to complete the purchase price allocation. Any adjustment of the carrying amount of an identifiable asset or liability made as a result of completing the initial accounting is accounted for as if its fair value at the acquisition date had been recognised from that date. The purchase price allocation for the acquisition of RBC Bank (Jamaica) Limited has been finalised as described in Note 57.

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 company's policy liabilities 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 company 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

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. "The Board of Directors 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 five 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, general insurance, real estate development, hospitality services 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 and business development loans.

The Group measures the performance of its operating segments through a measure of segment profit or loss which is profit before taxation.

A measure of segment assets is only required to be disclosed if the measure is regularly provided to the chief operating decision-maker. Segment assets which are reviewed include those backing policyholders' fund and other interest-bearing assets.

Segment liabilities that are reviewed by the CODM include policyholders' fund 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 2015 or 2014.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information (Continued)

	The Group						Group
	2015						
	Individual Lines \$'000	Employee Benefits \$'000	Commercial Banking \$'000	Investment Banking \$'000	Other \$'000	Eliminations \$'000	
External revenues	21,965,607	20,746,039	8,239,751	3,144,087	902,558	-	54,998,042
Revenue from other segments	503,259	201,420	10,166	(53,103)	508,488	(1,170,230)	-
Total revenue	22,468,866	20,947,459	8,249,917	3,090,984	1,411,046	(1,170,230)	54,998,042
Benefits and expenses	(14,383,073)	(13,862,817)	(5,871,808)	(1,050,795)	(2,073,623)	425,618	(36,816,498)
Change in actuarial liabilities	(2,459,221)	(2,633,010)	-	-	-	315,057	(4,777,174)
Depreciation	(74,384)	(35,463)	(155,100)	(25,434)	(58,946)	5	(349,322)
Amortisation of intangibles	(16,458)	(119,128)	(94,037)	(66,957)	(121,180)	-	(417,760)
Finance costs	-	-	-	-	(2,681)	2,681	-
Premium and other taxes	(36)	-	-	-	(3,036)	-	(3,072)
Asset tax	(234,223)	(111,741)	(198,263)	(203,823)	(215,735)	-	(963,785)
Total benefits and expenses	(17,167,395)	(16,762,159)	(6,319,208)	(1,347,009)	(2,475,201)	743,361	(43,327,611)
Share of loss from joint venture	-	(33,082)	-	-	-	-	(33,082)
Share of profit from associate	-	-	-	-	94,202	-	94,202
Negative Goodwill	-	-	-	-	(119,628)	-	(119,628)
Profit before taxation	5,301,471	4,152,218	1,930,709	1,743,975	(1,089,581)	(426,869)	11,611,923
Taxation	(317,332)	(778,351)	(605,811)	(319,927)	202,943	-	(1,818,478)
Net profit	4,984,139	3,373,867	1,324,898	1,424,048	(886,638)	(426,869)	9,793,445
Segment assets -							
Intangible assets	1,469,063	961,413	1,227,472	730,057	1,275,047	-	5,663,052
Other assets	43,778,285	55,561,311	94,867,382	81,158,590	25,359,081	(11,418,576)	289,306,073
	45,247,348	56,522,724	96,094,854	81,888,647	26,634,128	(11,418,576)	294,969,125
Unallocated assets -							
Investments in joint venture (Note 14)							759,115
Deferred income taxes (Note 22)							4,652,992
Retirement benefits asset (Note 21)							8,695
Total assets							300,389,927
Segment liabilities	36,754,238	45,482,882	77,483,339	73,939,167	27,140,948	(11,447,531)	249,353,043
Unallocated liabilities -							
Retirement benefit obligations (Note 21)							4,467,473
Total liabilities							253,820,516
Other segment items:							
Capital expenditure: Computer software (Note 18)							1,460,551
Property, plant and equipment (Note 19)							552,981

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information (Continued)

	The Group						Group
	2014						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenues	18,563,096	19,863,717	3,829,301	2,468,657	905,452	-	45,630,223
Revenue from other segments	202,236	34,106	(8,671)	(63,359)	204,339	(368,651)	-
Total revenue	18,765,332	19,897,823	3,820,630	2,405,298	1,109,791	(368,651)	45,630,223
Benefits and expenses	(13,165,216)	(12,447,309)	(4,304,468)	(1,213,299)	(2,081,891)	403,824	(32,808,359)
Change in actuarial liabilities	(2,461,723)	(3,000,290)	-	-	-	(61,203)	(5,523,216)
Depreciation	(77,387)	(34,297)	(94,003)	(28,629)	(42,673)	-	(276,989)
Amortisation of intangibles	(16,946)	(120,682)	(42,576)	(544,146)	(13,150)	-	(737,500)
Finance costs	-	-	-	-	(20,077)	20,077	-
Premium and other taxes	(396,363)	(65,066)	(26,762)	(88,126)	(63,706)	-	(640,023)
Total benefits and expenses	(16,117,635)	(15,667,644)	(4,467,809)	(1,874,200)	(2,221,497)	362,698	(39,986,087)
Share of profit from joint venture	-	6,310	-	-	-	-	6,310
Negative Goodwill	-	-	-	-	-	-	3,211,180
Profit before taxation	2,647,697	4,236,489	(647,179)	531,098	(1,111,706)	(5,953)	8,861,626
Taxation	(199,917)	(295,831)	148,778	(145,806)	194,268	-	(298,508)
Net profit	2,447,780	3,940,658	(498,401)	385,292	(917,438)	(5,953)	8,563,118
Segment assets -							
Intangible assets	1,452,059	1,076,944	1,215,635	781,778	90,585	-	4,617,001
Other assets	44,193,419	52,301,771	84,012,525	88,613,041	17,863,669	(11,201,536)	275,782,889
	45,645,478	53,378,715	85,228,160	89,394,819	17,954,254	(11,201,536)	280,399,890
Unallocated assets -							
Investments in joint venture (Note 14)							738,718
Deferred income taxes (Note 22)							3,018,293
Retirement benefits asset (Note 21)							58,912
Total assets							284,215,813
Segment liabilities	38,147,676	41,395,190	68,482,274	80,529,408	17,450,482	(11,215,669)	234,789,361
Unallocated liabilities -							
Retirement benefit obligations (Note 21)							3,361,094
Total liabilities							238,150,455
Other segment items:							
Capital expenditure: Computer software (Note 18)							164,623
Property, plant and equipment (Note 19)							483,860

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information (Continued)

The Group's geographic information:

	2015			Total
	Jamaica	Cayman Islands	Other	
	\$'000	\$'000	\$'000	\$'000
Revenue	51,772,850	3,673,173	(447,981)	54,998,042
Total assets	272,840,294	26,762,752	786,881	300,389,927
	2014			
	\$'000	\$'000	\$'000	\$'000
Revenue	43,183,551	2,899,048	(452,376)	45,630,223
Total assets	257,543,240	25,926,550	746,023	284,215,813

Geographically, the segments are Jamaica, Cayman Islands 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, investment in associates and investment in subsidiaries.

Segment liabilities comprise insurance liabilities, financial liabilities arising mainly from investment contracts and borrowing arrangements. They exclude items such as taxation, retirement benefit liabilities and business development loans.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

6. Cash Resources

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Balances with banks payable on demand	4,937,679	18,261,238	93,417	6,685
Cash in hand	2,590,068	2,812,359	-	-
	<u>7,527,747</u>	<u>21,073,597</u>	<u>93,417</u>	<u>6,685</u>

7. Cash and Cash Equivalents

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash resources	7,527,747	21,073,597	93,417	6,685
Short term deposits	2,851,158	985,221	-	-
Securities purchased under resale agreements	720,177	2,674,078	14,319	25,499
Items in course of payment (Note 35)	(578,344)	(498,236)	-	-
Repurchase agreements with other financial institutions	(3,802,907)	(1,519,956)	-	-
Short term loans	(1,200,000)	-	-	-
Bank overdrafts (Note 34)	(177,969)	(163,126)	-	-
	<u>5,339,862</u>	<u>22,551,578</u>	<u>107,736</u>	<u>32,184</u>

The amounts of \$2,851,158 (2014: \$985,221) represent deposits with original maturity of less than 90 days out of the total Group and short-term deposits of \$2,895,130 (2014: \$985,281).

8. Cash Reserves at Central Bank

A prescribed minimum of 26% (2014 - 26%) of deposit liabilities is required to be maintained by the banking subsidiary in liquid assets, of which 12% (2014 - 12%) must be maintained as cash reserve with the central bank, Bank of Jamaica for Jamaican dollar currency and for the relevant foreign currency at 9% (2014 - 9%). Cash reserves are not available for investment, lending or other use by the Group.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

9. Financial Investments

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Short term deposits	2,895,130	985,281	-	867
Financial assets at fair value through profit or loss -				
Government of Jamaica securities	3,069,866	4,694,047	-	982,498
Corporate bonds	2,673,183	3,312,337	-	-
Quoted equity	1,451,682	2,382,693	-	-
Unquoted preference shares	505,100	330,201	-	-
Interest receivable	111,742	136,160	-	25,360
Foreign governments securities	177,089	57,045	-	-
Unit trust	13,229,310	10,415,716	-	-
	<u>21,217,972</u>	<u>21,328,199</u>	<u>-</u>	<u>1,007,858</u>
Available-for-sale -				
Government of Jamaica securities	67,142,062	62,112,631	362,169	771,806
Foreign governments securities	11,891,752	10,608,315	-	-
Corporate bonds	45,615,878	40,252,050	430,749	478,765
Credit Linked notes	-	2,763,247	-	-
Quoted equities	3,186,373	1,452,004	-	-
Unquoted equities	106,469	106,459	-	-
Unit trust shares	714,497	646,722	-	-
Interest receivable	2,194,186	1,701,849	18,493	29,982
	<u>130,851,217</u>	<u>119,643,277</u>	<u>811,411</u>	<u>1,280,553</u>
Loans and receivables -				
Government of Jamaica securities	37,204,023	37,835,160	919,296	3,101,721
Foreign governments securities	523,765	88,156	-	-
Corporate bonds	5,960,562	1,343,177	-	-
Securities purchased under resale agreement	964,671	3,587,204	31,174	25,499
Mortgage loans	2,681,710	2,189,363	-	-
Promissory notes	48,000	498,000	-	-
Policy loans	904,955	906,489	-	-
Interest receivable	737,521	765,332	3,972	49,602
	<u>49,025,207</u>	<u>47,212,881</u>	<u>954,442</u>	<u>3,176,822</u>
Held to maturity investments -				
Credit Linked notes	2,463,106	2,328,071	-	-
Less Pledged assets (Note 12)	(6,184,591)	(8,402,683)	-	-
Total Financial Investments	<u>200,268,041</u>	<u>183,095,026</u>	<u>1,766,045</u>	<u>5,466,100</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

9. Financial Investments (Continued)

Included in quoted equities classified as available-for-sale are investments in Exchange Traded Funds (ETFs) by the Group totaling \$3,964,625,000 (2014 - \$2,093,018,000).

Credit linked notes are structured securities with embedded credit swaps allowing the issuer to transfer specific credit risks to the holder. The coupon or price of these note are linked to the performance of a specific Government of Jamaica security. Investors in these instruments are given higher yields for accepting exposure to specified credit events.

Included in Government of Jamaica debt securities is a Euro dollar promissory note which has been designated as financial asset at fair value through profit or loss. The Group has also entered into a cross currency swap to mitigate the currency risk associated with this security (Note 10).

The Group holds certain Government of Jamaica debt securities which were issued in February 2014 and mature in February 2024. The terms of these securities contain an investor put option exercisable in February 2018 under which the holder may require the Government of Jamaica to redeem the securities at 100% of the principal value plus any accrued interest. This embedded put option has not been separated but is recognised as part of fair value of the debt security. The initial recognition of the option is included in the determination of the "Loss on debt exchange transactions" and gains and losses on subsequent revaluations of the option are included in Note 40. The value of these options is \$357,198,000 for the Group.

The Group recognised impairment charges totaling \$967,906,000 (2014 - \$738,183,000) on equity and debt securities (Note 41).

Included in financial investments are the following amounts which are pledged as collateral:

- (i) Government of Jamaica Fixed Rate Benchmark Note with a carrying value of \$9,000,000 (2014 - \$9,000,000) which have been pledged by the company as security for uncleared effects with the National Commercial Bank Jamaica Limited by one of the company's subsidiaries, Sagicor Life Jamaica Limited.
- (ii) Government of Jamaica Fixed Rate Benchmark Note with a carrying value of \$90,000,000 (2014 - \$90,000,000) which have been pledged by the company with the Regulator, the Financial Services Commission, pursuant to Section 8 of the Insurance Regulations, 2001 by one of the company's subsidiaries, Sagicor Life Jamaica Limited.
- (iii) Kingdom of Bahrain bond with a carrying value of US\$1,014,830, a Republic of Italy bond with a carrying value of US\$1,227,750, a Government of Bermuda bond with a carrying value of US\$1,091,170, a Commonwealth of Bahamas bond with a carrying value of US\$2,388,672, a Government of Cayman Islands bond with a carrying value of US\$1,794,800, Federal Republic of Brazil bonds with a carrying value of US\$1,824,330, Government of Jamaica Global bonds with a carrying value of US\$27,894,752, Petroleum Company of Trinidad & Tobago Limited Corporate bonds with a carrying value of US\$2,999,659, a First Citizen Bank of Trinidad & Tobago bond with a carrying value of US\$4,998,500, International Corporate bonds with a carrying value of US\$10,264,268, a Peru Corporate bond with a carrying value of US\$521,595 and Cash totalling US\$1,353,668 have been pledged by the company as security for a loan facility of US\$40,000,000 with Credit Suisse NY by one of the company's subsidiaries, Sagicor Life Jamaica Limited.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

9. Financial Investments (Continued)

- (iv) International bonds with a carrying value of US\$61,073,923, a Government of Trinidad and Tobago bond with a carrying value of US\$778,434, a Petroleum Company Trinidad and Tobago bond with a carrying value of US\$1,040,610 and Government of Bahamas bonds with carrying value of US\$3,672,738 pledged as security with Goldman Sachs International to secure a US\$47,715,811 loan facility by one of the company's subsidiaries, Sagicor Life of the Cayman Islands Ltd.
- (v) International bonds with carrying value of US\$15,410,704, a Petroleum Company Trinidad and Tobago bond with a carrying value of US\$3,483,670, a Government of Barbados bond with a carrying value of US\$259,768, Equities with a carrying value of US\$12,210,367, a Municipal bond with a carrying value of US\$554,960, a Government of Panama bond with a carrying value of US\$59,870, Federal Republic of Brazil bonds with a carrying value of US\$5,040,798, an United States Treasury bond with a carrying value of US\$662,500 and an Agency bond with a carrying value of US\$511,106 pledged as security for margin loans of US\$30,211,561 with Morgan Stanley Smith Barney by one of the company's subsidiaries, Sagicor Life of the Cayman Islands Ltd.
- (vi) International bonds with a carrying value of US\$48,447,158, International Municipal bonds with a carrying value of US\$1,734,581, Federal Republic of Brazil bonds with a carrying value of US\$17,792,638 and a Government of Jamaica bond with a carrying value of US\$4,000,000 have been pledged as security for margin loans of US\$67,770,767 with Morgan Stanley Smith Barney by one of the company's subsidiaries, Sagicor Life Jamaica Limited.

Reclassification of Financial Investments

In the financial year ended 31 December 2008, the Group reclassified certain investments from available-for-sale to loans and receivables due to the market for these securities becoming inactive in October 2008 and as allowed by the amendment to IAS 39. The market was deemed to be active again in December 2010, however the Group opted to retain the classification of these securities as loans and receivables.

Fair value reserve (Note 29) includes fair value losses in relation to the reclassified securities not yet derecognised as at the date of the statement of financial position amounting to \$282,606,959 (2014 – \$341,689,000).

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

9. Financial Investments (Continued)

Reclassification of Financial Investments (continued)

The carrying value (excluding accrued interest) and fair value of these securities as at the date of the statement of financial position were as follows:

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2015	2015	2014	2014
	\$'000	\$'000	\$'000	\$'000
Government of Jamaica securities	5,275,817	6,175,199	5,545,922	6,373,157
Other securities	43,651	41,639	88,156	55,946
	<u>5,319,468</u>	<u>6,216,838</u>	<u>5,634,079</u>	<u>6,429,103</u>

	The Group	
	2015	2014
	\$'000	\$'000
Cumulative net fair value gains/(losses) at beginning of year	273,309	(713,105)
Net fair value gains for the year	164,788	1,015,166
Disposals	34,010	25,354
Effect of exchange rate changes	15,149	(54,106)
Cumulative net fair value gains at end of year	<u>487,256</u>	<u>273,309</u>

There was no reclassification of financial assets during the year.

The following are included in the income statement for investments reclassified in 2008:

	The Group	
	2015	2014
	\$'000	\$'000
Interest income	516,332	509,614
Foreign exchange gains	242,077	399,658
	<u>758,409</u>	<u>909,272</u>

Fair value gains of \$164,788,000 (2014 – (\$1,015,166,000)) for the Group would have been recognised in other comprehensive income during the year had these securities not been reclassified.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

10. 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	
	2015	2014
	\$'000	\$'000
Derivatives – Assets		
(i) Cross currency swap	-	574,149
(ii) Equity indexed options	192,303	187,583
	<u>192,303</u>	<u>761,732</u>
Derivatives - Liabilities		
(i) Cross currency swap	-	528,783
(ii) Equity indexed options	192,303	187,403
	<u>192,303</u>	<u>716,186</u>

(i) Cross currency swap

Sagicor Investments Jamaica Limited entered into a currency swap with an initial notional principal amount of €45 million maturing in February 2015. Under the terms of this swap, the company pays Euro at a rate of 5% and receives 4.26% in US dollars on the notional principal amount.

(ii) 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 33). 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

11. Loans and Leases, after Allowance for Credit Losses

	The Group	
	2015	2014
	\$'000	\$'000
Gross loans and advances	45,293,828	40,798,047
Less: Allowance for credit losses	<u>(1,766,230)</u>	<u>(2,305,325)</u>
	43,527,598	38,492,722
Loan interest receivable	134,494	195,880
	43,662,092	38,688,602
Lease receivables	98,969	119,447
	<u>43,761,061</u>	<u>38,808,049</u>

The current portion of loans and advances amounted to \$7,377,109,000 (2014 - \$10,832,066,000) for the Group.

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

	The Group			
	Loans		Leases	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Total non-performing loans/leases	<u>2,252,154</u>	<u>3,515,775</u>	<u>7,767</u>	<u>13,767</u>
Balance at beginning of year	2,305,325	236,632	2,260	15,721
On acquisition of subsidiary	-	1,791,095	-	-
Movement during the year -				
Charged against profit during the year	303,547	281,064	-	-
Recoveries of bad debts	(131,912)	(55,957)	-	(13,461)
Charged in the income statement	171,635	225,107	-	(13,461)
Recoveries	(747,745)	(21,371)	-	-
Currency revaluation adjustment	37,015	73,862	-	-
Balance at end of year	<u>1,766,230</u>	<u>2,305,325</u>	<u>2,260</u>	<u>2,260</u>

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

	The Group	
	2015	2014
	\$'000	\$'000
Specific provision	1,443,316	2,817,008
General provision	530,675	457,454
	<u>1,973,991</u>	<u>3,274,462</u>
Excess of regulatory provision over IFRS provision recognised in the Bank reflected in non-distributable loan loss reserve (Note 31 (b))	<u>1,421,097</u>	<u>174,173</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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

Lease receivables:

	The Group	
	2015 \$'000	2014 \$'000
Gross investment in finance leases -		
Not later than one year	77,343	86,054
Later than one year and not later than five years	53,088	62,000
	<u>130,431</u>	<u>148,054</u>
Less: Unearned income	(30,455)	(34,953)
Net investment in finance leases	<u>99,976</u>	<u>113,101</u>
Net investment in finance leases -		
Not later than one year	46,888	51,101
Later than one year and not later than five years	53,088	62,000
	<u>99,976</u>	<u>113,101</u>
Less: Provision for credit losses	(2,260)	(2,260)
Interest receivable	1,253	8,606
	<u>98,969</u>	<u>119,447</u>

12. 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			
	Asset		Related Liability	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Placements with other banks pledged as collateral for letters of credit	-	-	-	-
Balance with regulators	124,448	127,066	-	-
Investment securities and securities sold under repurchase agreements	28,108,610	99,479,74 6	21,953,330	82,418,361
	<u>28,233,058</u>	<u>99,606,81 2</u>	<u>21,953,330</u>	<u>82,418,361</u>

Of the assets pledged as security, the following represents the total for those assets pledged for which the transferee has the right by contract or custom to sell or re-pledge the collateral.

