Here for what matters most.

SAGICOR FINANCIAL COMPANY LTD.
ANNUAL REPORT 2021

Sagicor

OUR VISION

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

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Highlights of the Year

For the Financial Year 2021

$133m
Profits to shareholders

Earnings per share
US$0.919
or
C$1.147
for 2021

Total net revenue
$2,359m
Increased
26%

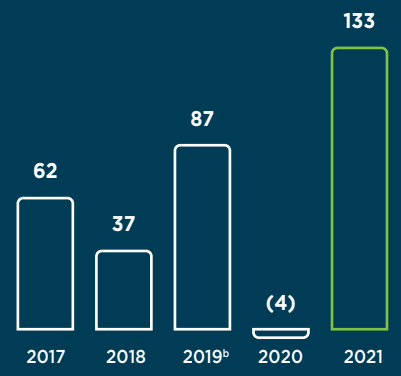
“2021 was a record year for Sagicor and one of the strongest in our history”

Financial Highlights

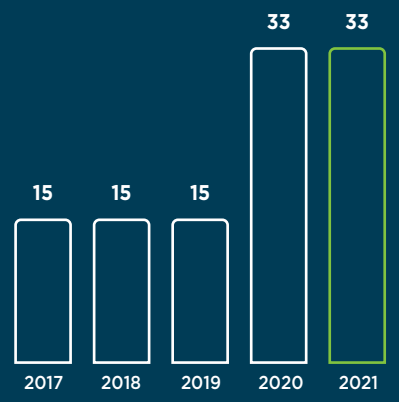
Amounts in US $ millions unless otherwise stated

SHAREHOLDER RETURNS

NET INCOME [a]



COMMON DIVIDENDS



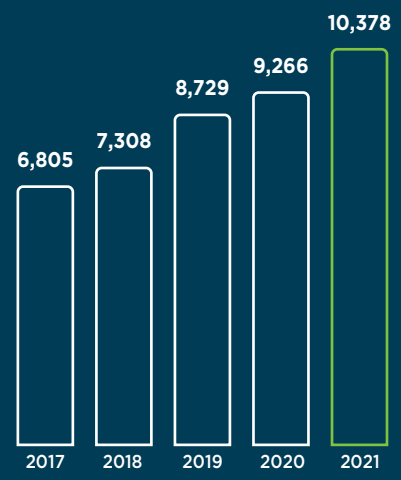
BOOK VALUE PER SHARE *(Amounts in US $)*

	2017	2018	2019[b]	2020	2021
Basic earnings per share [a]	88.7¢	51.7¢	57.5¢	(2.4¢)	91.9¢
Return on shareholder's equity [b]	11.3%	6.2%	10.5%	(0.3%)	12.6%

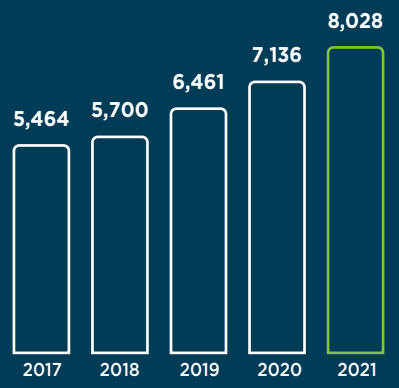
[a] from continuing operations. [b] before Alignvest Acquisition II Corporation transaction costs.
Under the Alignvest transaction, Sagicor Financial Corporation Limited common shares not purchased for cash, were exchanged for common shares of Sagicor Financial Company Ltd on an exchange ratio of one Sagicor Financial Company Ltd. common share for 4.328 of Sagicor Financial Corporation Limited common shares ("Exchange Ratio"). This exchange ratio has been used to convert the 2018 and prior years outstanding shares to the Sagicor Financial Company Ltd equivalent. The earnings per share ratio for 2018 has been adjusted to reflect the Exchange Ratio.

GROUP FINANCIAL POSITION

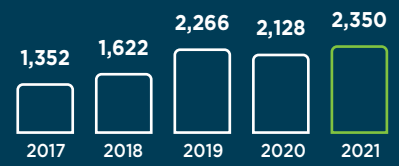
ASSETS [a]



OPERATING LIABILITIES



EQUITY & DEBT CAPITAL (TOTAL CAPITAL)



	2017	2018	2019	2020	2021
Debt to Capital	30.5%	30.2%	22.8%	22.2%	29.1%
MCCSR	258%	234%	253%	252%	269%