	The Group	
	2015 \$'000	2014 \$'000
Investment securities	<u>6,184,591</u>	<u>8,402,683</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

13. Investment Properties

	The Group	
	2015 \$'000	2014 \$'000
At beginning of year	871,888	782,345
Acquired during the year	12,888	181,054
Disposed during the year	(453,962)	-
Fair value gains/(losses)	20,144	(114,454)
Foreign exchange gains	21,042	22,943
At end of year	<u>472,000</u>	<u>871,888</u>

The investment properties as at 31 December 2015 were valued at current market value by Clinton Cunningham & Associates, qualified property appraisers and valuers.

Rental income and repairs and maintenance expenditure in relation to investment properties are as follows:

	The Group	
	2015 \$'000	2014 \$'000
Rental income	34,965	18,486
Direct operating expenses	<u>(44,507)</u>	<u>(40,503)</u>

The valuations of investment property have been classified as Level 3 of the fair value hierarchy under IFRS 13, *Fair Value Measurement*. The valuations have been performed using a sales comparison approach but, as there have been a limited number of similar sales in the local market, incorporate unobservable inputs determined based on the valuers' judgement regarding size, age, condition and state of the local economy.

14. Investment in Joint Venture

	The Group	
	2015 \$'000	2014 \$'000
At 1 January	738,718	639,235
Capital injection	17,688	41,106
Share of (losses)/gains	(33,082)	6,310
Movement in other reserves	35,791	52,067
At 31 December	<u>759,115</u>	<u>738,718</u>

At the end of 2015, the company's share of capital invested was US\$6.77 million (2014-US\$6.62 million).

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

14. 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 summarized financial information for Sagicor Costa Rica, S. A. which is accounted for using the equity method.

Summarised Balance Sheet

	The Group	
	2015 \$'000	2014 \$'000
Current assets		
Cash and cash equivalents	432,746	127,730
Other current assets	673,728	139,529
	<u>1,106,474</u>	<u>267,259</u>
Non-current assets		
Investments	463,462	1,190,628
Other non-current asset	27,366	17,158
	<u>490,828</u>	<u>1,207,786</u>
Total Assets	<u>1,597,302</u>	<u>1,475,045</u>
Current liabilities		
Provision for unearned premiums	219,378	104,072
Other liabilities	17,232	143,980
	<u>236,610</u>	<u>248,051</u>
Total Liabilities	<u>236,610</u>	<u>248,051</u>
Net Assets	<u>1,360,692</u>	<u>1,226,994</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

14. Investment in Joint Venture (Continued)

Summarised Financial Information of Joint Venture (Continued)

Summarised statement of comprehensive income

	The Group	
	2015 \$'000	2014 \$'000
Insurance revenue	687,798	183,029
Insurance expenses	(623,952)	(20,116)
Underwriting profit	63,846	162,913
Other income	44,766	92,957
Operating expenses	(170,760)	(243,251)
Net (loss)/profit	(62,148)	12,619
Taxation	(4,016)	-
	<u>(66,164)</u>	<u>12,619</u>
Other comprehensive income	(2,224)	28,272
Total comprehensive income	<u>(68,388)</u>	<u>40,891</u>

Reconciliation of summarised financial information

Opening net assets at 1 January	1,360,467	1,278,470
Capital injection	17,688	41,106
Net (loss)/profit for the period	(66,164)	12,619
Other comprehensive income	(2,224)	28,272
Closing net assets	<u>1,309,767</u>	<u>1,360,467</u>

Reconciliation of the Group's share of 50% net assets –

Opening net assets at 1 January	738,718	639,235
Intangible assets including goodwill	20,397	99,483
Carrying value	<u>759,115</u>	<u>738,718</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

15. 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 the Sagicor Real Estate X Fund Limited, Sagicor Pooled Investment Fund Limited and Sagicor Sigma Unit Trust (ten funds) to provide customers and pension funds with several investment opportunities.

(i) Sagicor Real Estate X Fund Limited

Sagicor Real Estate X Fund Limited has independent directors. The company is 67.71% owned by the Sagicor Pooled Investment Fund Limited, which is administered by the Group, through one of its subsidiaries, Sagicor Life Jamaica Limited. The company's only investment is units in one of the ten portfolios managed by Sagicor Sigma Unit Trust, the Sagicor Sigma Real Estate Portfolio. The fund manager for the ten funds operated by Sagicor Sigma Unit Trust is one of the Group subsidiaries, Sagicor Investments Jamaica Limited. The company main business activity is to invest in real estate activities.

During the year the company became an associate of the Group. See Note 16 for further details.

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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

15. Interest in Structured Entities (Continued)

Unconsolidated Structured Entity (continued)

(ii) Sagicor Pooled Investment Fund

Sagicor Pooled Investment Fund Limited administers assets of the Pooled Pension Investment Funds which are held in trust on behalf of pension funds. The trust has independent trustees. The administration of the assets in trust is done by one of the Group's subsidiaries, Sagicor Life Jamaica Limited. The investment manager of these Funds is also one of the Group's subsidiaries, Sagicor Investment 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.

The table below shows the total assets of the company, the Group's interest in and income arising from involvement with the company 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 company 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	
	2015 \$'000	2014 \$'000
Total assets of the company	97,985,796	73,650,002
Maximum exposure to loss	12,324,426	8,150,172
Total income from the Group's interests	<u>1,861,129</u>	<u>823,325</u>

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.

(iii) Sagicor Sigma Unit Trust

The Group established the Sagicor Sigma Unit Trust to provide customers with investment opportunities. The Unit Trust comprises ten portfolios.

The Unit Trust has an independent trustee. One of the Group's subsidiaries, Sagicor Investment 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 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

15. Interest in Structured Entities (Continued)

Unconsolidated Structured Entity (continued)

(iii) Sagicor Sigma Unit Trust (continued)

	The Group	
	2015 \$'000	2014 \$'000
Total assets of the Unit Trust	68,772,847	59,186,399
The Group's interest – Carrying value of units held (included in available-for-sale investment securities – Note 10)	13,943,807	11,062,439
Maximum exposure to loss	(13,943,807)	11,062,439
Liability to the Unit Trust in relation to investment in repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	5,887,548	12,776,172
Total income from the Group's interests	<u>1,146,773</u>	<u>552,944</u>

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.

16. Investment in Associated Company

In September 2015, Sagicor Group acquired 598,134,700 Sagicor Real Estate X Fund shares, a 21% interest, by way of a non-renounceable rights issue at \$6.95 per share. This acquisition took the Sagicor Group's holding to 29.3%. At December 2014, the Sagicor Group owned 12.30% which was diluted to 8% with the rights issue.

Sagicor Real Estate X Fund is an international business company incorporated under the International Business Act, 1999 (as amended) of Saint Lucia. Sagicor Real Estate X Fund is listed on the Jamaica Stock Exchange and its main activity is to invest in real estate.

Included in the carrying value for the investment acquired in this financial year is goodwill of \$1,265,006,000 which has been provisionally determined, as allowed by IFRS 3. Should the finalized determination of the value of these intangibles in the next financial year be a materially different value, the financial statements will have to be restated during the next financial year.

There are no contingent liabilities relating to the Group's interest in the associated company.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

16. Investment in Associated Company (Continued)

(a) The investment in associated company is represented as follows:

	The Group 2015 \$'000	The Company 2015 \$'000
Investment, at cost	4,755,085	3,305,560
Share of:		
Income before taxes	88,072	-
Income taxes	6,130	-
	94,202	-
Other comprehensive income	19,938	-
Investment, end of year	<u>4,869,225</u>	<u>3,305,560</u>

(b) Summarised Financial Information of Associated Company

Set out below are the summarized financial information for Sagicor Real Estate X Fund Limited which is accounting for using the equity method.

Summary Balance Sheet

	The Group and the Company 2015 \$'000
Current assets:	
Cash and cash equivalents	2,396,101
Other current assets	1,235,416
	<u>3,631,517</u>
Non-current assets:	
Investments	10,831,875
Other non-current asset	19,395,729
	<u>30,227,604</u>
Total Assets	<u>33,859,121</u>
Current liabilities:	
Loans Payable	5,422,683
Other liabilities	954,323
	<u>6,377,006</u>
Non-current liabilities:	
Loan Payable	11,648,564
Other liabilities	186,586
	<u>11,835,150</u>
Total Liabilities	<u>18,212,156</u>
Net Assets	<u>15,646,965</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

16. Investment in Associated Company (Continued)

(b) Summarised Financial Information of Associated Company (Continued)

Summarised statement of comprehensive income

	The Group and The Company
	2015
	\$'000
Revenue	5,570,529
Other operating income	1,041,611
Operating expenses	<u>(5,146,991)</u>
Net loss	1,465,149
Taxation	<u>(167,754)</u>
	1,297,395
Other comprehensive income	82,684
Total comprehensive income	<u>1,380,079</u>
Reconciliation of the Group's 29.3% interest:	
Share of net assets	4,584,561
Intangible assets including goodwill	284,664
Carrying value	<u>4,869,225</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries

(a) Investment in subsidiaries

	2015	2014
	\$'000	\$'000
<i>Shares in:</i>		
Sagicor Life Jamaica Limited (i)	34,257,354	34,257,354
Sagicor St. Lucia Limited (ii)	621,975	604,286
Sagicor Insurance Brokers Limited (ii)	33,181	33,181
Sagicor International Administrators Limited (ii)	5,783	5,783
Sagicor Property Services Limited (ii)	150,000	100,000
Sagicor Pooled Investments Limited (ii)	1	1
Sagicor Investments Jamaica Limited (iii)	10,742,300	10,742,300
Sagicor Bank Jamaica Limited (iii)	11,821,188	11,701,558
Sagicor Securities Jamaica Limited	583,974	1
	<u>58,215,756</u>	<u>57,444,464</u>

- (i) Acquisition of Sagicor Life Jamaica Limited (SLJ) shares via share swap
As part of the Group's re-organisation (Note1(b)) in December 2013, the shareholders of SLJ exchanged their shareholdings for shares in Sagicor Group Jamaica Limited (SGJ) of same quantity and value. These SLJ shares were cancelled and new shares issued in the name of SGJ. SLJ therefore became a wholly owned subsidiary of SGJ.
- (ii) Subsidiary shares acquired
As part of the Group's re-organisation on December 31, 2013, SGJ acquired all the outstanding shares of the subsidiaries formerly owned by SLJ excluding Sagicor Investments Jamaica Limited and its subsidiaries.
- (iii) Acquisition of Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited
As part of the second phase of the Group's re-organization (Note 1(b)) in May 2014, shares held in Sagicor Investments Jamaica Limited were transferred to Sagicor Group Jamaica Limited and \$144,643,138 of Sagicor Group Jamaica Limited shares were issued to acquire the 14.55% minority shareholdings. Full ownership of Sagicor Investment Jamaica Limited and Sagicor Bank Jamaica Limited were therefore transferred to Sagicor Group Jamaica Limited.
- (iv) Acquisition of Sagicor Securities Jamaica Limited (SSJL)
As part of the Group's re-organisation (Note1(b)) in December 2015, 80% interest held in SSJL by Sagicor Bank Jamaica Limited was transferred to Sagicor Group Jamaica Limited. The transfer was by way of debenture with the exchange value equivalent to 80% of net asset value of SSJL at December 31, 2015. SSJL became a wholly owned subsidiary of SGJ.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

18. Intangible Assets

	The Group				
	Goodwill	Contractual Customer Relationship	Trade Names	Computer Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -					
At 1 January 2014	2,131,990	3,414,499	473,433	845,445	6,865,367
Additions	-	-	-	164,623	164,623
On acquisition of subsidiary	-	1,139,000	-	-	1,139,000
Translation adjustment	44,008	-	-	304	44,312
At 31 December 2014	2,175,998	4,553,499	473,433	1,010,372	8,213,302
Additions	-	-	-	1,460,387	1,460,387
Disposal	-	-	-	(236,078)	(236,078)
Translation adjustment	29,800	-	-	243	30,043
At 31 December 2015	2,205,798	4,553,499	473,433	2,234,924	9,467,654
Amortisation -					
At 1 January 2014	-	1,695,355	473,433	681,070	2,849,858
Amortisation charge	-	234,947	-	74,869	309,816
Impairment Charge	-	427,683	-	-	427,683
Translation adjustment	-	8,646	-	298	8,944
At 31 December 2014	-	2,366,631	473,433	756,237	3,596,301
Amortisation charge	-	214,415	-	203,345	417,760
Relieved on Disposals	-	-	-	(209,534)	(209,534)
Translation adjustment	-	-	-	75	75
At 31 December 2015	-	2,581,046	473,433	750,123	3,804,602
Net Book Value -					
31 December 2014	2,175,998	2,186,868	-	254,135	4,617,001
31 December 2015	2,205,798	1,972,453	-	1,484,801	5,663,052

Amortisation charges of \$417,760,000 (2014 - \$309,816,000) have been included in expense for the Group.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

18. Intangible Assets (Continued)

	The Company	
		Computer Software
		\$'000
Cost -		
At 1 January 2014 and 31 December 2014		6,078
Additions		1,300,550
At 31 December 2015		1,306,628
Amortisation -		
At 1 January 2014 and 31 December 2014		203
Amortisation charge		109,039
At 31 December 2015		109,242
Net Book Value -		
31 December 2014		5,875
31 December 2015		1,197,386

Amortisation charges of \$109,039,000 (2014 - Nil) have been included in expense for the Company.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

18. Intangible Assets (Continued)

The allocation of goodwill to the Group's and the company's Cash Generating Units (CGUs) is as follows:

	The Group	
	2015	2014
	\$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	598,819	570,688
Sagicor Investments Jamaica Limited (formerly Pan Caribbean Financial Services Limited)	186,066	186,066
Sagicor Insurance Managers Ltd.	35,596	33,927
	<u>2,205,798</u>	<u>2,175,998</u>

At 31 December 2015, management tested goodwill and the unamortised balance of other purchased intangibles allocated to Sagicor Group Jamaica Individual Lines Division, Sagicor Life Jamaica Employee Benefits Division, Sagicor Life of the Cayman Islands Individual Lines Division, Sagicor Insurance Managers Ltd. and Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited for impairment.

The recoverable amounts of Sagicor Group Jamaica Individual Lines Division, Sagicor Group Jamaica Employee Benefits Division and Sagicor Life of the Cayman Islands Individual Lines Division CGUs are determined on the Capitalised Earnings Approach. 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.

The recoverable amounts of the non-life CGUs, Sagicor Investments Jamaica Limited, Sagicor Bank Jamaica Limited and Sagicor Insurance Managers Ltd. are determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long term average growth rate for the business in which the CGU operates.

There was no impairment of any of the Group's CGUs.

Key assumptions used for the impairment calculations are as follows:

	Earnings Multiple	Earnings Growth Rate	Capital Expenditure to EBT	Discount Rate
Sagicor Life Jamaica Individual Life Division	7.4	-	-	-
Sagicor Life Jamaica Employee Benefits Division	7.8	-	-	-
Sagicor Life of the Cayman Islands Individual Life Division	8.0	-	-	-
Sagicor Investments Jamaica Limited	-	5.75%	9.00%	17.83%
Sagicor Bank Jamaica Limited	-	6.25%	9.00%	20.19%
Sagicor Insurance Managers Ltd.	-	2.00%	-	13.36%

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

19. Property, Plant and Equipment

	The Group					Total
	Leasehold Buildings & Improvements	Freehold Land & Buildings	Furniture & Equipment	Motor Vehicles	Capital Works in Progress	
Cost or Valuation -	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2014	610,779	896,746	1,531,665	104,340	-	3,143,530
Additions	109,263	8,855	326,142	39,601	-	483,860
On acquisition of subsidiary	107,837	1,492,687	1,519,560	23,545	-	3,143,629
Revaluation adjustments	-	76,439	-	-	-	76,439
Disposals	-	-	(1,143,464)	(4,550)	-	(1,148,014)
Translation adjustment	3,213	-	3,993	2,134	-	9,340
At 31 December 2014	831,092	2,474,727	2,237,896	165,070	-	5,708,784
Transferred from Investment properties	-	-	-	-	453,962	453,962
Additions	121,536	71,623	343,624	16,198	-	552,981
Revaluation adjustments	-	90,391	-	-	-	90,391
Disposals	(153,532)	-	(104)	(21,862)	-	(175,498)
Translation adjustment	2,171	-	2,699	(4,000)	-	870
At 31 December 2015	<u>801,267</u>	<u>2,636,741</u>	<u>2,584,115</u>	<u>155,406</u>	<u>453,962</u>	<u>6,631,490</u>
Accumulated Depreciation -						
At 1 January 2014	274,532	747	1,137,558	54,120	-	1,466,957
Charges for the year	67,872	21,649	165,555	21,842	-	276,918
On acquisition of subsidiary	62,918	214,027	1,295,538	19,125	-	1,591,608
Relieved on revalued assets	-	(9,251)	-	-	-	(9,251)
Relieved on disposals	-	-	(1,127,737)	(3,355)	-	(1,131,092)
Translation adjustment	1,530	-	3,362	2,016	-	6,908
At 31 December 2014	406,852	227,172	1,474,276	93,749	-	2,202,048
Charges for the year	70,115	33,388	221,087	24,732	-	349,322
Relieved on revalued assets	-	(11,662)	-	(556)	-	(12,218)
Relieved on disposals	(85,563)	-	(90)	(18,929)	-	(104,582)
Translation adjustment	1,295	-	2,430	(2,032)	-	1,693
At 31 December 2015	<u>392,699</u>	<u>248,898</u>	<u>1,697,703</u>	<u>96,964</u>	<u>-</u>	<u>2,436,263</u>
Net Book Value -						
31 December 2014	<u>424,240</u>	<u>2,247,555</u>	<u>763,620</u>	<u>71,321</u>	<u>-</u>	<u>3,506,736</u>
31 December 2015	<u>408,568</u>	<u>2,387,843</u>	<u>886,412</u>	<u>58,442</u>	<u>453,962</u>	<u>4,195,227</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

19. Property, Plant and Equipment (Continued)

The Company	Furniture & Equipment
	\$'000
Cost or Valuation -	
At 1 January 2014 and 31 December 2014	325
Additions	206,608
At 31 December 2015	206,933
Accumulated Depreciation -	
At 1 January 2014 and 31 December 2014	27
Charges for the year	17,298
At 31 December 2015	17,325
Net Book Value -	
31 December 2014	298
31 December 2015	189,608

In accordance with the Group's policy, owner-occupied properties were independently revalued during the year by professional real estate valuers. The excess of the carrying value of these property, plant and equipment over the revaluation on such date, amounting to \$102,053,720 (2014 - \$931,378,372), has been 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	
	2015	2014
	\$'000	\$'000
Cost	565,102	837,215
Accumulated depreciation	(36,194)	(174,029)
Net book value	528,908	663,186
Carrying value of revalued assets	1,142,500	2,037,080

20. Reinsurance Contracts

	The Group	
	2015	2014
	\$'000	\$'000
Claims recoverable from reinsurers	290,154	211,973
Unearned premiums ceded to reinsurers	121,845	118,081
Reinsurers share of insurance liabilities	20,969	50,768
	432,968	380,822

The reinsurers' share of actuarial liabilities represents balances which are short-term and expected to be settled within one year.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits

	The Group	
	2015	2014
	\$'000	\$'000
Retirement benefit assets -		
Pension scheme	8,695	58,912
Retirement benefit obligations -		
Pension scheme	1,341,748	702,611
Other post-retirement benefits	3,125,725	2,658,483
	4,467,473	3,361,094
Pension schemes comprised the following -		
	2015	2014
	\$'000	\$'000
Retirement benefit assets	(8,695)	(58,913)
Retirement benefit obligations	1,341,748	702,611
	1,333,053	643,698

The Group operates the following pension plans:

- (i) Sagicor Life Jamaica Limited operates a defined contribution plan for eligible sales agents and admin staff joining on or after August 1, 2009 and defined benefit plan for eligible administrative staff before August 1, 2009. The assets are held in a trust fund and are separate and apart from the assets of the company. The benefits for the DB plan are based on service and salary, whereas the benefits for agents are based on contributions and interest. The solvency level (the ratio of assets to past service liabilities) as at the last triennial funding valuation (2012) was 106%.
- (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 former Sagicor Bank Jamaica Limited operate a number of pension schemes covering all permanent employees. The assets of funded plans are held independently of the Group'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 (2013) was 99%.
- (iv) Sagicor Bank Jamaica Limited, formerly RBC Bank Jamaica Limited, has a defined contribution plan covering all permanent employees. The solvency level (the ratio of assets to past service liabilities) as at the last triennial funding valuation (2013) was 107%.

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 absorbed by the Group.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits (Continued)

(a) Pension schemes

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

	The Group	
	2015	2014
	\$'000	\$'000
Present value of funded obligations	16,652,537	13,006,849
Fair value of plan assets	(15,319,484)	(12,363,151)
Deficit of funded plan	1,333,053	643,698
Liability in the balance sheet	<u>1,333,053</u>	<u>643,698</u>

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

	The Group	
	2015	2014
	\$'000	\$'000
Liability	13,006,849	9,453,057
Liability assumed on acquisition of subsidiary	-	2,605,100
Current service cost	428,275	487,966
Interest cost	1,236,826	1,079,306
Net expense recognised in income	1,665,101	1,567,272
Re-measurements:		
Losses from changes in financial assumptions	894,313	-
Losses/(Gains) from changes in experience	767,101	(817,508)
Net losses recognised in other comprehensive income	1,661,414	(817,508)
Contributions by the members	450,733	444,289
Value of purchased annuities	903,372	257,483
Benefits paid	(1,034,932)	(980,247)
Past service cost	-	477,403
Net Liability, end of year	<u>16,652,537</u>	<u>13,006,849</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits (Continued)

(c) Pension schemes (continued)

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

	The Group	
	2015	2014
	\$'000	\$'000
Balance	12,363,151	8,301,868
Assets assumed on acquisition of subsidiary	-	2,545,713
Contributions made by the employer	344,714	362,631
Contributions by the members	450,733	444,289
Value of purchased annuities	903,372	257,483
Benefits paid	(1,034,932)	(980,247)
Interest income on plan assets	1,211,221	1,025,778
Re-measurement:		
Gains from changes in financial assumptions	171,026	-
Gains from changes in experience	910,199	405,636
Net gains recognised in other comprehensive income	1,081,225	405,636
Balance, end of year	<u>15,319,484</u>	<u>12,363,151</u>

The amounts recognised in the income statements as follows:

	The Group	
	2015	2014
	\$'000	\$'000
Current service cost	428,275	487,966
Past service cost	-	477,403
Interest cost on plan obligation	1,236,826	1,079,306
Interest income on plan assets	(1,211,221)	(1,025,778)
Total, included in staff cost (Note 45)	<u>453,880</u>	<u>1,018,897</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in other comprehensive income is as follows:

	The Group	
	2015	2014
	\$'000	\$'000
Change in financial assumptions	723,287	-
Experience adjustments	(143,098)	(1,223,144)
	580,189	(1,223,144)
Deferred tax	(221,183)	196,549
	<u>359,006</u>	<u>(1,026,595)</u>

The principal actuarial assumptions used were as follows:

	The Group	
	2015	2014
Discount rate - J\$ benefits	8.50%	9.50%
Discount rate - US\$ Indexed benefits	5.00%	6.50%
Net discount rate	8.50%	9.50%
Inflation	5.00%	5.50%
Administrative fees	0.50%	0.50%
Expected return on plan assets	9.50%	9.50%
Future salary increases	6.50%	6.00%
Future pension increases	2.00%	2.00%
Investment fees	-	1.00%
Administrative expenses	0.50%	1.00%
Minimum Funding Rate (MFR) as a % of payroll	0.25%	0.25%
Average expected remaining working lives (years)	<u>17</u>	<u>17</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits (Continued)

(a) Pension schemes (continued)

Pension plan assets are comprised as follows:

	The Group			
	2015	%	2014	%
	\$'000		\$'000	
Equities	2,764,739	18	2,266,663	18
Mortgages and real estate	2,385,984	16	1,517,094	12
Money market fund	1,970,276	13	596,882	5
Fixed income fund	1,832,288	12	2,479,573	20
Foreign currency fund	1,998,381	13	2,031,878	16
Global market fund	794,391	5	592,182	5
Diversified investment fund	166,726	1	534,121	4
Inflation-linked	763,272	5	697,146	6
	12,676,057	83	10,715,539	87
Value of purchased annuities	2,643,427	17	1,647,612	13
	<u>15,319,484</u>	<u>100</u>	<u>12,363,151</u>	<u>100</u>

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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits (Continued)

(b) Other post-retirement benefits

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

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

	<u>The Group</u>	
	2015	2014
	\$'000	\$'000
Present value of unfunded obligations	3,277,268	2,796,881
Fair value of plan assets	<u>(151,543)</u>	<u>(138,398)</u>
Liability in the statement of financial position	<u>3,125,725</u>	<u>2,658,483</u>

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

	<u>The Group</u>	
	2015	2014
	\$'000	\$'000
Liability at beginning of year	2,796,881	1,634,467
Liability assumed on acquisition of subsidiary	-	1,035,659
Current service cost	142,153	154,192
Interest cost	<u>262,852</u>	<u>281,412</u>
Net expense recognised in income	405,005	435,604
Re-measurement:		
Losses from changes in financial assumptions	720,347	-
(Gains)/losses from changes in experience	<u>(584,695)</u>	<u>35,763</u>
Net losses recognised in other comprehensive income	135,652	35,763
Benefits paid	<u>(60,270)</u>	<u>(45,983)</u>
Curtailed gain	-	(157,335)
Post service cost	-	(141,294)
Net Liability, end of year	<u>3,277,268</u>	<u>2,796,881</u>

The principal actuarial assumption used was as follows:

	<u>The Group</u>	
	2015	2014
Rate of medical inflation	<u>7%</u>	<u>8%</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits (Continued)

(b) Other post-retirement benefits (continued)

The amounts recognised in the income statements are as follows:

	<u>The Group</u>	
	2015	2014
	\$'000	\$'000
Current service cost	142,153	154,192
Curtailed gain	-	(157,335)
Past service cost	-	(141,294)
Interest cost	262,852	281,412
Benefits paid	<u>(13,148)</u>	<u>(12,007)</u>
Total, included in staff cost (Note 45)	<u>391,857</u>	<u>124,968</u>

The amounts recognised in other comprehensive income is as follows:

	<u>The Group</u>	
	2015	2014
	\$'000	\$'000
Change in financial assumptions	720,347	-
Experience adjustments	<u>(584,695)</u>	<u>35,763</u>
	135,652	35,763
Deferred tax	<u>(52,688)</u>	<u>(13,516)</u>
	<u>82,964</u>	<u>22,247</u>

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

	<u>The Group</u>	
	2015	2014
	\$'000	\$'000
Balance	138,395	126,388
Interest income on plan assets	<u>13,148</u>	<u>12,010</u>
Balance, end of year	<u>151,543</u>	<u>138,398</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. 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 investment.

(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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits (Continued)

(d) Sensitivity tests

(i) The effect of a 1% increase/decrease in the medical inflation rate assumption:

	Decrease by 1% Increase/ (Decrease) in Health & Life benefits \$'000	Increase by 1% Increase/ (Decrease) in Health & Life benefits \$'000
Sagicor Life Jamaica Limited	(263,249)	339,363
Sagicor Property Services Limited	(6,990)	9,211
Sagicor Investments Jamaica Limited	(26,847)	37,301
Sagicor Bank Jamaica Limited	(257,693)	352,050
Total Group	<u>(554,779)</u>	<u>737,925</u>

(ii) Impact of a 1% increase/decrease in the discount rate assumption:

	Decrease by 1% Increase/ (Decrease) in Pension benefits \$'000	Decrease by 1% Increase/ (Decrease) in Health & Life benefits \$'000	Total \$'000
Sagicor Life Jamaica Limited	1,010,564	369,896	1,380,460
Sagicor Property Services Limited	39,518	9,690	49,208
Sagicor Investments Jamaica Limited	87,883	39,051	126,934
Sagicor Bank Jamaica Limited	200,141	363,170	563,311
Total Group	<u>1,338,106</u>	<u>781,807</u>	<u>2,119,913</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits (Continued)

(d) Sensitivity tests (continued)

(ii) Impact of a 1% increase/decrease in the discount rate assumption (Continued):

	Increase by 1% Increase/ (Decrease) in Pension benefits \$'000	Increase by 1% Increase/ (Decrease) in Health & Life benefits \$'000	Total \$'000
Sagikor Life Jamaica Limited	(778,909)	(284,175)	(1,063,084)
Sagikor Property Services Limited	(30,163)	(7,265)	(37,428)
Sagikor Investments Jamaica Limited	(65,457)	(27,825)	(93,282)
Sagikor Bank Jamaica Limited	(160,686)	(262,869)	(423,555)
Total Group	<u>(1,035,215)</u>	<u>(582,134)</u>	<u>(1,617,349)</u>

(iii) Impact of a 1% increase/decrease in future salary increases:

	Decrease by 1% Increase/ (Decrease) in Pension benefits \$'000	Decrease by 1% Increase/ (Decrease) in Health & Life benefits \$'000	Total \$'000
Sagikor Life Jamaica Limited	(348,186)	369,896	21,710
Sagikor Property Services Limited	(15,340)	659	(14,681)
Sagikor Investments Jamaica Limited	(35,006)	(1,097)	(36,103)
Sagikor Bank Jamaica Limited	(28,374)	(6,613)	(34,987)
Total Group	<u>(426,906)</u>	<u>362,845</u>	<u>(64,061)</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits (Continued)

(d) Sensitivity tests (continued)

(iii) Impact of a 1% increase/decrease in future salary increases (Continued):

	Increase by 1% Increase/ (Decrease) in Pension benefits \$'000	Increase by 1% Increase/ (Decrease) in Health & Life benefits \$'000	Total \$'000
Sagikor Life Jamaica Limited	412,055	(284,175)	127,880
Sagikor Property Services Limited	17,854	1,087	18,941
Sagikor Investments Jamaica Limited	40,296	1,306	41,602
Sagikor Bank Jamaica Limited	32,078	7,737	39,815
Total Group	<u>502,283</u>	<u>(274,045)</u>	<u>228,238</u>

(iv) Impact of a 1% increase/decrease in future pension increases:

	Decrease by 1% Increase/ (Decrease) in Pension benefits \$'000	Increase by 1% Increase/ (Decrease) in Pension benefits \$'000
Sagikor Life Jamaica Limited	(1,017,699)	1,191,875
Sagikor Property Services Limited	(16,906)	19,838
Sagikor Investments Jamaica Limited	(34,959)	41,025
Sagikor Bank Jamaica Limited	(373,679)	438,575
Total Group	<u>(1,443,243)</u>	<u>1,691,313</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits (Continued)

(v) Impact of a 1 year change in life expectancy

	Decrease by 1 year Increase/ (Decrease) in Pension benefits \$'000	Decrease by 1 year Increase/ (Decrease) in Health & Life benefits \$'000	Total \$'000
Sagicor Life Jamaica Limited	(176,406)	(59,014)	(235,420)
Sagicor Property Services Limited	(3,257)	(1,243)	(4,500)
Sagicor Investments Jamaica Limited	(4,756)	(3,199)	(7,955)
Sagicor Bank Jamaica Limited	(21,799)	(32,454)	(54,253)
Total Group	<u>(206,218)</u>	<u>(95,910)</u>	<u>(302,128)</u>

	Increase by 1 year Increase/ (Decrease) in Pension benefits \$'000	Increase by 1 year Increase/ (Decrease) in Health & Life benefits \$'000	Total \$'000
Sagicor Life Jamaica Limited	174,220	58,783	233,003
Sagicor Property Services Limited	3,168	1,233	4,401
Sagicor Investments Jamaica Limited	4,567	3,171	7,738
Sagicor Bank Jamaica Limited	21,284	32,279	53,563
Total Group	<u>203,239</u>	<u>95,466</u>	<u>298,705</u>

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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits (Continued)

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 fixed interest securities 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. The Bank has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2015 consists of bonds and equities.

The weighted average duration of the defined benefit obligation range from 32 years (2014 – 32 years) to 44 years (2014 – 35 years).

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

22. Deferred Income Taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal rate of:

- 20% for the company;
- 25% (2014:15%) for Sagicor Life Jamaica Limited
- 33½% for Sagicor Investments Jamaica Limited
- 33½% for Sagicor Bank Jamaica Limited and
- 25% for Sagicor Property Services Limited

The subsidiaries incorporated in Grand Cayman operate under a zero tax regime.

Deferred tax assets and liabilities, net recognized on the statement of financial position are as follows:

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deferred income tax assets, net	(4,652,992)	(3,018,293)	(88,261)	-
	<u>(4,652,992)</u>	<u>(3,018,293)</u>	<u>(88,261)</u>	<u>-</u>

The movement on the deferred income tax account is as follows:

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Balance as at 1 January	(3,018,293)	(296,963)	-	-
On acquisition of subsidiary	-	(2,707,682)	-	-
Charged/(credited) to the income statement (Note 46(a))	(160,015)	(366,225)	(88,261)	-
Tax charged/(credited) to components in other comprehensive income (Note 46(c))	(1,474,684)	353,577	-	-
	<u>(4,652,992)</u>	<u>(3,018,293)</u>	<u>(88,261)</u>	<u>-</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

22. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deferred tax assets to be recovered after more than 12 months	(5,189,767)	(3,592,350)	(88,261)	-
Deferred tax liabilities to be settled after more than 12 months	<u>784,716</u>	<u>1,603,445</u>	<u>-</u>	<u>-</u>

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

	The Group		The Company	
	2015 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Deferred income tax assets -				
Property, plant and equipment	(517)	(4,940)	-	-
Investment securities - available-for-sale	(1,488,481)	(159,456)	-	-
Trading Securities	(7,544)	(63,891)	-	-
Pensions and other post-retirement benefits	(1,253,567)	(787,138)	-	-
Interest payable	(205,506)	(17,725)	(165,009)	-
Tax losses unused	(2,332,782)	(2,772,092)	-	-
Derivatives	(28,048)	-	-	-
Other	<u>(186,950)</u>	<u>(242,749)</u>	<u>-</u>	<u>-</u>
	<u>(5,503,395)</u>	<u>(4,047,991)</u>	<u>(165,009)</u>	<u>-</u>
Deferred income tax liabilities -				
Property, plant and equipment	370,341	118,552	71,131	-
Trading securities	-	16,543	-	-
Investment securities - available-for-sale	29,267	34,486	-	-
Impairment losses on loans	65,505	586,236	-	-
Pensions and other post-retirement benefits	-	14,684	-	-
Interest receivable	276,588	117,978	5,617	-
Derivatives	12,999	-	-	-
Unrealised foreign exchange gains	95,703	130,793	-	-
Other	-	10,426	-	-
	<u>850,403</u>	<u>1,029,698</u>	<u>76,748</u>	<u>-</u>
Net deferred tax (asset)/liability	<u>(4,652,992)</u>	<u>(3,018,293)</u>	<u>(88,261)</u>	<u>-</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

22. Deferred Income Taxes (Continued)

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

	The Group							
	Property, plant and equipment	Fair value gains	Unused tax losses	Unrealised foreign exchange gains	Loan loss provision	Post-employment benefits	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2014	34,490	(388,272)	-	154,794	50,682	(164,497)	15,840	(296,963)
Acquisition	(271,278)	(1,372)	(2,247,667)	-	(385,360)	403,683	(205,688)	(2,707,682)
(Credited)/charged to income statement	345,258	100,272	(524,425)	(24,001)	920,914	(1,194,673)	10,430	(366,225)
Credited to other comprehensive income	5,142	164,402	-	-	-	183,033	-	352,577
At 31 December 2014	113,612	(124,970)	(2,772,092)	130,793	586,236	(772,454)	(179,418)	(3,018,293)
(Credited)/charged to income statement	121,547	(21,361)	439,310	(35,090)	(520,731)	(207,240)	63,550	(160,015)
Credited to other comprehensive income	134,665	(1,335,477)	-	-	-	(273,873)	-	(1,474,685)
At 31 December 2015	369,824	(1,481,808)	(2,332,782)	95,703	65,505	(1,253,567)	(115,868)	(4,652,992)

23. 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 flows allow. The amounts are expected to be recovered within one year of the financial statements date.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Other Assets

	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Due from sales representatives	619,925	526,322	-	-
Real estate developed for resale -				
Opening balance	689,851	887,328	-	-
Cost of sales	(90,001)	(212,728)	-	-
Additions during the year	38,220	15,251	-	-
	638,070	689,851	-	-
Premiums due and unpaid	1,838,516	1,803,437	-	-
Due from related parties (Note 24)	189,527	603,388	17,027	3,181
Due from Government Employees				
Administrative Scheme Only Fund and Government Pensioners				
Administrative Scheme Only Fund	1,283,454	351,542	-	-
Prepayments	1,004,765	1,164,556	23,186	501,432
Customer settlements				
accounts/unsettled trades	925,292	511,489	-	-
Legal claim	5,147,243	3,906,830	-	-
Other receivables	646,429	948,915	73,919	263,340
	12,293,221	10,506,330	114,132	767,953
Provision against doubtful receivables	(236,536)	(230,960)	-	-
	12,056,685	10,275,370	114,132	767,953

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

25. 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.

The Group is controlled by Sagicor Financial Corporation, a company incorporated and domiciled in Barbados, which owns 49.11% (2014 – 49.11%) of the ordinary stock units. Pan-Jamaican Investment Trust Limited owns 31.55% (2014 – 31.55%) of the ordinary stock units. The remaining 19.34% (2014 – 17.45%) of the stock units is widely held.

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

(a) The statement of financial position includes the following balances with related parties and companies:

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Due from related companies -				
Ultimate parent company	137,101	51,817	-	-
Subsidiaries	-	-	17,027	3,181
Parent company	45,056	44,796	-	-
Pooled pension Investments Funds	-	8,819	-	-
Other related companies	238	196,389	-	-
Other managed funds	7,132	301,567	-	-
	<u>189,527</u>	<u>603,388</u>	<u>17,027</u>	<u>3,181</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

25. Related Party Balances and Transactions (Continued)

(a) The statement of financial position includes the following balances with related parties and companies (continued):

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Due to related companies -				
Parent company	111,117	15,639	-	-
Subsidiaries - promissory notes	-	-	12,347,66	11,525,67
Subsidiaries – other liabilities	-	-	1,579,577	645,192
Other related companies	639	860	-	-
Pooled	18,721	47,586	-	-
Other managed funds	82,283	17,468	-	-
	<u>212,760</u>	<u>81,553</u>	<u>13,927,23</u>	<u>12,170,87</u>

(b) The above balances include the following transactions with related parties and companies

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Parent company -				
Shared services fees	102,718	147,684	-	-
Party with significant influence over the group -				
Securities sold under agreements to repurchase	(262,446)	(301,565)	-	-
Customer deposits	(770,336)	(62,730)	-	-
Loans	<u>1,592,464</u>	<u>49,478</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

25. Related Party Balances and Transactions (Continued)

(c) The income statement includes the following transactions with related parties and companies:

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Sagicor Pooled Investment Funds -				
Lease rental expense	354,827	355,530	-	-
Management fee income	702,817	726,546	-	-
Administration fee income	287,580	287,534	-	-
Directors and key management personnel -				
Interest expense	1,377	3,329	-	-
Interest income	1,400	-	-	-
Other related parties -				
Management fees - subsidiaries	-	-	123,591	-
Interest recharged expense - subsidiaries	-	-	52,200	-
Interest expense - subsidiaries	-	-	(606,882)	(378,163)
Dividend in specie - subsidiaries	-	-	-	5,263,994
Dividend income - subsidiaries	-	-	2,832,526	13,373,598
Interest and other income earned	603,189	331,077	-	-
Key management compensation -				
Salaries and other short term benefits	355,587	364,734	-	-
Share based payments	138,189	84,428	-	-
Contributions to pensions and insurance schemes	26,452	25,200	-	-
	520,228	474,362	-	-

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

25. Related Party Balances and Transactions (Continued)

(c) The income statement includes the following transactions with related parties and companies (continued):

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Directors' emoluments -				
Fees	-	-	26,783	12,600
Other expenses	-	-	1,309	252
Management remuneration (included above)	-	-	137,702	113,483
	-	-	164,794	126,335
Party with significant influence over the group -				
Rent and net lease	-	(226,452)	-	-
Interest expense paid	(5,228)	(11,322)	-	-
Interest income earned	-	1,451	-	-

26. Share Capital

	The Group and The Company	
	2015 \$'000	2014 \$'000
Authorised:		
13,598,340,000 (2014 – 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 28)	(13,342)	-
	9,147,723	9,161,065

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

27. Equity Reserves

\-----Attributable to owners of the parent-----\									
Note	Investment and Fair Value Reserves			Other Reserves					Grand Total
	Stock Options Reserve	Available-for-sale fair value reserve	Owner occupied properties fair value reserve	Currency Translation Reserve	Capital redemption reserve	Special investment reserve	Loan Loss Reserve	Retained earnings reserve	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	116,563	(1,525,413)	574,450	3,242,801	1,086,018	166,673	87,210	1,595,131	5,343,433
Net gains recycled to revenue on disposal and maturity of available-for-sale securities	-	(844,394)	-	-	-	-	-	-	(844,394)
Net unrealised gains on available-for-sale securities	-	824,618	-	-	-	-	-	-	824,618
Net unrealised losses on revaluation of owner occupied properties	-	-	85,690	-	-	-	-	-	85,690
Deferred tax on unrealised capital gains	-	(164,402)	(5,141)	-	-	-	-	-	(169,543)
Impairment of equities	-	738,183	-	-	-	-	-	-	738,183
Currency translation	-	-	-	570,118	-	-	-	-	570,118
Total comprehensive income for the year	-	554,005	80,549	570,118	-	-	-	-	1,204,672