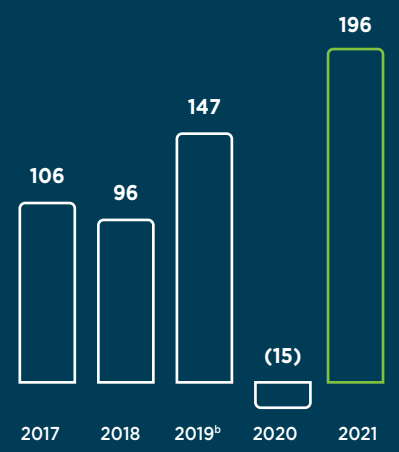
[a] from continuing operations

Financial Highlights

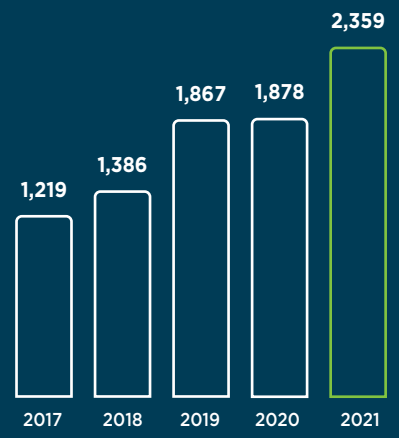
Amounts in US $ millions unless otherwise stated

GROUP RESULTS[a]

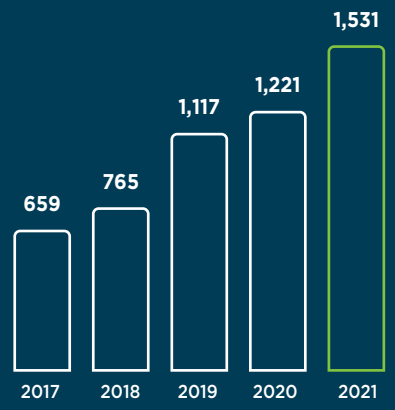
NET INCOME [a]



REVENUE



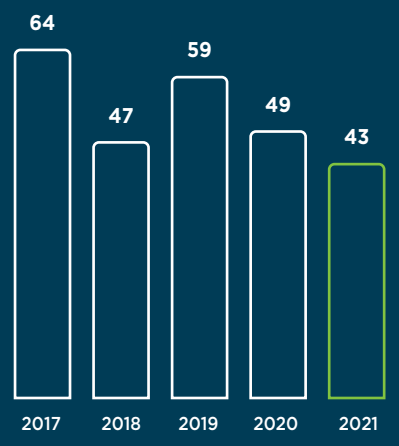
BENEFITS



[a] from continuing operations. [b] excludingAlignvest Acquisition transaction cost.

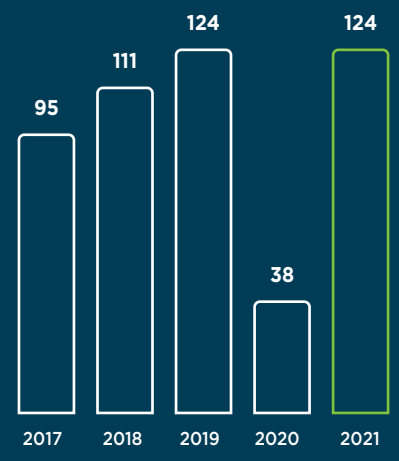
SEGMENT RESULTS

SAGICOR LIFE INC - NET INCOME [a]



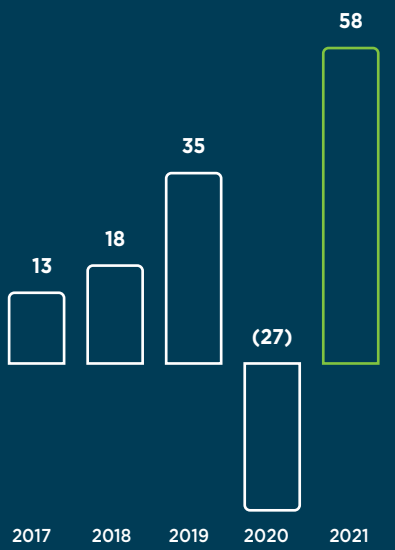
	2017	2018	2019	2020	2021
Revenue	421	340	533	523	505
Assets	1,953	2,008	2,116	2,279	2,389

SAGICOR GROUP JAMAICA - NET INCOME [a]



	2017	2018	2019	2020	2021
Revenue	590	586	735	632	719
Assets	2,836	3,104	3,482	3,455	3,443

SAGICOR USA - NET INCOME [a]



	2017	2018	2019	2020	2021
Revenue	159	421	562	679	1,068
Assets	1,982	2,293	2,842	3,383	4,284

[a] from continuing operations

"We are fully supportive of the Company's efforts to expand its role as a leader in the communities in which it operates – that is, to become a world-class Organisation committed to sustainability by applying an environmental, social and governance-focused lens to all aspects of what we do." – *Mahmood Khimji, Chair of the Board of Directors*

Letter from the Chairman

Mahmood Khimji
Chair of the Board of Directors

Dear Shareholder,

I am writing to you as I begin my term as the new Chair of the Board and am delighted to work with Sagicor in this capacity. I would first like to acknowledge Timothy Hodgson for his leadership over the past two years. During Tim's tenure, the company successfully transitioned to a Toronto Stock Exchange listed company and furthered its journey as a leading player in the insurance space. On behalf of the entire Board, we are deeply appreciative of Tim's invaluable guidance and significant contribution in guiding effective discussions at the Board and committee levels, leading to decisions that support a strong path forward for Sagicor.