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

27. Equity Reserves (Continued)

\-----Attributable to owners of the parent-----\									
Note	Investment and Fair Value Reserves				Other Reserves				Grand Total
	Stock Options Reserve	Available-for-sale fair value reserve	Owner occupied properties fair value reserve	Currency Translation Reserve	Capital redemption reserve	Special investment reserve	Loan Loss Reserve	Retained earnings reserve	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2015	133,547	(1,064,314)	654,999	3,812,919	1,086,018	369,409	(174,173)	1,595,131	6,413,536
Net gains recycled to revenue on disposal and maturity of available-for-sale securities	-	(241,800)	-	-	-	-	-	-	(241,800)
Net unrealised gains on available-for-sale securities	-	(8,474,232)	-	-	-	-	-	-	(8,474,232)
Net unrealised losses on revaluation of owner occupied properties	-	-	102,055	-	-	-	-	-	102,055
Deferred tax on unrealised capital gains	-	1,335,478	(134,664)	-	-	-	-	-	1,200,814
Impairment of equities	-	967,907	-	-	-	-	-	-	967,907
Currency translation	-	-	-	533,920	-	-	-	-	533,920
Total comprehensive income for the year	-	(6,412,647)	(32,609)	533,920	-	-	-	-	(5,911,336)

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

27. Equity Reserves (Continued)

-----Attributable to owners of the parent-----									
Note	Investment and Fair Value Reserves			Other Reserves					Grand Total
	Stock Options Reserve	Available-for-sale fair value reserve	Owner occupied properties fair value reserve	Currency Translation Reserve	Capital redemption reserve	Special investment reserve	Loan Loss Reserve	Retained earnings reserve	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total comprehensive income for the year	-	(6,412,647)	(32,609)	533,920	-	-	-	-	(5,911,336)
Transactions with owners -									
Employee share option scheme - value of services provided	21,143	-	-	-	-	-	-	-	21,143
Employee stock grants and options exercised/expired	(92,773)	-	-	-	-	-	-	-	(92,773)
Total transactions with owners	(71,630)	-	-	-	-	-	-	-	(71,630)
Transfers between reserves -									
To special investment reserve	2(r)	-	-	-	-	16,338	-	-	16,338
To retained earnings	2(s)	-	(23,872)	-	-	-	-	-	(23,872)
Adjustment between regulatory loan provisioning and IFRS	30(b)	-	-	-	-	-	(1,246,924)	-	(1,246,924)
Total transfers between reserves		-	(23,872)	-	-	16,338	(1,246,924)	-	(1,254,458)
Balance at 31 December 2015	61,917	(7,500,833)	622,390	4,346,839	1,086,018	385,747	(1,421,097)	1,595,131	(823,888)

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

28. Stock Options Reserve

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			
	2015		2014	
	Options (thousands)	Weighted Average exercise price in \$ per share	Options (thousands)	Weighted Average exercise price in \$ per share
At beginning of year	70,025	8.19	72,148	8.22
Granted - 2013	-	-	19,077	7.11
2014	10,849	9.50	-	-
Expired	(7,573)	9.40	(7,374)	10.56
Exercised	(19,657)	7.25	(13,826)	5.68
At end of year	<u>53,646</u>	<u>8.63</u>	<u>70,025</u>	<u>8.19</u>
Exercisable at the end of the period	<u>36,529</u>	<u>8.64</u>	<u>49,959</u>	<u>9.69</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

28. Stock Options Reserve (Continued)

Stock options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry Date	Converted Options			
	Exercise Price	2015 \$'000	Exercise Price	2014 \$'000
March 2015	-	-	11.84	2,860
March 2015	-	-	7.92	5,016
March 2016	7.66	2,524	7.66	4,331
March 2016	7.92	1,962	7.92	3,744
March 2017	10.45	3,009	10.45	3,324
March 2017	4.20	1,560	4.20	3,270
March 2018	10.96	2,812	10.96	2,965
March 2018	6.51	3,308	6.51	9,448
March 2019	14.10	1,621	14.10	1,621
March 2019	7.52	4,575	7.52	6,510
March 2020	10.75	6,933	10.75	8,674
March 2021	7.11	14,495	7.11	18,265
March 2022	9.50	10,849	-	-
	<u>8.63</u>	<u>53,646</u>	<u>8.19</u>	<u>70,025</u>

For options outstanding at the end of the year, exercise prices range from \$4.20 to \$14.10 (2014 - \$4.20 to \$14.10). The remaining contractual terms range from 1 month to 7 years (2014 - 3 months to 7 years).

The weighted average share price for options exercised during the year was \$11.00 (2014 - \$9.93) and the Group's share of the cost of these options was \$40,865,101 (2014 - \$38,827,455).

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 \$103,062,000. The significant inputs into the model were share price of \$10.49, dividend yield of 6.39%, standard deviation of the expected share price returns of 27%, and annual risk free interest rate of 9.58%. The expected volatility is based on statistical analysis of month end share prices over the preceding seven years.

The Group recognized cumulative expenses of \$16,913,000 in the Stock Option Reserves (2014 - \$133,543,000) and share options expense of \$41,411,000 (2014 - \$86,971,000) in the income statement.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

28. Stock Options Reserve (Continued)

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 2015, the Staff Share Purchase Plan Trust purchased 3,424,349 shares over the Stock Exchange for a total value of \$35,398,667. There is no cost to the Group as the discounted shares will be transferred in 2016. At the point at which the shares are transferred to staff, the Subsidiary Companies recognize their share of the cost of those shares in the income statement.

The company has not been issuing new shares to support these plans but instead the Long Term Incentive 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 2,966,000 (2014: Nil) at a cost of \$13,342,000 (2014: Nil).

29. Investment and Fair Value Reserve

This represents the unrealised surplus or deficit on the re-measurement of available-for-sale securities, the revaluation of property, plant and equipment, an adjustment for gains or losses on investments in subsidiaries, an adjustment for equity investments deemed impaired and an adjustment for gains or losses on available-for-sale securities which have matured or have been disposed. An analysis of the investment and fair value reserves is as follows:

	The Group		The Company	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Owner-occupied properties	631,634	664,243	-	-
Unrealised gains on available-for-sale securities	(1,040,950)	(980,652)	(68,794)	6,039
	<u>(409,316)</u>	<u>(316,409)</u>	<u>(68,794)</u>	<u>6,039</u>

30. Currency Translation Reserve

This represents the unrealised foreign exchange gains and losses on the translation of subsidiaries with functional currencies other than the Jamaican dollar.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

31. Other Reserves

- Special Investment Reserve - This represents a non-distributable reserve under the provisions of the Insurance Regulations, 2001 (Note 2(s)).
- 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.
- 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.

The deposit liabilities and other indebtedness for borrowed money together with all interest accrued should not exceed twenty times its capital base for the banking subsidiary.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

32. Dividends Declared

	The Group	
	2015	2014
	\$'000	\$'000
First interim dividend – 39 cents per share (2014 – 35 cents per share)	1,523,198	1,316,347
Second interim dividend – 34 cents per share (2014 – 28 cents per share)	1,327,915	1,093,578
	<u>2,851,113</u>	<u>2,409,925</u>

The dividends paid for 2015 and 2014 represented a dividend per stock unit of \$0.73 and \$0.63 respectively.

33. Net Profit and Retained Earnings

	2015	2014
	\$'000	\$'000
(i) Net profit dealt with in the financial statements of:		
The company	2,507,461	18,274,840
Less dividends from subsidiaries	(2,832,526)	(13,373,598)
Less other transactions with subsidiaries	-	(1,720,342)
The subsidiaries	<u>10,118,510</u>	<u>5,382,218</u>
	<u>9,793,445</u>	<u>8,563,118</u>
(ii) Retained earnings reflected in the financial statements of:		
The company	15,501,756	15,490,757
The subsidiaries	<u>22,743,820</u>	<u>14,645,349</u>
	<u>38,245,576</u>	<u>30,490,757</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

34. Deposit and Security Liabilities

	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Securities sold under repurchase agreements	62,340,384	76,002,302	-	-
Due to banks and other financial institutions (i)	25,576,703	19,698,839	-	-
Customer deposits and other accounts	67,477,360	53,589,012	-	-
Structured products (ii)	4,212,607	2,294,229	-	-
Promissory notes (iii)	-	-	12,347,661	11,525,678
	<u>159,607,054</u>	<u>151,584,382</u>	<u>12,347,661</u>	<u>11,525,678</u>
	Interest Rate (%)	Maturity Period	2015 \$'000	2014 \$'000
<i>(i) Due to banks and other financial institutions:</i>				
Long term loans:				
Development Bank of Jamaica Limited	various	2018	1,362,279	1,056,951
The National Export-Import Bank of Jamaica Limited	8-13	various	-	8,098
National Housing Trust NHT	various	various	883,331	818,979
Short term loans:				
CIBC First Caribbean International Bank Jamaica Limited	3.0	2016	219,693	-
Citibank N.A.	3.0	2016	980,081	-
Goldman Sachs International	1.95	2016	5,727,257	3,732,683
Credit Suisse NY	Various	2016	4,824,211	4,595,598
Oppenheimer & Co. Inc.	1.85	2015	-	590,726
Morgan Stanley Smith Barney	1.06- 1.12	2016	11,401,882	8,732,678
Bank overdraft:				
National Commercial Bank Jamaica Limited	21.25		177,969	163,126
			<u>25,576,703</u>	<u>19,698,839</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

34. Deposit and Security Liabilities (Continued)

(i) Due to banks and other financial institutions

- a) **Development Bank of Jamaica Limited (DBJ)**
The agreement allows DBJ, at its absolute discretion, to approve J\$ financing to Sagicor Investments Jamaica Limited (SIJL) 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 SIJL bear interest at DBJ's lending rate prevailing at the date of approval of each disbursement unless otherwise carried by DBJ and extended to the client at a maximum spread as stipulated by DBJ.

- b) **European Investment Bank (EIB)**
A facility was established in the amount €4,000,000 on 20 December 2002 for the provision of financing to small and medium sized projects in the productive and related service sectors in Jamaica. The loan is disbursed to SIJL in tranches. The drawdowns may be done in US\$ or J\$. The loan is repayable in the Euro equivalent of the outstanding loan balance by 7 equal installments commencing 7 December 2008.

- c) **The National Export-Import Bank of Jamaica Limited (EXIM)**
SIJL and its subsidiary Sagicor Bank Jamaica Ltd. (SBJL) are approved financial institutions of the National Export-Import Bank of Jamaica (EXIM). Through this partnership financing is provided, which is utilised to finance customers with viable projects within EXIM's guidelines.

Trade credit, short term and medium term loans are offered to customers engaged in manufacturing, agriculture, tourism and export trading. The loans to customers are not varying terms and at a maximum spread as stipulated by EXIM.

- d) **National Housing Trust (NHT)**
This is a third party financing agreement between the company and the National Housing Trust, and attracts interest at rates ranging from 0.759% to 7%.

- e) **Bank Overdrafts**
The bank overdraft balance represents book overdraft at year end. The actual balances at bank were positive at year end.

- f) **Credit Suisse NY**
This represents loan facilities received from Credit Suisse NY in the amounts of US\$40,000,000 by Sagicor Life Jamaica Limited. The loan attached interest of 2.25% plus 6 months USD Libor-BBA. In addition, the loan facility matures on April 29, 2016 and is secured by a Kingdom of Bahrain bond totalling US\$1,014,830, a Republic of Italy bond totalling US\$1,227,750, a Government of Bermuda bond totalling US\$1,091,170, a Common Wealth of Bahamas bond totalling US\$2,388,672, a Government of Cayman Islands bond totalling US\$1,794,800, Federal Republic of Brazil bonds totalling US\$1,824,330, Government of Jamaica Global bonds totalling US\$27,894,752, Petroleum Company of Trinidad & Tobago Limited Corporate bonds totalling US\$2,999,659, a First Citizen Bank of St. Lucia bond totalling US\$4,998,500, International Corporate bonds totalling US\$10,264,268, Peru Corporate bond totalling US\$521,595 and Cash totalling US\$1,353,668. This loan is repayable in one installment on 29 April 2016.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

34. Deposit and Security Liabilities (Continued)

(i) Due to banks and other financial institutions (continued)

- g) **Goldman Sachs International**
This represents a fixed rate loan at interest rate of 1.95% per annum and is secured by International bonds totalling US\$61,073,923, a Government of Trinidad and Tobago bond totalling US\$778,434, a Petroleum Company Trinidad and Tobago Corporate bond totalling US\$1,040,610 and Government of Bahamas bonds totalling US\$3,672,738. This loan is repayable in one instalment on December 14, 2016.

- h) **Morgan Stanley Smith Barney**
This represents amounts due to the broker for securities purchased by Sagicor Life Jamaica Limited (SLJ) and Sagicor Life of the Cayman Islands Limited (SLC) under margin loan facilities. The facilities with SLJ attract interest rates of 1.11% to 1.35%. These loans are repayable on demand and secured by International Corporate bonds totalling US\$48,447,157, International Municipal bonds totalling US\$1,734,581, Federal Republic of Brazil bonds totalling US\$17,792,638, and a Government of Jamaica bond totalling US\$4,000,000.

The facilities with SLC attract interest rates ranging from 1.11% to 1.35%; these loans are repayable on demand and secured by International Corporate bonds totalling US\$15,410,704, a Petroleum Company Trinidad and Tobago bond totalling US\$3,483,670, a Government of Barbados bond totalling US\$259,768, Equities totaling US\$12,210,367, a Municipal bond totaling US\$554,960, a Government of Panama bond totalling US\$59,870, Federal Republic of Brazil bonds totalling US\$5,040,798, an United States Treasury bond totalling US\$662,500 and an Agency bond totalling US\$511,106.

The Group has not had any defaults of principal, interest or other breaches with respect to its liabilities during the year.

(ii) Structured products

	2015	2014
	\$'000	\$'000
Principal protected notes -		
With no interest guaranteed	329,983	307,062
With interest guaranteed	3,882,624	1,966,130
7.15% US dollar amortising notes	-	21,037
	<u>4,212,607</u>	<u>2,294,229</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

34. Deposit and Security Liabilities (Continued)

(ii) Structured products (continued)

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 in the notes with no interest guarantee and principal plus interest for the notes with an interest guarantee. The maturity of these notes range from 2013 to 2017.

US Dollar Amortizing Notes

The 7.15% US dollar amortizing notes are structured securities whereby the principal is amortised quarterly with the final repayment by February 2015.

(iii) Promissory notes

	The Company	
	2015 \$'000	2014 \$'000
Sagikor Life Jamaica Limited	10,561,326	10,383,543
Sagikor Bank Jamaica Limited	583,975	821,983
Sagikor Investment Jamaica Limited	1,202,360	1,142,135
	<u>12,347,661</u>	<u>12,347,661</u>

The above represent promissory notes that have been issued with respect to the reorganization of the Group, see Note 1 (b) for further details. The promissory notes have been issued to one of the Group's subsidiaries, Sagikor Life Jamaica Limited, for consideration for the value of the above subsidiaries whose ownership has been transferred from the previous parent company, Sagikor Life Jamaica Limited to the new holding company, Sagikor Group Jamaica Limited. Also, a promissory note was issued to Sagikor Investment Jamaica Limited for the consideration for the value of Sagikor Bank Jamaica Limited whose ownership has been transferred from Sagikor Investment Jamaica Limited to Sagikor Group Jamaica Limited; see Note 1 (b) for further details. The promissory notes are unsecured and attract interest at 5% per annum and mature June 2016.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

35. Other Liabilities

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Legal claim payable	5,147,243	3,906,830	-	-
Premiums not applied	1,042,632	1,217,088	-	-
Accounts payable and accruals	1,061,958	708,128	14,337	-
Accrued vacation	205,314	105,478	-	-
Dividends payable	118,196	107,757	36,627	28,154
Due to related parties (Note 25)	212,760	81,553	1,592,919	645,192
Due to brokers and agents	502,623	350,054	-	-
Bonus payable	426,889	349,079	-	-
Reinsurance payable	204,344	209,186	-	-
Mortgage principal and real estate payables	274,989	300,983	-	-
Customer settlement accounts	269,348	325,276	-	-
Regulatory fees and Statutory payables	763,044	714,005	-	-
Items in course of payment	578,344	498,236	-	-
Unsettled trades	-	890,080	-	-
Cheques issued but uncashed	160,411	330,499	-	-
Unearned reinsurance commissions	9,646	7,926	-	-
Miscellaneous	388,130	529,143	9,678	4,643
	<u>11,365,871</u>	<u>10,631,301</u>	<u>1,653,560</u>	<u>677,989</u>

36. Insurance Contract Liabilities

(a) Composition by line of business is as follows:

	The Group	
	2015 \$'000	2014 \$'000
Group annuities	35,765,413	31,490,107
Group insurance	4,736,672	4,918,357
Individual insurance	21,083,738	19,417,847
Total	<u>61,585,823</u>	<u>55,826,311</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

36. Insurance Contract Liabilities (Continued)

(b) Movements in insurance liabilities:

	The Group			
	2015			
	Group Annuities \$'000	Individual Insurance \$'000	Group Insurance \$'000	Total \$'000
Balance at the beginning of the year	31,490,107	19,417,853	4,918,357	55,826,317
Normal changes in policyholders' liabilities (Note 36(d))	3,362,070	1,708,938	(293,834)	4,777,174
Eliminations	-	(321,052)	-	(321,052)
Changes as a result of revaluation	913,236	277,999	112,149	1,303,384
Balance at end of year	<u>35,765,413</u>	<u>21,083,738</u>	<u>4,736,672</u>	<u>61,585,823</u>

	The Group			
	2014			
	Group Annuities \$'000	Individual Insurance \$'000	Group Insurance \$'000	Total \$'000
Balance at the beginning of the year	27,975,080	16,485,484	4,105,167	48,565,731
Normal changes in policyholders' liabilities (Note 36(d))	2,345,403	2,548,759	629,051	5,523,213
Changes as a result of revaluation	1,169,624	383,604	184,139	1,737,367
Balance at end of year	<u>31,490,107</u>	<u>19,417,847</u>	<u>4,918,357</u>	<u>55,826,311</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

36. Insurance Contract Liabilities (Continued)

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

	The Group				
	2015				
	Insurance \$'000	Pensions and Annuities \$'000	Other Liabilities \$'000	Capital and Surplus \$'000	Total \$'000
Quoted equities	19,047,070	-	-	6,370,544	25,417,614
Investment properties	-	-	-	472,000	472,000
Fixed income securities	29,894,907	45,043,454	136,475,387	11,661,998	223,075,746
Mortgages	-	90,209	-	1,822,425	1,912,634
Other assets	2,911,855	-	20,344,296	26,255,782	49,511,933
	<u>51,853,832</u>	<u>45,133,663</u>	<u>156,819,683</u>	<u>46,582,749</u>	<u>300,389,927</u>

	The Group				
	2014				
	Insurance \$'000	Pensions and Annuities \$'000	Other Liabilities \$'000	Capital and Surplus \$'000	Total \$'000
Quoted equities	18,365,657	-	-	5,929,454	24,295,111
Investment properties	-	-	-	871,888	871,888
Fixed income securities	28,809,362	40,088,784	135,339,853	621,267	204,859,266
Mortgages	-	66,118	-	1,846,995	1,913,113
Other assets	1,255,295	-	14,225,393	36,795,747	52,276,435
	<u>48,430,314</u>	<u>40,154,902</u>	<u>149,565,246</u>	<u>46,065,351</u>	<u>284,215,813</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

36. Insurance Contract Liabilities (Continued)

- (d) Changes in policy liabilities were caused by the following business activities and changes in actuarial assumptions:

	The Group 2015			
	Group Annuities \$'000	Individual Insurance \$'000	Group Insurance \$'000	Total \$'000
Change in assumed investment yields and inflation rate	(45,503)	439,547	158,544	552,588
Change due to the issuance of new policies and the decrements on in-force policies	3,409,965	4,956,877	333,994	8,700,836
Change due to other actuarial assumptions	(2,392)	(3,687,486)	(786,372)	(4,476,250)
	<u>3,362,070</u>	<u>1,708,938</u>	<u>(293,834)</u>	<u>4,777,174</u>
	The Group 2014			
Change in assumed investment yields and inflation rate	(555,563)	(288,324)	3,642	(840,245)
Change due to the issuance of new policies and the decrements on in-force policies	3,039,772	3,573,507	562,546	7,175,825
Change due to other actuarial assumptions	(138,806)	(736,424)	62,863	(812,367)
	<u>2,345,403</u>	<u>2,548,759</u>	<u>629,051</u>	<u>5,523,213</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

36. Insurance Contract Liabilities (Continued)

- (e) 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, 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 86-92 male and female aggregate mortality tables which are 15 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 2013 Individual Annuitant male and female Period mortality tables with projection scale G2 beyond 2013 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, investment income taxes and asset default. Assumptions taking into account inflation are that real returns after 30 years will be between 0.6% and 1.8%.
- (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 7% and 30% 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% of fund values available from policies in force.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

36. Insurance Contracts Liabilities (Continued)

(e) Policy assumptions (continued)

Life Insurance and Annuity Contracts (continued)

(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 is based on average calendar year inflation over the last 3 years and declines over the life of the policies such that real returns after 30 years are between 0.7% and 1.8%.

(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. The Group uses margins for each assumption at the mid to conservative end of the range, taking into account the risk profiles of the business.

(vii) Asset default

The Appointed Actuary of each insurer includes a provision for asset default in the modeling of the cash flows. The provision is based on industry and the Group's experience and includes a specific margin for equity securities and combined margin for debt securities, mortgage loans and deposits.

(viii) 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 balance sheet date.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

37. Investment Contract Liabilities

	The Group	
	2015 \$'000	2014 \$'000
Amortised cost -		
Amounts on deposit	9,442,116	8,743,157
Deposit administration fund	3,169,705	3,126,468
Other investment contracts	360,157	478,410
	<u>12,971,978</u>	<u>12,348,035</u>

All financial liabilities at fair value through profit or loss are designated by the Group to be in this measurement category. 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.

Amounts on deposit comprise of Guaranteed Investor liabilities amounting to \$7,192,763 (2014 - \$6,633,453) and other policyholders' savings plans of \$2,249,353 (2014 - \$2,109,704).

Movement of the Deposit Administration Funds:

	The Group	
	2015 \$'000	2014 \$'000
Balance at the beginning of the year	3,126,468	3,150,075
Deposits received	262,477	274,784
Interest earned	173,003	185,341
Service charges	(26,389)	(31,023)
Withdrawals	(366,506)	(453,621)
Revaluation adjustment	652	912
Balance at the end of the year	<u>3,169,705</u>	<u>3,126,468</u>

These represent funds managed on behalf of pension plans administered by the Group and the company. Interest credited to the funds is paid at a fixed annual rate of return, with the rate being revised on an annual basis. At the end of the year, there were 168 (2014 - 168) clients in the company. The average interest rate paid by the company during the year was 5.85% (2014 - 5.85%).

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

38. Other Policy Liabilities

	The Group	
	2015	2014
	\$'000	\$'000
Insurance benefits payable	2,110,833	2,056,864
Provision for unearned premiums	129,647	125,719
Policy dividends and other funds on deposit	818,899	785,931
	<u>3,059,379</u>	<u>2,968,514</u>

39. Investment Contracts Benefits

Benefits from unit linked investment contracts without fixed terms for the Group amounting to \$4,578,852,000 (2014 - \$3,785,200,000) are accrued to the account of the policyholders as the fair value of the net gains arising from the underlying linked assets. All these contracts are designated at fair value through profit or loss.

40. Premium Income

(a) Gross premiums by line of business:

	The Group	
	2015	2014
	\$'000	\$'000
Group insurance -		
Group creditor life	563,820	606,851
Group health	9,023,358	8,456,439
Group life	1,847,803	1,635,121
	11,434,981	10,698,411
Individual insurance -		
Individual life -		
Insurance premium	11,194,286	10,246,016
Segregated funds contributions	5,801,326	4,905,570
Individual health	429,991	384,232
Individual annuities	387,124	83,308
	17,812,727	15,619,126
Bulk annuities	1,904,306	2,211,642
Annuities	1,937,172	1,284,382
Property and casualty	352,985	321,612
	<u>33,442,171</u>	<u>30,135,173</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

40. Premium Income (Continued)

(b) Reinsurance premiums by line of business:

	The Group	
	2015	2014
	\$'000	\$'000
Group insurance -		
Group health	249,855	240,693
Group life	61,232	63,927
	311,087	304,620
Individual life	271,197	312,990
Property and casualty	377,473	348,775
	959,757	966,385
Net premiums	<u>32,482,414</u>	<u>29,168,788</u>

(c) Net premiums by geography:

	The Group	
	2015	2014
	\$'000	\$'000
Jamaica	29,686,573	27,287,169
Cayman Islands	2,795,841	1,881,619
	<u>32,482,414</u>	<u>29,168,788</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

41. Net Investment Income

	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Interest income -				
Short term deposits	45,092	22,545	-	-
Financial assets at fair value through profit or loss	487,211	687,161	74,049	34,350
Available-for-sale	8,006,322	6,981,119	119,732	44,032
Loans and receivables	4,269,069	3,743,196	286,746	159,675
Held to maturity	266,025	-	-	-
Loans	5,398,843	2,929,674	-	-
Policy loans	98,784	131,018	-	-
Government securities purchased under resale agreements	55,766	216,294	2,308	6,266
Other	17,990	38,717	-	-
Dividends	97,674	45,883	2,832,526	13,373,598
Net foreign exchange gains	386,347	1,063,552	-	-
Net realised gains on investment securities	2,898,021	2,397,738	-	-
Dividend in specie from subsidiaries	-	-	-	5,263,994
Other investment income/(losses)	7,541	(92,019)	(13,307)	(1,799)
	<u>22,034,685</u>	<u>18,164,878</u>	<u>3,302,054</u>	<u>18,880,116</u>
Impairment losses on investments	(967,906)	(738,183)	-	-
Interest expense -				
Customer deposits and repurchase liabilities	(3,432,735)	(3,798,155)	-	-
Due to banks and other financial institutions	(618,399)	(238,063)	-	-
Investment contracts	(587,208)	(558,628)	-	-
Promissory notes	-	-	(606,882)	(378,163)
Other	(126,888)	(279,533)	-	-
	<u>(4,765,230)</u>	<u>(4,874,379)</u>	<u>(606,882)</u>	<u>(378,163)</u>
Net investment income	<u>16,301,549</u>	<u>12,552,316</u>	<u>2,695,172</u>	<u>18,501,953</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

42. Fee and Other Income

	The Group	
	2015	2014
	\$'000	\$'000
Administration fees	2,029,356	1,443,886
Bank service fees	1,923,217	591,201
Surrender charges	203,200	171,672
Credit related fees, net	421,636	119,298
Stockbrokerage fees	52,498	20,304
Treasury fees	6,064	6,513
Trust fees	37,152	54,728
Corporate finance fees	76,326	37,772
Foreign exchange gains	138,086	488,616
Administrative service fees	449,200	446,896
Property management and related fees	302,711	266,540
Insurance broker commission	121,242	102,810
Miscellaneous fees & other income	453,391	158,883
	<u>6,214,079</u>	<u>3,909,119</u>

43. Insurance Benefits and Claims

	The Group			
	2015		2014	
	Gross incurred	Reinsured	Net	Net Claims
	\$'000	\$'000	\$'000	\$'000
Death and disability	2,699,743	(102,061)	2,597,682	2,338,944
Maturities	18,764	-	18,764	29,740
Surrenders and withdrawals	998,919	-	998,919	1,193,543
Segregated funds withdrawals	4,578,852	-	4,578,852	3,785,200
Annuities payments	3,346,558	-	3,346,558	2,930,207
Policy dividends and bonuses	69,834	-	69,834	53,983
Health insurance	7,141,688	(154,121)	6,987,567	6,393,223
Other benefits	506,582	(13,629)	492,953	521,863
	<u>19,360,940</u>	<u>(269,811)</u>	<u>19,091,129</u>	<u>17,246,703</u>

44. Finance Costs

Finance costs represent interest costs incurred on loans used for business development.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

45. Administration Expenses

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Auditors' remuneration -				
Current year	81,804	72,430	7,700	7,000
Prior year	-	3,296	-	1,361
Office accommodation	1,140,835	1,179,884	286	-
Communication and technology	1,371,457	961,076	13,540	-
Advertising and branding	484,520	480,578	11,959	3,750
Sales convention and incentives	174,831	136,313	-	-
Postage, printing and office supplies	265,831	216,896	2	40
Policy stamp duties and reimbursements	61,231	84,259	-	-
Regulators fees	182,805	166,982	5,221	3,425
Directors costs	90,911	44,131	28,092	12,852
Legal and professional fees	276,081	289,183	52,016	42,357
Legal claims	-	30,310	-	-
Services outsourced	566,981	627,100	57,758	156,964
Electronic channel service fees	194,712	92,735	-	-
Commission and fees	8,893	62,429	-	-
Insurance	143,827	112,144	57	-
Travel and entertainment	103,566	93,585	464	-
Bank charges and cash transport	201,174	109,016	237	723
Other expenses	350,849	152,834	10,243	6,670
Staff cost (a)	<u>7,650,139</u>	<u>6,546,104</u>	-	-
	<u>13,350,447</u>	<u>11,461,285</u>	<u>187,575</u>	<u>235,142</u>

(a) Staff costs

	The Group	
	2015 \$'000	2014 \$'000
Salaries	4,885,315	3,748,255
Payroll taxes	555,708	444,056
Pension costs (Note 21)	453,880	1,018,898
Other post-retirement benefits (Note 21)	391,857	118,146
Share based compensation	190,615	124,179
Restructuring costs	436,719	525,555
Other	736,045	567,015
	<u>7,650,139</u>	<u>6,546,104</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

46. Commission and Sales Expense

Amount represents agents' commission and bonuses.

47. Taxation

(a) Tax is computed as follows:

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current year taxation -				
Investment income tax @ 15%	-	428,603	-	-
Dividend income tax @ 15%	490	-	-	-
Income tax at 33 ⅓%	831,929	236,010	-	-
Income tax at 25%	1,146,074	120	85,927	60
	1,978,493	664,733	85,927	60
Deferred income tax (Note 22) -				
Deferred tax charge/(credit) relating to the origination and reversal of temporary differences	(160,015)	(366,225)	(88,261)	-
Taxation	<u>1,818,478</u>	<u>298,508</u>	<u>(2,334)</u>	<u>60</u>
(b) Premium and other taxes:				
Premium tax @ 3%	-	461,232	-	-
Asset tax @ (1% & 0.25%) (2014 - 0.14%)	963,785	177,114	400	100
Withholding tax	3,072	1,677	3	-
Premium and other taxes	<u>966,857</u>	<u>640,023</u>	<u>403</u>	<u>100</u>

- (i) On September 29, 2015, the Provisional Collection of Tax (Income Tax) Order, 2015 was issued amending the income tax regime for life insurance companies effective for the year of assessment 2015. With effect from January 1, 2015, the Group's life insurance subsidiary is subject to income tax on its taxable profits at a rate of 25%. Prior to the amendment, the subsidiary was subject to tax on its investment income net of applicable expenses at a rate of 15% and was also subject to a premium tax of 3% on its premium income.
- (ii) Investment tax applicable to the long term insurance business of the company is 15% on income, other than premium income, less certain expenses incurred in the generation of that income.
- (iii) Investment tax applicable to the health insurance business of the company is 15% of taxable profits of that line of business.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

47. Taxation (Continued)

(b) Premium and other taxes: (continued):

(iv) Income tax at 33½% 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.

(v) Income tax at 25% is payable on taxable profits of Sagicor Group Jamaica Limited, and Sagicor Property Services Limited.

(vi) Asset taxes

(a) Life Insurance Companies

Life Insurance Companies are subjected to asset tax at a rate of 1% (2014 - .0.14%) 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 Society and other deposit taking institutions are subjected to tax of 0.25% (2014 – 0.14%) 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.

(vii) Subject to the agreement of the Taxpayer Audit and Assessment Department, losses of the company and certain subsidiary companies, available for set off against future taxable profits amount to approximately \$702,085,000 (2014 – \$738,313,000) and \$533,591,000 (2014 - \$533,591,065) respectively. No deferred tax asset has been calculated on the losses for the company.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

47. Taxation (Continued)

(c) Reconciliation of applicable tax charges to effective tax charge:

	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Investment income tax -				
Gross investment income	-	18,164,878	-	-
Dividend income	3,067	-	-	-
	<u>3,067</u>	<u>18,164,878</u>	<u>-</u>	<u>-</u>
Tax at 15%	460	2,724,732	-	-
Adjusted for:				
Deductible expenses	-	(261,258)	-	-
Income not subject to tax	-	(619,457)	-	-
Net investment income not subject to investment tax	-	(1,646,559)	-	-
Expenses not deductible for tax purposes	-	119,484	-	-
Net effect of other charges and allowances	-	(14,441)	-	-
	<u>460</u>	<u>302,501</u>	<u>-</u>	<u>-</u>
Income tax -				
Profit before taxation	<u>11,611,926</u>	<u>8,861,626</u>	<u>2,505,130</u>	<u>18,274,900</u>
Tax at 25% and 33½%	3,209,512	2,946,787	626,282	4,568,725
Adjusted for:				
Investment income not subject to income tax	(3,391,561)	(3,113,053)	(681,895)	(4,685,634)
Asset tax not deductible for tax purposes	238,224	1,256	100	25
Expenses not deductible for tax purposes	1,896,256	3,177,808	162,246	2,907
Subsidiaries taxed at zero rate	(136,043)	(203,106)	-	-
Effect of change in tax structure	48,521	-	-	-
Prior year (over)/under provision	(25,434)	24,718	-	-
Net effect of other charges and allowances	<u>(21,457)</u>	<u>82,013</u>	<u>(109,167)</u>	<u>114,037</u>
	<u>1,818,018</u>	<u>(3,993)</u>	<u>(2,334)</u>	<u>60</u>
Taxation expense	<u>1,818,478</u>	<u>298,508</u>	<u>(2,334)</u>	<u>60</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

47. Taxation (Continued)

(d) The tax (charge)/credit relating to components of other comprehensive income is as follows:

	The Group					
	2015			2014		
	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 available-for-sale investments	(8,474,232)	1,335,478	7,138,754	783,724	(164,402)	619,322
Re-measurement of post-employment benefits	(715,841)	273,873	(441,968)	1,330,557	(183,033)	1,147,524
Unrealised gains/(losses) on owner-occupied properties	102,055	(134,665)	(32,610)	85,691	(5,142)	80,549
Retranslation of foreign operations	533,920	-	533,920	537,832	-	537,832
Other comprehensive income	(8,554,098)	1,474,686	7,079,412	2,737,804	(352,577)	2,385,227
Deferred income taxes (Note 22)		(1,474,686)			(352,577)	

48. 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	
	2015	2014
Net profit attributable to stockholders (\$'000)	9,793,445	8,512,779
Weighted average number of ordinary stock units in issue ('000)	3,905,635	3,855,703
Basic earnings per stock unit (\$)	2.51	2.21

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

48. Earnings per Stock Unit (Continued)

(ii) Diluted earnings per stock unit is calculated adjusting the weighted average number of ordinary stock unit outstanding to assume conversion of all dilutive potential ordinary shares under the following schemes:

- An Employee Share Ownership Plan.
- Effective 1 May 2003, the Group instituted a share based compensation plan for Executives. A new long-term Incentive 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 company adopted a policy not to issue new shares to satisfy the staff share ownership plans, options being exercised or grants being awarded. 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	
	2015	2014
Net profit attributable to stockholders (\$'000)	9,793,445	8,512,779
Weighted average number of ordinary stock units in issue ('000)	3,905,635	3,855,703
Fully diluted earnings per stock unit (\$)	2.51	2.21

(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	
	2015	2014
	'000	'000
Weighted average number of ordinary stock units for the purposes of the computation of basic earnings per stock unit	3,905,635	3,855,703
Effect of dilutive potential ordinary stock units – stock options	3,906	3,420
Weighted average number of ordinary stock units for the purposes of the computation of diluted earnings per stock unit	3,909,541	3,859,123

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

49. Cash Flows

(a) Operating activities

Note	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Adjustments for non-cash items, interest and dividends:				
Depreciation and amortisation	767,084	586,734	126,336	-
Impairment charge for customer relationship	-	427,683	-	-
Interest income	(18,957,515)	(14,906,113)	(3,312,340)	(18,846,999)
Interest expense and finance costs	40	4,765,230	606,882	378,162
Income tax expense	46	1,818,478	(2,334)	-
Premium and other tax expense	46	966,704	403	100
Gains on disposal of investment securities/investment properties	(852,103)	(2,847,252)	13,308	-
Premium/discount amortised	206,020	226,039	(3,024)	(2,118)
Fair value gains on trading securities	(2,446,807)	(877,737)	-	-
Impairment charge on investments, loans and other assets	967,907	777,128	-	-
Share based compensation (Losses)/gains on revaluation of investment properties	13	(20,144)	114,154	-
Gains/(losses) on disposal of property, plant and equipment	92,603	(15,873)	-	-
Increase / (decrease) in policyholders' funds	447,673	(657,651)	-	-
Net movement in actuarial liabilities	4,777,174	5,523,213	-	-
Retirement benefit obligations	440,751	618,448	-	-
Effect of exchange gains on foreign currency balances	(138,086)	(488,616)	2,897	-
Negative goodwill on acquisition of RBC Jamaica	119,628	(3,211,180)	-	-
Share of income from joint venture/gain on disposal of associate	(61,121)	(6,309)	-	-
	<u>(7,106,524)</u>	<u>(8,892,465)</u>	<u>(2,567,872)</u>	<u>(18,470,625)</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

49. Cash Flows (Continued)

(b) Changes in other operating assets and liabilities:

	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Changes in other operating assets and liabilities:				
Statutory reserves at Bank of Jamaica	(966,404)	(216,391)	-	-
Structured products and derivatives	1,862,001	2,001,748	-	-
Stock grants	(71,630)	105,314	(71,631)	16,984
Reinsurance contracts	(38,693)	(118,112)	-	-
Due from/(to) related parties	9,474	(10,595)	815,929	(641,011)
Deposit and security liabilities	1,129,455	23,531,240	(3,379,106)	-
Other assets	(2,141,715)	(7,062,076)	447,526	(712,176)
Other liabilities	406,078	5,318,813	41,187	1,299,512
	<u>188,566</u>	<u>23,549,941</u>	<u>(2,146,095)</u>	<u>(36,691)</u>

(c) Net investment purchases:

	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Proceeds on sale of investment securities	66,350,628	44,033,979	5,471,055	-
Purchase of investment securities	(84,621,847)	(59,993,253)	(1,929,096)	(5,327,502)
Loans	(4,851,956)	(3,439,902)	-	-
Lease receivables	(20,478)	(8,573)	(16,853)	-
	<u>(23,143,653)</u>	<u>(19,588,803)</u>	<u>3,525,106</u>	<u>(5,327,502)</u>

(d) Investing Activities

	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Purchase of property, plant and equipment (Note 19)	(552,981)	(483,861)	(206,608)	(325)
Proceeds from sale of property, plant and equipment	4,693	32,795	-	-
	<u>(548,288)</u>	<u>(451,066)</u>	<u>(206,608)</u>	<u>(325)</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

50. 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 available-for-sale are measured at fair value by reference to quoted market prices or dealer quotes when available. If quoted market prices are not available, then fair values are based on pricing models or other recognised valuation techniques. Investments in unit trusts are based on prices quoted by the fund managers.
- (iii) The fair value of the interest rate swap is calculated as the present value of the estimated future cash flows. The fair value of currency forward contracts is determined using quoted forward exchange rates. The fair value of the equity indexed options and the exchange traded funds that are shorted are based on quoted prices. The fair value of the cross currency swap is based on the present value of the net future cash payments and receipts, which fluctuate based on changes in market interest rates and the euro/U.S. dollar exchange rate.
- (iv) The fair value of demand deposits and customer accounts with no specific maturity is assumed to be the amount payable on demand at the year end date. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using interest rates for new deposits.
- (v) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.
- (vi) Loans are net of provision for impairment. The estimated fair value of loans represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value; and
- (vii) Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

50. Fair Values of Financial Instruments (Continued)

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

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2015	2015	2014	2014
	\$000	\$000	\$000	\$000
Financial Assets				
Financial investments - held to maturity	2,463,106	2,632,254	2,328,071	2,412,449
Financial investments – loans and receivables	49,025,207	51,209,236	47,212,880	49,091,761
Loans & leases, after allowance for credit losses	43,761,061	41,727,816	38,808,048	39,595,778
Financial Liabilities				
Securities sold under agreements to repurchase	62,340,383	62,328,319	76,002,302	75,168,115
Customer deposits and other accounts Due to banks and other financial institutions	67,477,360	79,578,577	53,589,012	55,755,710
	25,576,703	25,700,077	19,698,839	19,650,749
	The Company			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2015	2015	2014	2014
	\$000	\$000	\$000	\$000
Financial Assets				
Financial investments – loans and receivables	954,442	957,328	3,176,822	3,144,775

The following table provides an analysis of financial instruments that are measured in the statement of financial position at fair value at 31 December 2015, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

50. Fair Values of Financial Instruments (Continued)

	The Group 2015			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial investments	39,848,582	102,575,684	3,460,332	145,884,598
Pledged assets	-	6,184,591	-	6,184,591
Derivative financial instruments	-	192,303	-	192,303
	<u>39,848,582</u>	<u>108,952,578</u>	<u>3,460,332</u>	<u>152,261,492</u>
Financial Liabilities				
Derivative financial instruments	-	192,303	-	192,303
	<u>-</u>	<u>192,303</u>	<u>-</u>	<u>192,303</u>

	The Group 2014			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial investments	39,963,751	90,703,116	1,901,926	132,568,793
Pledged assets	-	8,402,683	-	8,402,683
Derivative financial instruments	-	761,732	-	761,732
	<u>39,963,751</u>	<u>99,867,531</u>	<u>1,901,926</u>	<u>141,733,208</u>
Financial Liabilities				
Liabilities under annuity, investment and insurance contracts				
Derivative financial instruments	-	716,186	-	716,186
Structured products	-	-	-	-
	<u>-</u>	<u>716,186</u>	<u>-</u>	<u>716,186</u>

Reconciliation of level 3 items –

	The Group	
	2015 \$'000	2014 \$'000
Balance at beginning of year	1,901,926	1,659,427
Total gains – income statement	214,760	153,230
Purchases	1,987,639	89,269
Settlements	(643,993)	-
Balance at end of year	<u>3,460,332</u>	<u>1,901,926</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

50. Fair Values of Financial Instruments (Continued)

The gains or losses recorded in the income statement are included in Note 41.