2021 was again a year of uncertainty as the world continued to tackle a second year of a global pandemic. In the context of a challenging environment, Sagicor has once again delivered strong results for our stakeholders, having produced record net income across the entire business.

At the Board, we are positioning Sagicor with the right strategy and world-class talent to pursue our opportunities, delivering on mid-term and long-term initiatives. While we conducted most of our work remotely in 2021, we remained focused and supported management in furthering Sagicor's mission and vision. The Board leveraged its broad experience to help guide management on business strategy, with the underlying objective being to continue to drive shareholder value. We continued to invest capital and attention in our Caribbean businesses and to scale our US business so that

> “We are positioning Sagicor with the right strategy and world-class talent to pursue our opportunities, delivering on mid-term and long-term initiatives.”

it is more profitable and capital efficient. Our US business, in particular, showed significant improvement in 2021. We were also pleased to approve ongoing dividend payments to shareholders, to continue our share buy-back Programme, and to support management’s decision to tap the bond market to refinance certain of our debt obligations and thereby lower our cost of capital.

In 2022, we expect our annuities business in the US to grow to scale, thereby driving strong net income and fundamental economic returns for Sagicor as a whole. In the Caribbean, our ongoing focus on technology will continue to help us optimize the efficiency of our operations, which in turn will accelerate our growth. The Board also expects to streamline governance so as to improve alignment between shareholders, directors and management. The result of our work on governance will be more nimble execution across all our businesses and reduced costs.

Furthermore, we, along with management, recognize sustainability is front of mind for our investors and other stakeholders. Last year, Tim noted in his annual address that the Board is committed to improving gender diversity at the Board level while continuing our leadership and support of ethnicity in the workplace. We are fully supportive of the Company’s efforts to expand its role as a leader in the communities in which it operates – that is, to become a world-class Organisation committed to sustainability by applying an environmental, social and governance-focused lens to all aspects of what we do.

On behalf of the entire Board, I would like to thank our customers, our team members, our advisors, our shareholders and our many business affiliates for the ongoing support, commitment and trust you have placed in Sagicor. We strive to listen and do our best to meet and exceed your needs. I would also like to recognize Sagicor’s President and CEO, Dodridge Miller, and the management team for their unwavering commitment to delivering strong results and fulfilling Sagicor’s ongoing purpose. I also want to express gratitude to each Sagicor director for their invaluable insight and counsel. To each one of our Sagicor team members: the Board is extremely proud and grateful of the work you do each day to meet and exceed the needs of our clients, our communities and fellow team members. Our collective actions will lead to great things for Sagicor, and our clients and communities will prosper. Thank you and stay well.

Sincerely yours,

Mahmood Khimji
Chair of the Board of Directors

"I am confident that Sagicor is well positioned with a sound and competitive strategy, supported by a strong and diversified balance sheet that will allow Sagicor to continue to grow profitably and to provide value to all our stakeholders." – *Dodridge Miller, Group President & Chief Executive Officer*

Sagicor Group President & Chief Executive Officer's Message

Dodridge Miller
Group President & Chief Executive Officer

Dear Shareholder,

As we look back on 2021, I want to commend our teams across the Sagicor Group for their exceptional contributions in delivering a milestone year of record results.

2021 was one of the strongest years in our over 181-year long history. Once again, we demonstrated the earnings power of our underlying business and the strength and resilience of our franchise. As we all look forward to emerging from the current global health and economic crisis, we are on track and excited about what is to come.

Our theme for the year was "Here for what matters most". It reminds us that Sagicor exists to provide stability and financial well-being to individuals, families and communities through its products, services and corporate efforts. In a year of many uncertainties, as the world continued to wrestle with the global pandemic and its ensuing ramifications, I am glad to report that Sagicor successfully lived up to its mission and values while delivering exceptional results to policyholders and shareholders.

I am particularly proud of each one of our more than 4,500 team members. Their incredible efforts contributed to more than just our record financial results to shareholders. In honour of our 180th anniversary, in November 2020, we decided to complete "180 random acts of kindness" across our many communities during our financial year 2021. By the end of the year, we far surpassed our target. Sagicor team members

brought smiles to the faces of strangers, assisted in uplifting worthy causes, and donated to many charities across our communities. Our approach was wide-reaching, with efforts directed towards youth, women, frontline heroes, educators, students, and the vulnerable within our communities. We also supported those directly impacted by local environmental catastrophes, such as the floods in Trinidad and Tobago, the ashfall from St. Vincent's La Soufriere volcano in both St. Vincent and Barbados, and Hurricane Elsa. Through these challenges, the true nature of our culture shone through time and time again.

Sagicor showed again that we have the experience and capacity to deliver strong results for all our stakeholders while also increasing our service standards for those who depend on us. All key business areas performed well as they focused on long-term strategic initiatives. Across all our businesses, we stepped up our digital offerings to the market with an eye on simplicity and ease of interaction. We also prudently invested capital in growing our Caribbean and US businesses.