The following table summarizes the quantitative information about the significant unobservable inputs used to measure the Group's Level 3 financial instruments:

Description	Fair value at		Unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	2015 \$'000	2014 \$'000		2015 \$'000	2014 \$'000	
Unquoted preference shares	505,100	330,201	Valued at imputed price Earnings growth factor	2.5% - 3.5%	2.0% - 3%	Increased earnings growth factor (+500 basis points (bps) and lower discount rate (-100 bps) would increase/decrease fair value by \$50,510,000
Corporate bonds	2,835,953	1,452,446	Valued at cost and comparable pricing	10%	10%	A shift of the credit default rate by +/- 100bps results in a change in FV \$283,595,000 (2014 - \$145,244,000).
Unquoted ordinary equity	119,279	119,269	Valued at cost less impairment	2.5% - 3.5%	2.0% - 3%	Increased earnings growth factor (+500 basis points (bps) and lower discount rate (-100 bps) would increase/decrease fair value by \$11,927,000
	<u>3,460,332</u>	<u>1,901,926</u>				

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

50. Fair Values of Financial Instruments (Continued)

The carrying value (excluding accrued interest) (Note 23) and fair value of investment securities classified as loans and receivables were as follows:

	The Group	
	Carrying Value \$'000	Fair Value \$'000
At December 31, 2015	48,287,687	47,998,469
At December 31, 2014	46,447,548	48,326,429

Similar to debt securities classified as available-for-sale, the above fair value measurements fall within Level 2 of the fair value hierarchy as indicative prices or yields of these instruments are obtained from regular, publicly available quotes by reputable pricing services, dealers and brokers, such as Bloomberg and Oppenheimer.

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;
- 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. 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 follows:

(i) Board Audit Committee

The Board Audit Committee comprises independent directors. The Committee:

- Oversees how management monitors internal controls, compliance with the Group's risk management policies and adequacy of the risk management framework to risks faced by the Group;
- Reviews the Group's annual and quarterly financial statements, related policies and assumptions and any accompanying reports or statements; and
- Reviews the internal audit function as well as the external auditor's independence, objectivity and effectiveness.

The Board Audit Committee is assisted in its oversight role by the Internal Audit Department. The Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

(ii) Board Investment Committee

The Board Investment Committee comprises independent directors. As part of its Terms of Reference, the Committee:

- 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(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.

(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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(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 company faces 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.

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.

(i) Frequency and severity of claims

For contracts where death is the insured risk the most significant factors that could increase the overall frequency and severity of claims are epidemics (such as AIDS) 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Long term insurance contracts

(i) Frequency and severity of claims (continued)

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 company's 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 51(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			
	Total Benefits Insured			
	Before Reinsurance \$'000	%	After Reinsurance \$'000	%
2015				
0 - 200	117,730,469	11	107,862,730	11
200 - 400	102,456,194	9	93,048,556	9
400 - 800	107,153,961	10	96,512,435	9
800 - 1000	95,357,274	9	89,260,291	9
More than 1,000	660,690,517	61	634,193,204	62
			1,020,877,21	
Total	1,083,388,415	100	6	100

Individual Life Benefits Assured per Life ('000)	The Group			
	Total Benefits Insured			
	Before Reinsurance \$'000	%	After Reinsurance \$'000	%
2014				
0 - 200	111,403,881	11	101,126,241	11
200 - 400	439,341,621	44	422,458,276	45
400 - 800	66,218,105	7	56,174,633	6
800 - 1000	29,131,101	3	24,261,084	3
More than 1,000	350,672,979	35	328,668,889	35
Total	996,767,687	100	932,689,123	100

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. 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 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			
	Total Benefits Insured			
	Before Reinsurance \$'000	%	After Reinsurance \$'000	%
2015				
0 - 200	29,958,394	5	21,517,509	4
200 - 400	3,591,631	1	1,509,387	-
400 - 800	663,817	-	419,606	-
800 - 1,000	183,806	-	183,806	-
More than 1,000	566,959,335	94	563,056,822	96
	601,356,983	100	586,687,130	100

Group Life Benefits Assured per Life ('000)	The Group			
	Total Benefits Insured			
	Before Reinsurance \$'000	%	After Reinsurance \$'000	%
2014				
0 - 200	27,128,290	4	17,630,147	3
200 - 400	3,824,031	1	1,736,194	-
400 - 800	577,851	-	400,501	-
800 - 1,000	41,077	-	41,077	-
More than 1,000	559,822,986	95	557,292,605	97
	591,394,235	100	577,100,524	100

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. 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 company's annuity insurance contracts illustrate the concentration of risk based on five bands that group these contracts in relation to the amount payable per annum as if the annuity was in payment at the year end. The greatest risk concentration remains at the highest band, which is consistent with the prior year. The Group does not hold any reinsurance contracts against the liabilities carried for these contracts.

Annuity Payable per annum per annuitant ('000)	The Group	
	Total Benefits Insured	
2015	\$'000	%
0 - 20	60,453	2
20 - 40	66,811	2
40 - 80	81,276	3
80 - 100	35,527	1
More than 100	2,777,718	92
Total	3,021,785	100

Annuity Payable per annum per annuitant ('000)	The Group	
	Total Benefits Insured	
2014	\$'000	%
0 - 20	40,374	2
20 - 40	60,701	2
40 - 80	76,431	3
80 - 100	34,420	1
More than 100	2,474,184	92
Total	2,686,109	100

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

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.

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. Medical impaired lives are reinsured at lower levels. 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 aggravated 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Long term insurance contracts (continued)

(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 35(e) 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.

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 50(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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

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 50(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 35(e) 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.

Short-duration property and casualty insurance contracts

Casualty insurance risks

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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Short-duration property and casualty insurance contracts (continued)

(ii) Property insurance risks

Property risks for the Group and its affiliates are covered through one of its subsidiaries, Sagicor Re Insurance Company Limited (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.

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 with unrelated reinsurance companies. However, in the event that these reinsurers are unable to meet their obligations under the reinsurance agreements, Sagicor Re would be liable to pay the gross amount of settled claims, subject to a "catch all clause". Sagicor Re mitigates the risks associated with failure of its reinsurers by transacting only with well-established reinsurance companies. The reinsurers are primarily located in Europe, however, a portion of reinsurance is placed with reinsurers located in the Caribbean.

(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 facultative reinsurance on a quota share and layered basis 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(b) Reinsurance risk (continued)

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	Retention by insurers
Health insurance contracts with groups	Retention per individual to a maximum J\$1,000,000.
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.

(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 company 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.

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 (Note 35(e) for further details).

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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

(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 \$219,196,000 (2014 - \$198,166,166) 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.

(iii) Short term contracts

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.

The following tables summarise carrying amounts of statement of financial position assets, liabilities and equity 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 2015 and 2014.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Group						Total
	2015						
	Immediately Rate Sensitive	Within 3 months	3-12 months	1-5 years	Over 5 years	Non- Interest bearing	
\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Assets							
Cash resources	4,937,758	-	-	-	-	2,589,989	7,527,747
Cash reserve at Bank of Jamaica	6,458,895	-	-	-	-	-	6,458,895
Financial investments and pledged assets	-	34,722,167	2,700,868	40,321,512	104,661,696	24,046,389	206,452,632
Derivative financial instruments	-	-	-	-	-	192,303	192,303
Loans & leases, after allowance for credit losses	-	43,521,360	3,098	100,857	-	135,746	43,761,061
Reinsurance contracts	-	-	-	-	-	432,968	432,968
Other assets	-	-	-	-	-	10,608,458	10,608,458
Non-financial assets							
Investment properties	-	-	-	-	-	472,000	472,000
Investment in joint venture	-	-	-	-	-	759,115	759,115
Investment in associated companies	-	-	-	-	-	4,869,225	4,869,225
Intangible assets	-	-	-	-	-	5,663,052	5,663,052
Property, plant and equipment	-	-	-	-	-	4,195,227	4,195,227
Deferred income taxes	-	-	-	-	-	4,652,992	4,652,992
Taxation recoverable	-	-	-	-	-	2,887,330	2,887,330
Retirement benefit Assets	-	-	-	-	-	8,695	8,695
Other assets	-	-	-	-	-	1,448,227	1,448,227
Total assets	11,396,653	78,243,527	2,703,966	40,422,369	104,661,696	62,961,716	300,389,927

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Group						
	2015						
	Immediately Rate Sensitive	Within 3 months	3-12 months	1-5 years	Over 5 years	Non- Interest bearing	Total
\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Liabilities							
Deposit and security liabilities	-	115,995,570	22,305,542	6,826,747	627,405	13,851,790	159,607,054
Derivative financial instruments	-	-	-	-	-	192,303	192,303
Other liabilities	-	-	-	-	-	11,365,871	11,365,871
Insurance contracts liabilities	-	817,489	2,409,968	12,265,445	43,572,353	2,520,568	61,585,823
Investment contracts liabilities	-	6,520,113	2,294,391	4,157,474	-	-	12,971,978
Other policy liabilities	-	763,196	-	-	-	2,296,183	3,059,379
Non-financial liabilities:							
Taxation payable	-	-	-	-	-	570,635	570,635
Retirement benefit obligations	-	-	-	-	-	4,467,473	4,467,473
Total liabilities	-	124,096,368	27,009,901	23,249,666	44,199,758	35,264,823	253,820,516
On statement of financial position interest sensitivity gap	11,396,653	(45,852,841)	(24,305,935)	17,172,703	60,461,938	27,696,893	46,569,411
Cumulative interest sensitivity gap	11,396,653	(34,456,188)	(58,762,123)	(41,589,420)	18,872,518	46,569,411	

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Group						
	2014						
	Immediately Rate Sensitive	Within 3 months	3-12 months	1-5 years	Over 5 years	Non- Interest bearing	Total
\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Assets							
Cash resources	18,261,239	-	-	-	-	2,812,358	21,073,597
Cash reserve at Bank of Jamaica	5,492,491	-	-	-	-	-	5,492,491
Financial investments and pledged assets	-	36,862,522	4,561,062	36,680,705	95,086,643	18,306,777	191,497,709
Derivative financial instruments	-	571,444	-	-	-	190,288	761,732
Loans & leases, after allowance for credit losses	-	29,838,875	1,820,060	4,650,087	2,294,542	204,485	38,808,049
Reinsurance contracts	-	-	-	-	-	380,822	380,822
Other assets	-	-	-	-	-	9,024,788	9,024,788
Non-financial assets:							
Investment properties	-	-	-	-	-	871,888	871,888
Investment in joint venture	-	-	-	-	-	738,718	738,718
Intangible assets	-	-	-	-	-	4,617,001	4,617,001
Property, plant and equipment	-	-	-	-	-	3,506,736	3,506,736
Deferred income taxes	-	-	-	-	-	3,018,293	3,018,293
Taxation recoverable	-	-	-	-	-	3,114,495	3,114,495
Retirement benefit Assets	-	-	-	-	-	58,912	58,912
Other assets	-	-	-	-	-	1,250,582	1,250,582
Total assets	23,753,730	67,272,841	6,381,122	41,330,792	97,381,185	48,096,143	284,215,813

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Group						Total
	2014						
	Immediately Rate Sensitive	Within 3 months	3-12 months	1-5 years	Over 5 years	Non- Interest bearing	
\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Liabilities							
Deposit and security liabilities	-	113,421,654	32,728,772	3,448,755	763,722	1,221,479	151,584,382
Derivative financial instruments	-	525,854	-	-	-	190,332	716,186
Other liabilities	-	-	-	-	-	10,631,301	10,631,301
Insurance contracts liabilities	-	744,783	2,339,451	11,203,061	39,018,448	2,520,568	55,826,311
Investment contracts liabilities	-	7,638,002	2,271,288	2,438,745	-	-	12,348,035
Other policy liabilities	-	785,931	-	-	-	2,182,583	2,968,514
Non-financial liabilities:							
Taxation payable	-	-	-	-	-	714,632	714,632
Retirement benefit obligations	-	-	-	-	-	3,361,094	3,361,094
Total liabilities	-	123,116,224	37,339,511	17,090,561	39,782,170	20,821,989	238,150,455
On statement of financial position interest sensitivity gap	23,753,730	(55,843,383)	(30,958,389)	24,240,231	57,599,015	27,274,154	46,065,358
Cumulative interest sensitivity gap	23,753,730	(32,089,653)	(63,048,042)	(38,807,811)	18,791,204	46,065,358	

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

The table summarises the average effective yields by the earlier of the contractual repricing or maturity dates:

	The Group					
	2015					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
%	%	%	%	%	%	
Cash resources	0.06	-	-	-	-	0.06
Investments ⁽¹⁾	-	6.09	8.89	7.07	8.71	7.70
Loans	12.10	12.12	16.35	11.56	-	12.08
Mortgages ⁽²⁾	-	9.70	9.70	9.70	9.70	9.70
Policy loans	-	-	-	-	10.91	10.91
Investment contracts	-	4.63	4.63	4.63	4.63	4.63
Bank overdraft	26.00	-	-	-	-	26.00
Deposits	-	3.47	3.80	6.53	-	3.58
Amounts due to banks and other financial institutions	-	3.36	6.48	6.65	6.60	4.50
	The Group					
	2014					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
%	%	%	%	%	%	
Cash resources	0.07	-	-	-	-	0.07
Investments ⁽¹⁾	-	7.98	4.25	6.99	7.81	6.74
Loans	16.96	10.77	8.49	11.68	9.86	11.63
Mortgages ⁽²⁾	-	9.45	9.45	9.45	9.45	9.45
Policy loans	-	-	-	-	14.58	14.58
Investment contracts	-	4.39	4.39	4.39	4.39	4.39
Bank overdraft	19.00	-	-	-	-	19.00
Deposits	-	3.0	2.79	5.80	-	3.04
Amounts due to banks and other financial institutions	-	4.67	6.95	6.74	4.76	5.80

(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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. 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 51.

The effects of changes in interest rates of assets backing other policy liabilities, deposit and security liabilities and equity are considered below.

(d) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit exposures arise principally in lending and investment activities. There is also credit risk in off-statement of financial position financial instruments, such as loan commitments. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

Credit-related commitment risks arise from guarantees which may require payment on behalf of customers. Such payments are collected from customers based on the terms of the letters of credit. They expose the Group to similar risks to loans and these are mitigated by the same control policies and processes

Key areas where the Group is exposed to credit risk are:

- (i) Reinsurers' share of insurance liabilities – see Note 50(b) for details of reinsurance risk.
- (ii) Amounts due from reinsurers in respect of claims already paid.
- (iii) Loans, leases, mortgages and investments

Credit review process

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

(i) Loans and leases

The Group assesses the probability of default of individual counterparties using internal ratings. Clients of the Group are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

Group's internal rating scale:

Group's rating	Description of the grade
1	Standard
2	Potential Problem Credit
3	Sub-Standard
4	Doubtful
5	Loss

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Credit review process (continued)

(i) Loans and leases (continued)

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees. Counterparty limits are established by the use of a credit classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risk to which it is exposed and take corrective action.

(ii) Investments and cash

Credit risk from financial investments is minimised through holding a diversified portfolio of investments, purchasing securities and advancing loans only after careful assessment of the borrower, obtaining collateral before advancing loans, and placing deposits with financial institutions with a strong capital base. It does not generally require collateral in respect of other financial assets, mainly premiums receivable. There is a credit policy in place to minimise the Group's exposure to credit risk. Limits may be placed on the amount of risk accepted in relation to one borrower. As a result of the Central Securities Depository (CSD), all domestic Government of Jamaica securities have been dematerialised which has significantly reduced the settlement risk. At the year end date, the only significant concentration of credit risk related to the Group's investments in Government of Jamaica securities.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position without taking into account any collateral or any credit enhancements.

Collateral and other credit enhancements

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

The main types of collateral obtained are as follows:

Loans and leases – cash and near cash securities, mortgages over commercial and residential properties, charges over business assets such as premises, equipment, inventory, accounts receivable, stocks and other securities and motor vehicles.

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

The Group also obtains guarantees from parent companies for loans to their subsidiaries and personal guarantees for loans given to private companies.

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Impairment loss provision methodology

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

The Group addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

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

In addition, collectively assessed allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by taking into consideration historical losses on the portfolio, current economic conditions and expected receipts and recoveries once impaired.

Commitments and guarantees

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

The internal rating systems described above focus more on credit-quality mapping from the inception of lending activities. In contrast, impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the year end date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

The impairment provision shown in the statement of financial position at year-end is derived from each of the five internal rating grades. However, the majority of the impairment provision comes from the bottom two rating classes (doubtful and loss). The tables below show the Group's loans and leases and the associated impairment provision for each internal rating classes:

Group and company's rating

	The Group			
	2015		2014	
	Loans and leases \$'000	Impairment Provision \$'000	Loans and leases \$'000	Impairment provision \$'000
Standard	39,975,442	13	31,030,120	-
Potential Problem Credit	1,777,495	1,351	5,431,387	-
Sub-Standard	1,071,934	421,066	757,296	41,457
Doubtful	397,757	136,078	615,952	176,554
Loss	2,306,923	1,209,982	3,280,878	2,089,574
	<u>45,529,551</u>	<u>1,768,490</u>	<u>41,115,633</u>	<u>2,307,585</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

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

The following table represents a worst case scenario of credit risk exposure to the Group at 31 December 2015 and 2014, without taking account of any collateral held or other credit enhancements. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

	The Group	
	Maximum exposure	
	2015	2014
	\$'000	\$'000
Credit risk exposures relating to on-statement of financial position are as follows:		
Cash and balances due from other financial institutions (excluding cash on hand)	14,291,783	19,727,083
Investment securities	184,869,169	175,508,833
Loans & leases, net of allowance for credit losses	43,761,061	38,808,049
Reinsurance contracts	432,968	380,822
Other assets	10,608,458	9,024,788
	<u>253,963,439</u>	<u>243,449,575</u>
Credit risk exposures relating to items not on the statement of financial position are as follows:		
Loan commitments	7,180,277	7,372,301
Guarantees and letters of credit	3,257,737	2,026,832
	<u>10,438,014</u>	<u>9,399,133</u>

Loans and leases

(i) Credit quality of loans and leases are summarised as follows:

	The Group	
	2015	2014
	\$'000	\$'000
Neither past due nor impaired - Standard	37,571,299	30,490,103
Past due but not impaired	5,693,409	7,080,188
Impaired	2,264,843	3,545,343
Gross	<u>45,529,551</u>	<u>41,115,634</u>
Less: provision for credit losses	<u>(1,768,490)</u>	<u>(2,307,585)</u>
Net	<u>43,761,061</u>	<u>38,808,049</u>

Loans and leases become past due when payments are not received on contractual repayment dates. The majority of past due loans are not considered impaired.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loans and leases (continued)

(i) Credit quality of loans and leases are summarized as follows (continued):

The majority of loans are made to customers in Jamaica. The following table summarizes the credit exposure for loans at their carrying amounts, as categorised by the industry sectors:

	The Group	
	2015	2014
	\$'000	\$'000
Agriculture	1,161,686	1,300,903
Construction and land development	6,531,362	5,545,212
Distribution	7,789,443	8,400,052
Manufacturing	1,319,152	1,654,919
Personal	16,659,612	14,697,089
Professional and other services	6,713,422	5,695,885
Tourism and entertainment	2,092,044	2,178,742
Transportation storage and communication	427,650	864,549
Overseas residents and other	2,699,435	573,799
Total	45,393,806	40,911,150
Total provision	(1,768,490)	(2,307,585)
Interest receivable	135,745	204,484
Net	<u>43,761,061</u>	<u>38,808,049</u>

(ii) Aging analysis of past due but not impaired loans and leases:

	The Group	
	2015	2014
	\$'000	\$'000
Less than 30 days	4,030,509	5,320,462
31 to 60 days	1,259,811	871,452
61 to 90 days	401,322	886,507
More than 90 days	1,767	1,767
	<u>5,693,409</u>	<u>7,080,188</u>

Financial assets other than loans and leases that are past due but not impaired are mortgage loans up to three months of \$18,751,000 (2014 - \$16,256,000).