2021 in Review

2021 was one of the strongest years in our history. Our revenue increased 26% over 2020 to reach almost $2.4 billion, and we delivered the strongest net income to shareholders in our history of $133 million. We grew our balance sheet, ending the year with assets of $10.4 billion, another milestone in our long history, representing an increase of $1.1 billion and annual growth of 12%. We continue to focus on organic growth, increasing our assets in investment-grade countries, particularly the US, while being ready to capitalise on opportunities for inorganic growth. Our business in the US now represents the largest proportion of assets and revenues, and we expect this to continue.

From an equity perspective, we recognise that it takes time to build a presence on a global exchange such as the TSX. We were therefore pleased that during the year, two major Canadian banks launched equity research on Sagicor. We also maintained our strong ratings from three credit rating agencies, along with our A-Excellent rating from insurance industry rating agency A.M. Best.

Our improved credit ratings helped us successfully engage the international debt markets twice in 2021, raising a total of $550 million at much-improved credit spreads, compared to previous capital raises. The additional funds will help support our future growth.

Across the board, we are elevating our market presence, engaging new investors – both debt and equity – and leveraging our brand leadership and reputation in our home markets.

Key Business Segments

We have much to be proud of this past year, as all our operating segments performed well in their markets. Sagicor continued to leverage its market-leading position in the Caribbean, while enhancing its diverse offering of products and services, which include individual life and annuities, group health and life, group pension and asset management, commercial banking, and general insurance. In the US, we continue to elevate our brand and gain scale, principally in the fixed annuities space. Across our businesses, we kept our focus on providing innovative and digital solutions that enhance the Sagicor experience.

During the year, Sagicor Life, our market-leading Southern Caribbean business, focused on customer service and demonstrated strong performance in generating new business across all units in very challenging economic circumstances. Our dedicated advisors successfully pivoted to sell and service clients in an online environment. We believe customers are more likely to purchase our products having spent time with an advisor. Sagicor Life launched eConnect, a virtual appointment and meeting service, to allow clients to transact any service with Sagicor from the safety of their homes. In Barbados, we established the One Sagicor Client Experience Centre – a One-Stop shop where all Sagicor products and services are available in one location. Sagicor General, our regional property and casualty business within Sagicor Life, achieved a net promoter score of almost 60%, an increase of 4 points, due to a laser focus on claims experience and response timeliness. Sagicor Asset Management, our wealth management arm, also grew, having acquired the asset management business for a portfolio of retirement savings plans from CIBC's FirstCaribbean International Bank.

Sagicor Group Jamaica continued to support digital innovations for client service, which included advancements in automated benefits processing, e-Invest, and a digital claims/policy renewal platform for general insurance. Consequently, it is no surprise that Sagicor Jamaica has maintained an exceptional 97% brand recognition in the marketplace. In its asset management business, Sagicor Jamaica also retained its leading position while establishing Investor Core, a complimentary investment education website. On the transaction side, the team was active and structured the largest capital markets deal in Jamaica's history for a subsidiary of New Fortress Energy (NFE). NFE is working to provide lower cost and lower carbon energy to Jamaica, along with a commitment to improving Jamaica's long-term energy security. This commitment aligns with Sagicor's objective to make a positive impact in whatever we do.

During 2021, we dedicated time and capital to grow our US business. We are pleased that Sagicor Life USA grew significantly, increasing its revenue by 57% to $1.1 billion. Now our largest business unit by assets, revenue and income,

> “I would like to thank our team members, customers, shareholders, advisors and business partners for your ongoing support and confidence in Sagicor. We are grateful to have you as part of our Sagicor family.”

our US business is a strong contributor to Sagicor’s overall revenue and asset diversification. Sagicor Life USA’s principal offering is fixed rate annuities. We believe the market is strong for this product as a retirement or savings tool for customers looking for a fixed income stream through a guaranteed interest rate. With the unprecedented global uncertainty, our consumer-focused products are meeting the demand for stable accumulation to finance retirement security and legacy creation.

Sustainability

The pandemic has highlighted the need for companies to position themselves for the long run. Historically, Sagicor’s mission and vision has been to improve the quality of lives, protect the environment, and provide and preserve resources for future generations. Today’s key themes of emphasising DEI (diversity, equity, and inclusion) and ESG (environmental, social and governance), have been in Sagicor’s DNA for decades. In 2021, we embarked on a long-term initiative to leverage our current approach to sustainability and expand our focus to incorporate a broader strategy, which includes improved ESG disclosure, and which we believe will enable Sagicor to maintain its leadership position for the next 180-plus years.

Market Environment and Outlook

While the Caribbean has been proactive in managing the pandemic, the approach to lockdowns and travel restrictions has differed by country. Variability in access to vaccines, the higher transmission rates of the Delta and Omicron variants, the pace of economic activity and the recovery of the vital tourism sector have all significantly impacted individual economies within the Caribbean region. We are beginning to see recoveries in several countries as global travel resumes. Even during these unprecedented times, Sagicor is financially strong and able to serve our customers’ needs.