The Group holds adequate collateral for past due not impaired loans and leases.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loans and leases (continued)

(iii) Financial assets – individually impaired

Financial assets that are individually impaired before taking into consideration the cash flows from collateral held are as follows:

	The Group	
	2015	2014
	\$'000	\$'000
Loans and leases	2,264,842	3,545,343
Mortgage loans	293,125	244,354

There are no financial assets other than those listed above that were individually impaired.

(iv) Renegotiated loans and leases

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The determination of whether a loan would qualify for renegotiation is made only if all factors indicate that the borrower is able to repay in full (including interest). In making this assessment, the Group takes its historic experience with the borrowers, their expected future cash flows, collateral valuations and any guarantees into consideration. Therefore, at the time of modification, all renegotiated loans are interest bearing with interest being calculated using the terms of the modified loan.

All renegotiated loans are individually assessed for impairment as the active renegotiation of a loan as a result of borrower difficulty, as defined in paragraph 59(c) of IAS 39, is considered a trigger for determining whether the loan should be tested for impairment. In carrying out its assessment, the Group uses the same methodology as with any other loan in the portfolio that exhibits other objective evidence of impairment. These loans are, however, actively monitored for at least 12 months from the time of renegotiation to determine whether circumstances have changed that would result in the loan being impaired or whether there should be an increase in the current level of impairment.

(v) Repossessed collateral

The Group can obtain assets by taking possession of collateral held as security.

Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. In general, the Group do not occupy repossessed properties for business use.

The Group is in the process of repossessing collateral totaling \$52,070,000 (2014 - \$56,270,000).

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Credit exposure

Investments and cash

The following table summarizes the credit exposure of the Group to businesses and government by sectors in respect of investments and cash:

	The Group	
	2015	2014
	\$'000	\$'000
Government of Jamaica securities	109,778,408	104,641,838
Foreign government securities	13,390,532	10,753,516
Corporate bonds	53,956,798	50,329,083
Financial institutions	15,256,453	23,314,287
Mortgage loans	2,681,710	2,189,363
Policy loans	904,955	906,489
Promissory notes	48,000	498,000
	196,016,856	192,632,576
Interest receivable	3,144,096	2,603,340
	199,160,952	195,235,916

There are equal and offsetting claims against customers in the event of a call on the above commitments for customer guarantees and letters of credit.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Credit exposure (continued)

The Group's exposures to individual counterparty credit risks exceeding 2.5% of exposures by class are set out below:

	The Group	
	2015	2014
	\$'000	\$'000
Debt securities:		
Government of Jamaica debt securities	111,813,599	106,246,560
Deposits and cash:		
Bank of America	1,826,432	3,431,176
Citibank N.A.	1,584,873	12,088,816
Bank of Jamaica	6,458,895	5,514,264
National Commercial Bank Jamaica Limited	210,452	90,362
The Bank of Nova Scotia Jamaica Limited	219,529	67,478
Reinsurance contracts:		
Swiss Re - rated A+ (superior) by A.M Best	256,504	178,578
Munich Re - rated A+ (superior) by A.M Best	33,650	33,395

Exposure to credit risk is also managed in part by obtaining collateral and guarantees for mortgage loans. For mortgage loans, the collateral is real estate property, and the approved loan is usually no more than 95% of collateral value.

Policy loans are advanced on the security of the underlying insurance policy cash values. Cash loans are advanced to a maximum of 80% of the cash surrender value. Automatic premium loans are advanced to the extent of available cash surrender value.

For securities purchased under agreement to resell, title to securities are transferred to the Group by agreement, and for the duration of the latter.

Past due and impaired financial investments

Debt securities are assessed for impairment when amounts are past due, when the borrower is experiencing cash flow difficulties, or when the borrower's credit rating has been downgraded.

Mortgages less than 90 days past due are not assessed for impairment unless other information is available to indicate the contrary.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. 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 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.

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 2015 and 2014.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. 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 financial assets and liabilities are based on estimates made by management as determined by retention history.

	The Group					
	Within 3 months	3-12 months	1-5 years	Over 5 years	No specific maturity	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Undiscounted Financial Liabilities - 31 December 2015						
Deposit and security liability	131,211,296	25,230,412	3,783,061	1,351,968	-	161,576,737
Derivative financial instruments	104,839	21,329	66,135	-	-	192,303
Other liabilities	4,190,425	1,961,487	-	-	5,213,959	11,365,871
Insurance contracts liabilities	817,489	2,409,968	12,265,445	46,092,921	-	61,585,823
Investment contracts liabilities	6,520,113	2,294,391	4,223,935	-	-	13,038,439
Other policy liabilities	763,196	2,296,183	-	-	-	3,059,379
Total undiscounted liabilities	143,607,358	34,213,770	20,338,576	47,444,889	5,213,959	250,818,552
	Within 3 months	3-12 months	1-5 years	Over 5 years	No specific maturity	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Undiscounted Financial Liabilities - 31 December 2014						
Deposit and security liabilities	117,181,127	30,727,202	4,601,466	1,317,801	-	153,827,596
Derivative financial instruments	662,445	24,565	162,838	-	-	849,848
Other liabilities	5,670,479	1,052,954	-	669	3,907,199	10,631,301
Insurance contracts liabilities	744,783	2,339,451	11,203,061	41,539,016	-	55,826,311
Investment contracts liabilities	7,638,002	2,271,288	2,500,106	-	-	12,409,396
Other policy liabilities	785,931	2,182,583	-	-	-	2,968,514
Total undiscounted liabilities	132,682,767	38,598,043	18,467,471	42,857,486	3,907,199	236,512,966

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. 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, 2015				
Credit commitments	7,298,657	-	-	7,298,657
Guarantees, acceptances and other financial facilities	2,847,409	360,328	50,000	3,257,737
Operating lease commitments	132,111	451,660	-	583,771
Capital commitments	1,580,536	-	-	1,580,536
	11,858,713	811,988	50,000	12,720,701
At December 31, 2014				
Credit commitments	4,905,835	875,182	1,591,284	7,372,301
Guarantees, acceptances and other financial facilities	1,401,687	176,267	284,158	1,862,112
Operating lease commitments	344,125	209,041	99,131	652,297
Capital commitments	1,196,866	-	-	1,196,866
	7,848,513	1,260,490	1,974,573	11,083,576

Lease payments, including maintenance, for Group during the year were \$581,204,000 (2014 – 666,519,000).

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (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 and the company's assets and liabilities at carrying amounts categorised by currency.

(f) Market risk (continued)

(ii) Currency risk (continued)

Concentrations of currency risk (continued)

	The Group			
	2015			
	Jamaican \$	US\$	Other	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash resources	1,684,977	4,008,151	1,834,618	7,527,747
Cash reserve at Bank of Jamaica	3,800,391	2,514,296	144,208	6,458,895
Financial investments and pledged assets	75,960,911	129,891,044	600,677	206,452,632
Derivative financial instruments	-	192,303	-	192,303
Loans & leases, after allowance for credit losses	33,461,480	10,299,581	-	43,761,061
Reinsurance contracts	142,750	290,218	-	432,968
Other assets	9,480,903	1,051,418	76,137	10,608,458
Non-financial assets:				
Investment properties	472,000	-	-	472,000
Investment in joint venture	-	759,115	-	759,115
Investment in associated companies	4,869,225	-	-	4,869,225
Intangible assets	5,028,499	634,553	-	5,663,052
Property, plant and equipment	3,718,795	476,432	-	4,195,227
Retirement benefit assets	8,695	-	-	8,695
Deferred income taxes	4,652,992	-	-	4,652,992
Taxation recoverable	2,887,330	-	-	2,887,330
Other assets	1,431,197	17,030	-	1,448,227
Total assets	147,600,145	150,134,141	2,655,640	300,389,927
Financial liabilities				
Deposit and security liabilities	57,010,112	100,117,013	2,479,929	159,607,054
Derivative financial instruments	-	192,303	-	192,303
Other liabilities	10,392,713	941,601	31,557	11,365,871
Insurance contracts liabilities	32,560,277	26,796,596	2,228,950	61,585,823
Investment contracts liabilities	7,992,767	4,914,562	64,650	12,971,978
Other policy liabilities	2,248,626	288,159	522,594	3,059,379
Non-financial liabilities:				
Taxation payable	570,635	-	-	570,635
Retirement benefit obligations	4,467,473	-	-	4,467,473
Total liabilities	115,242,603	133,250,234	5,327,679	253,820,516
Net on statement of financial position	32,357,542	16,883,907	(2,672,039)	46,569,411

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

51. Insurance and Financial Risk Management (Continued)

(f) Market risk (continued)

(ii) Currency risk (continued)

Concentrations of currency risk (continued)

	The Group			
	2014			
	Jamaican \$	US\$	Other	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash resources	1,782,985	16,938,229	2,352,383	21,073,597
Cash reserve at Bank of Jamaica	3,669,453	1,649,832	173,206	5,492,491
Financial investments and pledged assets	65,266,530	124,403,381	1,827,798	191,497,709
Derivative financial instruments	-	761,732	-	761,732
Loans & leases, after allowance for credit losses	28,316,958	10,491,091	-	38,808,049
Reinsurance contracts	104,231	276,591	-	380,822
Other assets	8,145,785	709,585	169,418	9,024,788
Non-financial assets:				
Investment properties	445,000	426,888	-	871,888
Investment in joint venture	-	738,718	-	738,718
Intangible assets	4,616,396	605	-	4,617,001
Property, plant and equipment	3,479,315	27,421	-	3,506,736
Retirement benefit assets	58,912	-	-	58,912
Deferred income taxes	3,018,293	-	-	3,018,293
Taxation recoverable	3,114,495	-	-	3,114,495
Other assets	1,191,472	59,110	-	1,250,582
Total assets	123,209,824	156,483,184	4,522,805	284,215,813
Financial liabilities				
Deposit and security liabilities	59,673,089	88,815,756	3,095,537	151,584,382
Derivative financial instruments	-	276,179	440,007	716,186
Other liabilities	9,052,472	1,538,397	40,432	10,631,301
Insurance contracts liabilities	30,882,533	23,012,289	1,931,489	55,826,311
Investment contracts liabilities	7,568,782	4,687,596	91,657	12,348,035
Other policy liabilities	2,154,839	298,328	515,347	2,968,514
Non-financial liabilities:				
Taxation payable	714,632	-	-	714,632
Retirement benefit obligations	3,361,094	-	-	3,361,094
Total liabilities	113,407,441	118,628,545	6,114,469	238,150,455
Net on statement of financial position	9,802,383	37,854,639	(1,591,664)	46,065,358

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

52. Sensitivity Analysis

Actuarial liabilities for the Group comprise 72.54% (2014 – 71.18%) 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 34(e).

(i) Sensitivity arising from the valuation of life insurance and annuity contracts

In summary, the valuation of actuarial liabilities of life insurance and annuity contracts is sensitive to:

- the economic scenario,
- the investments allocated to back the liabilities,
- the underlying assumptions used, and
- the margins for adverse deviations.

The Appointed Actuary tests the actuarial liabilities under several economic scenarios. These tests have been done and the liabilities have been derived from the scenarios which produce the worst results.

The assumption for future investment yields has a significant impact on actuarial liabilities.

The other assumptions to which the actuarial liabilities of the Group are most sensitive, are in descending order of impact:

- Mortality and morbidity
- Operating expenses and taxes
- Lapse rates

(ii) Dynamic capital adequacy testing (DCAT)

DCAT is a technique used to assess the adequacy of an insurer's future financial condition in the light of different future economic and policy experience scenarios. DCAT assesses the impact over the next 5 years on the insurer's financial position and financial condition under specific scenarios.

The financial position of an insurer is reflected by the amounts of assets, liabilities and equity in the statement of financial position at a given date.

The financial condition of an insurer at a particular date is its prospective ability at that date to meet its future obligations, especially obligations to policyholders, those to whom it owes benefits and to its shareholders.

The purpose of the DCAT is:

- to develop an understanding of the sensitivity of the total equity of the insurer and future financial condition to changes in various experience factors and management policies;
- to alert management and the Board to material, plausible and imminent threats to the insurer's solvency; and
- to describe possible courses of action to address these threats.

A DCAT analysis has been completed for Sagicor Life Jamaica Limited and Sagicor Life of the Cayman Islands Ltd.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

52. Sensitivity Analysis (Continued)

(ii) Dynamic capital adequacy testing (DCAT) (continued)

The results are as follows:

(i) Worsening rate of lapse. The scenario was tested in either of the following ways:

For business which produces higher valuation reserves with an increase in lapse rates, the scenario lapse rates were doubled. For business which produces higher valuation reserves with a decrease in lapse rates, the scenario lapse rates were halved.

Overall, this scenario produces adverse results in 2014 and for the next five years.

(ii) High interest rate. An assumed increase in portfolio rate of 0.5% per year for 10 years. Overall, this scenario produces favourable results in 2014 and for the next five years.

(iii) Low interest rate. An assumed decrease in portfolio rate of 0.5% for 10 years was tested in this scenario. Overall, this scenario produces adverse results in 2014 and for the next five years.

(iv) Worsening mortality and morbidity. To test this scenario, mortality and morbidity rates were increased for life insurance, health and critical illness products and decreased for annuity products. For life insurance, health and critical illness products, rates were increased by 3% of the base rate per year for 5 years. For annuity products, rates were decreased by 3% of the base rate for 5 years. Overall, this scenario produces adverse results in 2014 and for the next five years.

(v) Higher expenses. Higher unit maintenance expenses were tested by setting the unit expense rate for each projection year 5% greater than the unit expense rate assumed in the base scenario. Overall, this scenario produces adverse results in 2014 and for the next five years.

(vi) Level new business. New business planned for 2014 was maintained for the 5 year period. Overall, this scenario has no effect on the liabilities in 2014 but produces favourable results for the next five years.

(vii) Double new business. New business planned for the 5 year period was projected to grow at twice the rate of growth anticipated in the base scenario. Overall, this scenario has no effect on the 2014 liabilities, but will produce net lower liabilities over the next five years.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

52. Sensitivity Analysis (Continued)

(ii) Dynamic capital adequacy testing (DCAT) (continued)

The DCAT conducted has not tested 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 estimated sensitivity of each of the above scenarios to net actuarial liabilities totalling \$61,588,181,000 for the Group at the year-end date.

Variable	Change in Variable	The Group	
		2015 Change in Liability \$'000	2014 Change in Liability \$'000
Worsening of mortality/morbidity	+3% for 5 yrs.	3,222,894	3,043,719
Improvement in annuitant mortality	-3% for 5 yrs.	843,159	742,384
Lowering of investment return	-0.5% for 10 yrs.	16,346,312	14,429,908
Worsening of base renewal expense and inflation rate	+5% for 5 yrs.	1,916,240	1,927,442
Worsening of lapse rate	x2 or x0.5	4,817,340	4,742,506
High Interest	+0.5% for 10 yrs.	(12,142,133)	(11,266,347)

(iii) Sensitivity arising from a decline in equity prices

The Group is sensitive to fair value risk on its financial assets at fair value through profit or loss and available for sale 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.

Financial assets at fair value through profit or loss and available for sale equity securities:	The Group	
	Carrying Value \$'000	Effect of 10% change at 31 December 2015 \$'000
Listed on Jamaica Stock Exchange	668,963	66,896
Listed on US stock exchanges	3,971,194	397,119
Other	14,605,774	1,460,578
	<u>19,245,931</u>	<u>1,924,593</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

52. Sensitivity Analysis (Continued)

(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 a further 15% (2014 – 15%) depreciation and a 1% (2014 – 1%) 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					
	2015			2014		
	Balances	Effect of a 15% depreciation at 31 December	Effect of a 1% appreciation at 31 December	Balances	Effect of a 15% depreciation at 31 December	Effect of a 1% appreciation at 31 December
	Denominated in other than JMD \$'000	2015 \$'000	2015 \$'000	denominated in other than JMD \$'000	2014 \$'000	2014 \$'000
Statement of financial position:						
Assets	152,879,907	175,811,893	151,351,108	161,005,989	185,156,887	159,395,929
Liabilities	138,744,326	159,555,974	137,356,882	124,743,014	143,454,466	123,495,583
Net position	<u>14,135,582</u>	<u>16,255,919</u>	<u>13,994,226</u>	<u>36,262,975</u>	<u>41,702,422</u>	<u>35,900,345</u>
Income statement:						
Net income	-	2,773,477	(97,813)	-	5,803,175	(386,878)
Equity	-	(653,139)	43,543	-	(363,729)	24,249

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

52. Sensitivity Analysis (Continued)

(v) Development of Property and Casualty claims

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			
	2013	2014	2015	Total
Gross	\$'000	\$'000	\$'000	\$'000
Estimate of ultimate claims incurred:				
At the end of the reporting year	6,123	50,707	4,697	61,527
One year later	2,203	42,834	-	45,037
Two years later	1,759	-	-	1,759
Current estimate of cumulative claims	1,759	48,325	4,697	49,290
Cumulative payments to date	(1,759)	(30,751)	(404)	(32,914)
Liability recognised in the statement of financial position	-	12,084	4,293	16,377
Liability in respect of prior years and ULAE				4,592
Total liability				20,969

The reinsurers' share of the amounts in the following table is set out below.

Reinsurers' share	2013	2014	2015	Total
	\$'000	\$'000	\$'000	\$'000
Estimate of ultimate claims incurred:				
At the end of the reporting year	6,123	50,707	4,697	61,527
One year later	2,203	42,834	-	45,037
Two years later	1,759	-	-	1,759
Current estimate of cumulative claims	1,759	48,325	4,697	49,290
Cumulative payments to date	(1,759)	(30,751)	(404)	(32,914)
Recoverable recognised in the statement of financial position	-	12,084	4,293	16,377
Recoverable in respect of prior years				4,592
Total recoverable from reinsurers				20,969

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

52. Sensitivity Analysis (Continued)

(vi) Interest rate sensitivity

For Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited, the following tables indicate the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statements 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 financial assets and financial liabilities. The sensitivity of stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on market risk. It should be noted that movements in these variables are non-linear and are assessed individually.

	Sagicor Investments Jamaica Limited			
	Effect on	Effect on	Effect on	Effect on
	Net Profit	Equity	Net Profit	Equity
	2015	2015	2014	2014
	\$'000	\$'000	\$'000	\$'000
Change in percentage				
J\$: -1%, US\$: -0.5%				
(2014 – J\$: -1%, US\$: -0.5%)	497,329	1,226,019	90,020	962,031
J\$: +2.5%, US\$: +2%				
(2014 – J\$: +2.5%, US\$: +2%)	(820,315)	(4,304,597)	(499,367)	(3,030,766)

	Sagicor Bank Jamaica Limited			
	Effect on	Effect on	Effect on	Effect on
	Net Profit	Equity	Net Profit	Equity
	2015	2015	2014	2014
	\$'000	\$'000	\$'000	\$'000
Change in percentage				
J\$: -1%, US\$: -0.5%				
(2014 – J\$: -1%, US\$: -0.5%)	239,689	398,041	287,497	286,585
J\$: +2.5%, US\$: +2%				
(2014 – J\$: +2.5%, US\$: +2%)	(745,179)	(1,293,583)	(825,699)	(974,528)

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

53. Capital Management

The Group manages its capital resources according to the following objectives:

- To comply with capital requirements established by insurance, banking and other financial intermediary regulatory authorities;
- To comply with internationally recognised capital requirements for insurance, where local regulations do not meet these international standards;
- To safeguard its ability to meet future obligations to policyholders, depositors, note-holders and stockholders;
- To provide adequate returns to stockholders by pricing insurance, investment and other contracts commensurately with the level of risk; and
- To maintain a strong capital base which are sufficient for the future development of the Group's operations.

The principal capital resources of the Group comprise its stockholders' equity, its non-controlling interest equity, and its debt financing. The summary of these resources at the year end is as follows:

	2015	2014
	\$'000	\$'000
Stockholders' equity	46,569,411	46,065,358
Non-controlling interests	-	-
Total statement of financial position capital resources	<u>46,569,411</u>	<u>46,065,358</u>

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 filed with the regulators in the countries in which the Group operates, Jamaica monthly; Cayman Islands annually.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

53. Capital Management (Continued)

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, The company 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%. The MCCSR for the Sagicor Life Jamaica Limited as at 31 December 2015 and 2014 is set out below.

	2015	2014
Sagicor Life Jamaica Limited	<u>201.5%</u>	<u>182.2%</u>

(b) Sagicor Life of the Cayman Islands Ltd.

During 2013, the Cayman Islands Insurance (Capital and Solvency) (Class A Insurers) Regulations became effective. The minimum capital requirement 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. As at the year-end date, the prescribed capital requirement was US\$26,015,000 (2014 - \$18,262,000) and available capital when expressed as a percentage of prescribed capital, was 162.2% (2014 – 294.1%).

The MCCSR for Sagicor Life of the Cayman Ltd., based on the Canadian Regulatory Standards, is set out below.