2022 and Beyond

As we look forward to what we hope will be a post-pandemic world, I am confident that Sagicor is well positioned with a sound and competitive strategy, supported by a strong and diversified balance sheet that will allow Sagicor to continue to grow profitably and to provide value to all our stakeholders.

I want to express my gratitude to Timothy Hodgson who retired as Board Chairman and Director at the end of 2021. Tim was instrumental in guiding and supporting Sagicor through its transition to a listing on the TSX, and his influence throughout Sagicor will be felt for years to come.

I look forward to working with Mahmood Khimji, who assumed the role of Chairman at the start of 2022, following Tim’s retirement. Since joining our board in 2019, Mahmood has been a key voice in forming our strategy as an independent director on our Board and the Chairman of our Capital Allocation Committee. He brings a wealth of insight and international experience to Sagicor.

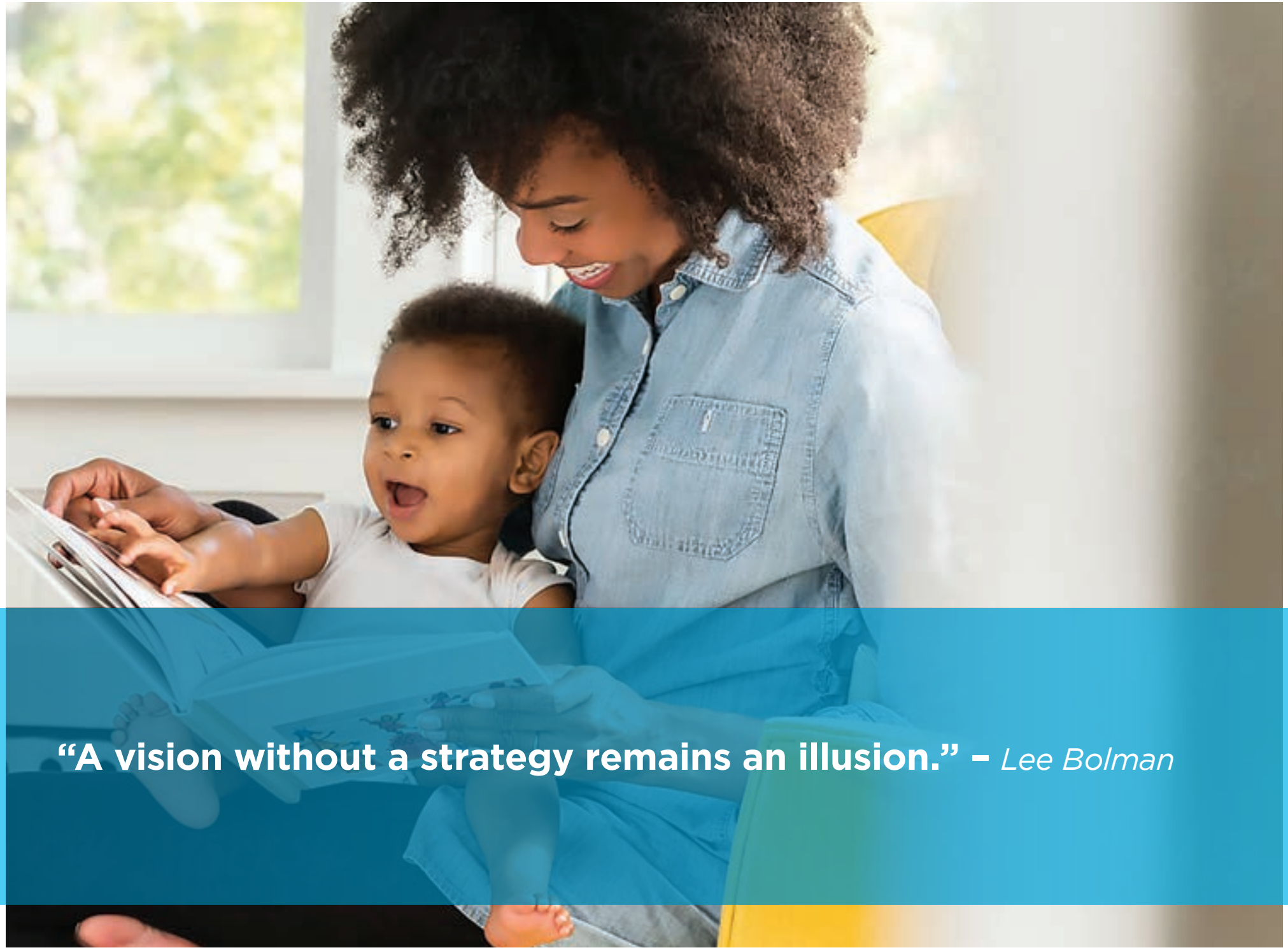
To the entire Board, on behalf of our management team, I thank you for your unwavering guidance and direction through the year. Finally, I would like to thank our team members, customers, shareholders, advisors and business partners for your ongoing support and confidence in Sagicor. We are grateful to have you as part of our Sagicor family. You have enabled us to successfully navigate a challenging environment and position us well as we move forward. Thank you for upholding the Sagicor values and demonstrating our purpose in every way.