	2015	2014
Sagicor Life of the Cayman Islands Ltd.	<u>282.35%</u>	<u>258.26%</u>

(c) Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited

The objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To comply with the capital requirements set by the regulators of the financial markets where the Banks within the Group operate;
- To safeguard the Banks' ability to continue as a going concern so that they can continue to provide returns for stockholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of the business.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

53. Capital Management (Continued)

Capital adequacy and the use of regulatory capital are monitored monthly by management employing techniques based on the guidelines developed by the Financial Services Commission (FSC), the Bank of Jamaica (BOJ), Basel II and the Risk Management and Compliance Unit. 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.

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.

The capital risk ratios for Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited at the year-end were as follows:

	Sagicor Investments Jamaica Limited		Sagicor Bank Jamaica Limited	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Total regulatory capital	9,519,827	8,329,959	12,067,069	9,858,057
Total required capital	6,957,065	6,178,035	8,597,798	6,607,627
Actual capital base to risk	14%	13%	14%	15%
Required capital base to risk	10%	10%	10%	10%

- (i) During 2015 and 2014, both banking entities complied with all of the externally imposed capital requirements to which they are subject.
- (ii) 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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

54. Fiduciary Risk

Certain subsidiaries in the Group provide custody, trustee, corporate administration, investment management or advisory services to third parties which involve these subsidiaries making allocation and purchase and sale decisions in relation to a wide range of financial instruments. These assets are not included in these financial statements. As at 31 December 2015, these subsidiaries had financial assets under administration of approximately \$225,927,428,000 (2014 - \$177,111,298,000) as follows:

	The Group	
	2015 \$'000	2014 \$'000
Sagicor Sigma Global Funds	73,886,487	62,061,809
Custody portfolio	21,312,852	16,438,296
Real Estate Investment Trust	386,919	381,086
Pooled Investment Funds	97,985,976	73,650,002
Self-directed pension funds	32,324,842	24,558,618
Pension property investment trusts	30,352	21,487
	<u>225,927,428</u>	<u>177,111,298</u>

55. 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 or will result in exposure to the Group which is immaterial to both the financial position and results of operations.

56. 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 control 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 (now SGJ Holdings (St. Lucia) Limited). Though the judgement is being appealed, the amount computed as settlement has been recorded as payable to the claimant and correspondingly receivable from Finsac.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

58. Offsetting Financial Assets and Financial Liabilities (Continued)

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

The Company							
2015							
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	93,417	-	93,417	-	-	-	93,417
Financial investments	1,766,045	-	1,766,045	-	-	-	1,766,045
Other assets	90,946	-	90,946	-	-	-	90,946
	<u>1,950,408</u>	<u>-</u>	<u>1,950,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,950,408</u>
2014							
Assets							
Cash resources	6,685	-	6,685	-	-	-	6,685
Financial investments	5,466,100	-	5,466,100	-	-	-	5,466,100
Other assets	266,521	-	266,521	-	-	-	266,521
	<u>5,739,306</u>	<u>-</u>	<u>5,739,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,739,306</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

58. Offsetting Financial Assets and Financial Liabilities (Continued)

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

The Group							
2015							
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	159,799,357	-	159,799,357	(73,934,569)	-	(10,551,468)	75,313,320
Other liabilities	11,365,871	-	11,365,871	-	-	-	11,365,871
	<u>171,165,288</u>	<u>-</u>	<u>171,165,288</u>	<u>(73,934,569)</u>	<u>-</u>	<u>(10,551,468)</u>	<u>86,679,191</u>
2014							
Liabilities							
Due banks and other financial institutions	152,300,568	-	152,300,568	(85,451,166)	-	(8,328,281)	58,521,121
Other liabilities	10,631,301	-	10,631,301	-	-	-	10,631,301
	<u>162,931,869</u>	<u>-</u>	<u>162,931,869</u>	<u>(85,451,166)</u>	<u>-</u>	<u>(8,328,281)</u>	<u>69,152,422</u>

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

58. Offsetting Financial Assets and Financial Liabilities (Continued)

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

The Company							
2015							
				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	12,347,661	-	12,347,661	-	-	-	12,347,661
Other liabilities	1,640,219	-	1,640,219	-	-	-	1,640,219
	<u>13,987,880</u>	<u>-</u>	<u>13,987,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,987,880</u>
2014							
Liabilities							
Due banks and other financial institutions	11,525,678	-	11,525,678	-	-	-	11,525,678
Other liabilities	677,990	-	677,990	-	-	-	677,990
	<u>12,203,668</u>	<u>-</u>	<u>12,203,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,203,668</u>

59. Subsequent Event

Dividend Declaration:

On 14 March 2016, The Board of Directors of Sagicor Group Jamaica Limited declared an interim dividend of \$0.66 per share with a record date of 31 March 2016 and a payment date of 19 April 2016.

Corporate Directory

EMPLOYEE BENEFITS ADMINISTRATOR LIMITED

Latoya Mayhew-Kerr
General Manager

Corrinne Bellamy
Assistant Vice President
EBA Actuarial Services

EMPLOYEE BENEFITS DIVISION

Willard Brown
Executive Vice President
Employee Benefits and Actuary

Carol Lawrence
Vice President
Group Insurance Services

Nicola Leo-Rhynie
Vice President
EBD Marketing

Megan Irvine
Assistant Vice President
Pensions & Annuities

Nadia Lewis
Assistant Vice President
EBD Underwriting

INDIVIDUAL INSURANCE DIVISION

Mark Chisholm
Executive Vice President
Individual Insurance Division

Audrey Flowers-Clarke
Vice President
Insurance Operations

Merrick Plummer
Assistant Vice President
Sales & Distribution

Andrea Taylor
Assistant Vice President
New Business, Underwriting, Paramed and Claims

SAGICOR BANK JAMAICA LTD.

Donovan H. Perkins
President & CEO

Philip Armstrong
Deputy CEO

Jeffrey Chevannes
Vice President
Credit Risk

Sabrina Cooper
Vice President
Retail Banking

Sean Parris
Vice President
Operations

Eric Scott
Vice President
Accounting

Michael Willacy
Vice President
Commercial Banking

Tanya Allgrove
Assistant Vice President
Credit Risk

Natasha O'Neill
Assistant Vice President
SME Business Banking

Annette Osborne
Assistant Vice President
Operations

SAGICOR LIFE JAMAICA LIMITED

Brenda-Lee Martin
Vice President
Asset Management

SAGICOR INVESTMENTS JAMAICA LIMITED

Rohan D. Miller
President and CEO

Tara Nunes
Vice President
Investments Client Services

Donnette Scarlett
Vice President
Treasury & Investment Services

SAGICOR PROPERTY SERVICES

Wayne Robinson
Assistant Vice President,
Sagicor Property Services

GROUP SHARED SERVICES

Ivan B. O'B. Carter
Executive Vice President,
Finance & Information Technology and
Group CFO

Ingrid Card
Vice President, Group Marketing

Janice Grant Taffe
Vice President
General Counsel & Corporate Secretary

Karl Williams
Vice President
Group Human Resources & Corporate Services

Mark Clarke
Vice President
Group Infrastructure & Technical Services

Jacqueline Somers-King
Vice President
Finance

Hope Wint
Vice President
Enterprise Risk Management & Group Compliance

Andrew Burke
Assistant Vice President
Group IT & Data Security

Andrea Chung
Assistant Vice President
Group Project Management Office

Jacqueline Donaldson
Assistant Vice President
Group Human Resources

Coretta Foster
Assistant Vice President
Group Human Resources

Vinnate Hall
Assistant Vice President
Group Internal Audit

Corporate Directory (Cont'd)

Lorna Jamieson-Bond
Assistant Vice President
Group Management Accounting

Jacinth Kelly
Assistant Vice President
Insurance Accounting

Patrick Kelly
Assistant Vice President
Group Application Support & Development

Grace Royal-Bassaragh
Assistant Vice President
Group Legal, Trust and Corporate Services

Camisha Sinanon
Assistant Vice President
Group Corporate Accounting

Camille Witter
Assistant Vice President
Corporate Actuarial

BRANCH MANAGERS

SAGICOR LIFE

Olivine Barnes
Branch Manager
SPANISH TOWN
16 Burke Road,
Spanish Town Business Centre
Tele: 984-3027/9
Fax: 984-8474

Roan Brown
Branch Manager
BELMONT DUKES
35 Trafalgar Road,
Kingston 5
Tele: 929-6820
Fax: 968-0762

Mavis Ferguson
Senior Branch Manager
OCHO RIOS
2 Newlin Street,
Ocho Rios Business Centre
Tele: 974-2389
Fax: 974-1818

Pete Forrest
Senior Branch Manager
CORPORATE CIRCLE
35 Trafalgar Road,
Kingston 5
Tele: 929-6820
Fax: 968-0762

Walter Grant
Branch Manager
LIGUANEA
35 Trafalgar Road,
Kingston 5
Tele: 927-7524
Fax: 978-7404

Dale Greaves-Smith
Branch Manager
MANDEVILLE
59 Main Street,
Mandeville Business Centre
Tele: 962-2166/3333/5962
Fax: 962-3788

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

Christopher Lawe
Branch Manager
HOLBORN
35 Trafalgar Road,
Kingston 5
Tele: 929-6820
Fax: 968-0762

Donovan McCalla
Branch Manager
NEW KINGSTON
35 Trafalgar Road,
Kingston 5
Tele: 929-6820
Fax: 968-0762

Randolph McLean
Senior Branch Manager
KNUTSFORD
35 Trafalgar Road,
Kingston 5
Tele: 929-6820
Fax: 968-0762

Patrick Sinclair
Senior Branch Manager
MONTEGO BAY and SAVANNA-LA-MAR

MONTEGO BAY
Shop #10, 17 East Harbour Circle
Montego Bay
St. James
Tele: 952-4700-2
Fax: 982-7578

SAVANNA-LA-MAR
Shop 3b Hendon Mall,
Hendon Circle,
Beckford Street.
Tele: 918-0503
Fax: 955-2559

Marston Thomas
Branch Manager
HALF WAY TREE
35 Trafalgar Road,
Kingston 5
Tele: 929-6820
Fax: 968-0762

Marvin Walters
Branch Manager
SENATORS
35 Trafalgar Road,
Kingston 5
Tele: 929-6820
Fax: 968-0762

Norman Wilson
Branch Manager
SAGICOR LIFE OF THE CAYMAN ISLANDS LTD.
1st Floor Harbour Place
103 South Church Street,
George Town
Grand Cayman KY1-1102
Cayman Islands
Tel: (345) 949-8211
Fax: (345) 949-8262

Other Sagicor Life Locations:

May Pen
44 Main Street
May Pen, Clarendon
Tele: 986 – 9480
Fax: 754 - 1804

Trench Town
85 West Road
Kingston 12
Tele: 948 – 9351
Fax: 754 - 1804

Corporate Directory (Cont'd)

SAGICOR BANK BRANCH AND REGIONAL MANAGERS

Clinton Hunter
Regional Manager - Corporate

Garfield Morgan
Branch Manager
DOMINICA DRIVE
17 Dominica Drive,
Kingston 5
Tele: 960-2340
Fax: 929-7234

Clement Ellington
Branch Manager
DUKE & TOWER STREET
17a Duke Street,
Kingston
Tele: 960-2340-55
Fax: 922-2937

Tamara Waul-Douglas
Branch Manager

LIGUANEA
106 Hope Road,
Kingston 6
Tele: 927-7524
Fax: 978-7404

HOPE ROAD
Block C, 85 Hope Road,
Kingston 6
Tele: 946-9490
Fax: 978-1870

Ingrid Wood
Branch Manager
HALF WAY TREE
6C Constant Spring Road,
Kingston 10
Tele: 968-4193
Fax: 968-5875

TROPICAL PLAZA
Shop #25, 12 1/2 & 14
Constant Spring Road,
Kingston 10
Tele: 960-4722
Fax: 968-0870

Jason Ho-Sue
Branch Manager
UP PARK CAMP
South Camp Road
Tele: 920-7011 or 968-3221
Fax: 968-0670

Oral Heaven
Regional Manager - North
Branch Manager - Montego Bay and Fairview

MONTEGO BAY
Commercial Shopping Centre,
Howard Cooke Boulevard,
Montego Bay, St. James
Tele: 952-4873-8
Fax: 979-5274

FAIRVIEW
Shop B8,
21B Fairview Shopping Centre,
Bogue Estates, Montego Bay
Tele: 979-8810; 684-9733; 684-9935
Fax: 953-6373

Doreen Pindling-Williams
Branch Manager
OCHO RIOS
Unit 5 & 6 Eight Rivers
Towne Center Buckfield
Ocho Rios, St. Ann
Tele: 974-8833

Carla Drummond
Branch Manager
SAVANNA-LA-MAR
56 Great George Street,
Savanna-la-Mar, Westmoreland
Tele: 955-2895
Fax: 955-2972

Loven McCook
Regional Manager - South
Branch Manager
MAY PEN
6b Manchester Avenue,
May Pen, Clarendon
Tele: 960-4722
Fax: 986-9409

Vilma Barrett Gunter
Branch Manager
BLACK RIVER
Corner High and School Streets,
Black River, St. Elizabeth
Tele: 965-2778
Fax: 965-2385

Kavon Walker
Branch Manager
MANDEVILLE
5-7 Ward Avenue, Mandeville,
Manchester
Tele: 962-7350-7
Fax: 962-7361

Marvia Brown
Branch Manager
PORTMORE
Shop #34 Portmore Pines Plaza
Portmore, St. Catherine
Tele: 989-2878
Fax: 989-0214

SAGICOR INVESTMENTS REGIONAL MANAGERS

Jacqueline Lambert
Manager - Wealth Management
Wealth Management
85 Hope Rd, Kingston 6
Tele: 946-9490
Fax: 978-1870

Chevaughne Miller
Regional Manager
Investment Client Services
(Central)
3A Caledonia Road,
Mandeville, Manchester
Tele: 961-1210-11
Fax: 961-2334

Karen Richards
Regional Manager
Investment Client Services
(Kingston Metropolitan Area)
17 Dominica Drive,
Kingston 5
Tele: 929-5583-4; 764-0317
Fax: 968-8194

Stephanie Vassell
Regional Manager
Investment Client Services
(West)
Shop B8,
21B Fairview Shopping Centre,
Bogue Estates, Montego Bay
Tele: 684-9935; 684-9935
Fax: 979-8693

Disclosure of Shareholding

SHAREHOLDINGS OF THE TEN LARGEST SHAREHOLDERS

AT 31 DECEMBER 2015

SHAREHOLDERS	NO OF SHARES	PERCENTAGE	
1.a Sagicor Life Inc	650,663,398	1,918,137,454	49.11%
<i>LOJ Holdings Limited - connected company</i>	1,267,474,056		
1.b <i>(Sagicor PIF Equiry Fund - connected company)</i>	21,026,488		
<i>(Trustee Sagicor Long-Term Incentive Plan - conn company)</i>	19,266		
<i>(Sagicor Life Jamaica Share Purchase Plan 2003)</i>	222,339		
<i>(Trustee of the SLJ of Employee Share Purchase Plan)</i>	1,418,325		
<i>(Trustee SJL of Employee Share Inv Trust)</i>	2,318,141	25,004,559	0.64%
2 Pan-Jamaican Investment Trust Ltd	1,232,149,252		31.55%
3 SJIML 3119	49,647,846		1.27%
4 National Insurance Fund	47,611,210		1.22%
5 Ideal Portfolio Services Ltd	39,039,471		1.00%
6 GraceKennedy Ltd Pension Scheme	27,632,689		0.71%
7 Richard Byles	25,573,149	25,617,515	0.66%
<i>(Jacinth Byles - connected person)</i>			
<i>(Pavel Byles - connected person)</i>	44,366		
8 ATL Group Pension Fund Trustee Nominee Limited	25,007,263		0.64%
Donwis Ltd	19,567,360		
9 <i>(Donovan Lewis - connected person)</i>	3,103,600	22,670,960	0.58%
10 Jps Superannuation Fund (PAM)	21,347,940		0.55%
Total	3,433,866,159		
Others	471,768,757		12.08%
Total Issued Shares	3,905,634,916		100.00%

SHAREHOLDINGS OF DIRECTORS

AT 31 DECEMBER 2015

SHAREHOLDERS	NO OF SHARES
1 Dodridge Miller	25,389
2 Richard Byles	25,573,149
<i>(Jacinth Byles - connected person)</i>	
<i>(Pavel Byles - connected person)</i>	44,366
3 R Danny Williams	Nil
<i>(Ravers Limited - connected company)</i>	12,332,825
4 Jeffrey Cobham	25,000
5 Marjorie Fyffe-Campbell	25,000
6 Paul Facey	701,599
<i>(Heather Facey)</i>	
<i>(Robert A Facey - connected person)</i>	1,838,891
7 Stephen Facey	1,027,791
<i>(Wendy Facey - connected person)</i>	
<i>(Alexander & Matthew Facey - connected person)</i>	107,463
8 Paul Hanworth	279,799
9 Richard Downer	190,000
10 Jacqueline D Coke-Lloyd	25,000
11 Peter Clarke	Nil
12 Peter Melhado	Nil
13 Stephen McNamara	Nil

SHAREHOLDINGS OF EXECUTIVE MANAGEMENT

AT 31 DECEMBER 2015

SHAREHOLDERS	NO OF SHARES
1 Richard Byles	25,573,149
<i>(Jacinth Byles - connected person)</i>	
<i>(Pavel Byles connected person)</i>	44,366
2 Ivan Carter	9,076,673
3 Janice A M Grant Taffe	2,195,375
<i>(Joseph Taffe - connected person)</i>	
4 Rohan Miller	2,595,465
<i>(Debra Miller - connected person)</i>	
<i>(Jordan Miller - connected person)</i>	
<i>(Aaron Miller - connected person)</i>	
5 Mark Chisholm	2,391,853
<i>(Te-Anne Chisholm - connected person)</i>	
<i>(Sharo Anne Chisholm - connected person)</i>	
<i>(Jonel Chisholm - connected person)</i>	
6 Donovan Perkins	12,207,687
<i>(Michele Perkins- connected person)</i>	
7 Philip Armstrong	2,502,982
<i>(Trevor Armstrong - connected person)</i>	45,000
<i>(Nicola Armstrong - connected person)</i>	
8 Willard Brown	1,647,515
9 Ingrid Card	Nil
10 Karl Williams	414,773

FORM OF PROXY

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 on Tuesday, May 24, 2016 at 3:00 p.m. and at any adjournment thereof.

	For	Against
Resolution No. 1 THAT the Audited Accounts and the Reports of the Directors and Auditors for the year ended December 31, 2015 be and are hereby adopted.		
Resolution No.2 That the election of directors be made en-bloc.		
Resolution No. 3 That Directors Paul Facey, Stephen Facey, Stephen McNamara and Dodridge Miller who retire by rotation and are eligible for re-election be and are hereby re-elected as Directors of the Company en bloc.		
Resolution No. 4 THAT the amount of \$27,782,875.00 included in the Audited Accounts of the Company for the year ended December 31, 2015 as remuneration for their services as Directors be and is hereby approved.		
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.		
Resolution No. 6 The interim dividends of Thirty-nine (39) cents paid on April 10, 2015 and Thirty-four (34) cents paid on November 13, 2015 respectively be and are hereby ratified and declared as final for the year ended December 31, 2015.		

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 _____ 2016

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 authorised.
 - (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 your company or to send us your comments and queries.

SHAREHOLDERS →	Connection Points	CUSTOMERS →	Connection Points
<p>Contact our Registrar for:</p> <ul style="list-style-type: none">• Dividends• Change in share registration and address• Lost share certificates• Estate transfers• General shareholder requests	<p>Corporate Trust Ground Floor R. Danny Williams Building 28-48 Barbados Avenue Kingston 5</p> <p> sbj_registrar@sagicor.com sgj_grouplegal@sagicor.com</p> <p> (876) 929-5583 ext. 2215 - 7 and 2221-2</p> <p> (876) 764-0356 (876) 920-5804</p>	<p>Get general information on the company's activities, policies, products and services.</p> <p>View information on Sagicor Group Jamaica online</p> <p>Receive the latest company news or learn more about Sagicor Group Jamaica</p> <p>Call toll free</p>	<p>Client Relations  infoja@sagicor.com  1-888-SAGICOR (724-4267)</p> <p>Website  www.sagicorjamaica.com</p> <p>Public Relations  groupmarketing@sagicor.com</p> <p>Within Jamaica - 1-888-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</p>
<p>To obtain additional printed copies of the Annual Report or make enquiries about company news and initiatives</p>	<p>Investor Relations  sbj_InvestorRelations@sagicor.com  (876) 929-5583</p>		

Don't forget to:

-  Like us on Facebook www.facebook.com/SagicorJamaica
-  Follow us on Twitter <http://twitter.com/SagicorJa>
-  Follow us on Instagram <http://instagram.com/SagicorJa>

Sagicor Group 

1-888-SAGICOR | www.sagicorjamaica.com



visit us at:
sagicorjamaica.com