I look forward to seeing what we can achieve together in 2022 and in the years to come.

Yours sincerely,

D. Miller

Dodridge D. Miller
Sagicor Group President and Chief Executive Officer



“A vision without a strategy remains an illusion.” – *Lee Bolman*

Board of Directors

MAHMOOD KHIMJI

Chair of the Board of Directors

Mr Mahmood Khimji is Chair of the Board at Sagicor. Mr Khimji is a founding Principal of Highgate, a real estate investment and hospitality management company, and has been involved in all aspects of Highgate's development since its founding in 1988. Prior to founding Highgate, Mr Khimji practiced law at Paul, Weiss, Rifkind, Wharton & Garrison. Mr Khimji is on the Board of Directors of Playa Hotels & Resorts and American Hotel Income Properties and is a member of the Young Presidents' Organisation (YPO) and the Real Estate Forum. He previously held board positions at MeriStar Hospitality Corporation, Interstate Hotels, and Morgans Hotel Group. Mr Khimji also serves on the National Committee of Aga Khan Foundation USA and on the boards of Aga Khan Museum, and the Asia Society. Additionally, Mr Khimji serves on the Board of Visitors for Columbia Law School. He attended the University of British Columbia, holds a B.A., summa cum laude, from the University of Houston and a J.D. from Columbia Law School.

DODRIDGE MILLER

Group President & Chief Executive Officer

Dodridge D. Miller has been Group President and Chief Executive Officer of SFCL since July 2002 and has been a director since December 2002. Mr Miller joined SFCL in 1989 and has more than 30 years' experience in the banking, insurance, and financial services industries. He previously held the positions of Treasurer and Vice President - Finance and Investments, Deputy Chief Executive Officer and Chief Operating Officer. Mr Miller is also a director of a number of subsidiaries within Sagicor. Mr Miller is a Fellow of the Association of Chartered Certified Accountants (FCCA) and obtained his Master of Business Administration from the University of Wales and the Manchester Business School. He holds an LL.M in Corporate and Commercial Law from the University of the West Indies and in 2008 was conferred with an honorary Doctor of Laws degree by that institution.

PROFESSOR SIR HILARY MCD BECKLES

Sir Hilary was elected an independent director of SFCL in 2005. He is the Vice-Chancellor of The University of the West Indies. He is currently President of Universities Caribbean, Vice-President of the International Task Force for the UNESCO Slave Route Project, a consultant for the UNESCO Cities for Peace Global Programme, Chairman of the Caribbean Examinations Council, Chairman of the Caribbean Community (CARICOM) Commission on Reparation and Social Justice, an editor of the UNESCO General History of Africa series and a Director of the Global Tourism Resilience and Crisis Management Centre. He was selected by the United Nations to a five-panel committee to plan for Higher Education to 2030. Sir Hilary earned his PhD from the University of Hull in the United Kingdom, from which he received an Honorary Doctorate of Letters in 2003. He also received Honorary Doctorates of Letters from the University of Glasgow in Scotland, Brock University in Canada, Kwame Nkrumah Science and Technology University in Ghana, and the University of the Virgin Islands. In 2007, he received a knighthood, Commander Knight of St. Andrew, the highest national honour recognized in Barbados, in recognition of his distinguished service in the fields of Education, Sports and the Arts. In 2021, he received the Martin Luther King Award for Global Peace, as well as the Governor General Award for Excellence, in Antigua.

DR ARCHIBALD CAMPBELL

Dr Archibald Campbell is a director of the Company. He is currently Chairman of JMMB and most of its subsidiaries. He is Chairman of the Board of Trustees of the JMMB Pension Fund and Trustee at the University of the West Indies Non-FSSU Staff Pension Scheme. Prior to this he served as a Director at the University Hospital of the West Indies, a member of the Sugar Industry Divestment negotiation team and also as director of several companies that included Hotels, Property Management, Banks and a number of non-profit organisations. He also served as Bursar of the UWI and Chief Financial Officer with responsibility for maintaining relations with the seventeen Contributing Caribbean countries with regard to funding. He is a Chartered Accountant and has served as an accounting expert in an arbitration. Archibald is a past president of the Institute of Chartered Accountants of Jamaica. He was awarded the honour of being the 2020 Distinguished Member. Archibald has a Doctorate in Business Administration (DBA) and a M.Sc. in Accounting from the University of the West Indies. In 2021 he was conferred with the Honour of the Order of Distinction, Commander Class by the Government of Jamaica for Exemplary service to the fields of Accounting and Finance.

PETER CLARKE

Mr Clarke is a director of the Company as well as certain of its subsidiaries. Mr Clarke is a Financial Consultant who practiced as a Barrister-at-Law before embarking on a 22-year career in stockbroking. From 1984-2000, he was the Managing Director of Money Managers Limited, and served as the Chief Executive of West Indies Stockbrokers Limited from 2001 to 2005, when he retired. From 2002 to 2005, he was also a director of the Trinidad and Tobago Chamber of Industry and Commerce. From 1995 to 1999 he was Chairman of the Trinidad and Tobago Stock Exchange, and he is currently a director of that organisation. From 1992 to 1995, Mr Clarke served as Deputy Chairman of the Trinidad and Tobago Free Zones Company, and he is currently the Chairman of Guardian Media Limited in Trinidad and Tobago, and a director of several other companies including the Trinidad and Tobago IFC Management Company Limited. Mr Clarke is a member of the Finance Council of the Roman Catholic Archdiocese of Port-of-Spain. He obtained a Bachelor of Arts degree from Yale University and a law degree from Downing College, Cambridge University. Mr Clarke was called to the Bar as a member of Gray's Inn in London in 1979, and to the Bar of Trinidad and Tobago in 1980.

KEITH DUNCAN

Keith Duncan is a director of the Company. Since 2005 he has been the Chief Executive Officer of JMMB Group Ltd, with responsibility for the overall performance and charting the strategic direction of the business. Under his leadership, JMMB was conferred with the American Foundation for the University of the West Indies (AFUWI) Award for Excellence in Business Leadership in February 2020, and the 'Best of Chamber Award' from the Jamaica Chamber of Commerce in March 2011. From 2012 to 2014, he served as Vice President of the Private Sector Organisation of Jamaica and is currently the President of that Organisation. Mr Duncan is also a past president of the Jamaica Securities Dealers' Association and currently chairs the Government of Jamaica's Economic Programme Oversight Committee. In 2020, Mr Duncan was awarded the National Honour, the Order of Distinction in the rank of Commander – by the Government of Jamaica, for his exceptional service in the field of Finance, Business, Youth Empowerment and Community Development. Mr Duncan obtained a Bachelor of Arts degree in Economics from the University of Western Ontario in Canada and holds the Chartered Financial Analyst accreditation.

STEPHEN FACEY

Mr Stephen B. Facey is a Director of Sagicor Group Jamaica Limited and Sagicor Financial Company Ltd. He is the Executive Chairman of PanJam Investment Limited and Chairman of a number of other Organisations, including Jamaica Property Company Limited, New Castle Group of Companies, Caribbean Policy Research Institute (CAPRI), Kingston Restoration Company Limited and the New Kingston Civic Association. Mr Facey serves as Chairman of the C.B. Facey Foundation, the charitable arm of PanJam Investment Limited. He is a Director of the National Gallery of Jamaica and Devon House Development Limited and a Trustee of the Institute of Jamaica. A Registered Architect with the Architect Registration Board of Jamaica, he has over 40 years' experience in architecture and urban development, real estate development and management, and private equity investing. Mr Facey holds a Bachelor's Degree in Architecture from Rice University and a Master's degree in Architecture from the University of Pennsylvania.

TIMOTHY HODGSON

Timothy Hodgson retired as Director and Chair of the Board of Director in December 2021. He is a professional corporate director. He currently chairs the Investment Committee on the board of the Public Sector Pension Investment Board (PSP Investments) and is Chair of the board of directors of Hydro One Limited. Mr. Hodgson's prior directorships include MEG Energy, the Global Risk Institute, KGS-Alpha Capital Markets, Next Canada, the Richard Ivey School of Business and Bridgepoint Health. He was previously a Managing Partner with Alignvest Management Corporation ("AMC"), having served at the firm from 2012 to August 2019. Mr. Hodgson was the special advisor to Mr. Mark Carney, Governor of the Bank of Canada, from 2010 to 2012. From 1990 to 2010, he held various positions with Goldman Sachs in New York, London, Silicon Valley and Toronto, serving as Chief Executive Office of Goldman Sachs Canada from 2005 to 2010. He holds a Master of Business Administration degree from the Richard Ivey School of Business at Western University, and a Bachelor of Commerce degree from the University of Manitoba. He is a Fellow of the Institute of Chartered Professional Accountants and has earned the ICD.D designation from the Institute of Corporate Directors.

STEPHEN MCNAMARA

Stephen McNamara is Vice-Chair of the Board (the "Vice-Chair") and is a director of Sagicor Group Jamaica Limited and serves on the board of a number of other subsidiaries within the Sagicor Group of companies, including as Chairman of Sagicor's main operating subsidiaries, Sagicor Life Inc., Sagicor USA and Sagicor Finance Inc. Mr McNamara was also Chairman of SFCL between January 2010 and December 2019. The senior partner of McNamara & Company, Attorneys-at-Law of St. Lucia, Mr McNamara was called to the Bar at Lincoln's Inn and in St. Lucia in 1972. He specialises in the representation of foreign investors in St. Lucia in the tourism, manufacturing and banking sectors and served as Chairman of the St. Lucia Tourist Board for nine years. His St. Lucia-based service also includes the board of directors of St. Lucia Electricity Services Ltd. where he served as Chairman from 2015 until his retirement at the end of 2017, and as President of the St. Lucia Tennis Association. In the 2015 Queen's Birthday Honours, Mr McNamara was made a Commander of the Order of the British Empire 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 40 years.

REZA SATCHU

Reza Satchu is a director of the Company. He is Managing Partner and co-founder of AMC, a private investment firm. Previously, Mr Satchu was the President, Chief Executive Officer and a director of AQY, where he participated in sourcing, evaluating and executing the qualifying acquisition. He has co-founded, built and/or managed several operating businesses from inception, including AMC; SupplierMarket, a supply chain software company that was sold to Ariba Inc.; StorageNow, which became one of Canada's largest self- storage companies prior to being sold to Instorage REIT; and KGS-Alpha Capital Markets L.P., a U.S. fixed income broker dealer, that was sold to BMO Financial Group. Previously, Mr Satchu was a General Partner at Fenway Partners, a US$1.4 billion private equity firm focused on acquiring middle market companies and was also a Financial Analyst at Merrill Lynch in the High Yield Finance and Restructuring Group. He is the Founding Chairman of Next Canada, an entrepreneurship Programme for Canadian entrepreneurs. Currently on the board of directors of Trilogy International Partners Inc., Mr Satchu previously served on the board of directors of the Toronto Hospital for Sick Children Foundation where he was Vice Chairman of the board of directors, and of KGS-Alpha Capital Markets. He has received Canada's "Top 40 Under 40" Award and the 2011 Management Achievement Award from McGill University. Previously, Mr Satchu was an Adjunct Professor at the University of Toronto and currently serves on the faculty at the Harvard Business School. Mr Satchu has a Bachelor's degree in economics from McGill University and a Master's in Business Administration from Harvard University.

AVIVA SHNEIDER

Aviva Shneider is a director of the Company. She is a Principal and Operating Partner with CVC Capital Partners. Prior to joining CVC, she founded Bayes Ventures, a consulting firm. From 2015 to 2018, Ms. Shneider was a part of the private equity team at Caisse de Depot et Placement du Quebec (CDPQ), initially as an Operating Partner and subsequently as Co-Head of Direct Private Equity investments in the United States and Latin America. Prior to this, she spent ten years with Silver Point Capital, a credit and special situation focused hedge fund based in Greenwich, Connecticut, and has also worked at McKinsey & Company. She has previously served on the boards of AlixPartners, Alliant National Title Insurance Co, 2-10 Home Buyers Warranty, LifeCare Hospitals and Cyrus Re among others. Ms. Shneider is a trained actuary (ACAS, ASA), with a Bachelor's degree in Math from the University of Waterloo and a Master in Business Administration degree from the Wharton School at the University of Pennsylvania.

JONATHAN FINKELSTEIN

Jonathan Finkelstein is a director of the Company. He is also a Partner at AMC, with ten years of high-level experience as an attorney, government official, investment banker and private equity investor. Since 2017, he has worked primarily in the firm's private equity business. In that capacity, he spent two years working on the transaction between SFCL and AQY. Early in his career Mr Finkelstein's practice focused primarily on the tax aspects of public company mergers, acquisitions and corporate restructurings at the New York offices of Skadden, Arps, Slate, Meagher & Flom. He joined the office of Canadian Finance Minister Jim Flaherty in 2011 as Senior Policy Advisor responsible for Taxation. In that capacity, Mr Finkelstein advised Minister Flaherty directly on tax measures contemplated by the Canadian Department of Finance, as well as industrial policy, pension policy and venture capital. In the latter capacity, he played a central role in designing Canada's Venture Capital Action Plan – a programme that the current government recently renewed. Mr Finkelstein joined the New York City office of Lazard Freres and Co. in 2015, where his practice focused on mergers and acquisitions of financial institutions, with emphasis on life insurance and banking. Mr Finkelstein graduated from McGill University with a B.A. in Economics. He holds two law degrees, including an LL.M. in Taxation from New York University and a J.D. from Osgoode Hall Law School. He also holds an MBA from the Columbia Graduate School of Business.

GILBERT PALTER

Gilbert Palter is the Co-Founder and Chief Investment Officer of EdgeStone Capital Partners, an alternative asset management firm. He is also the Chairman and CEO of EGADS Group, which invests in public and private companies. Mr Palter was the founding Chairman of Aurigen Capital Limited, a Bermuda-based life reinsurer, leading the $500 million initial funding. He is the former Chairman of Affinion Group Holdings Inc., which operated Affinion Benefits Group, LLC, a U.S. accidental death and dismemberment business. Over his 30-year career as a private equity investor he has served on numerous private company boards and, overseeing EGADS Group's investments on the public boards of Atlantic Power Corporation 2015-2021, RPX Corporation from 2016-2018, and Tenerity Group Inc. since 2017. In his early career Mr Palter worked at Morgan Stanley, McKinsey & Company, Clairvest Group, and Smith Barney. Mr Palter received a Master's in Business Administration from Harvard Business School where he graduated as a Baker Scholar and the winner of the John L Loeb Fellowship in Finance, and he earned a B.Sc. degree in Computer Science and Economics at the University of Toronto, where he was the Gold Medalist in his class. He was a 2003 recipient of "Canada's Top 40 Under 40" award, and a recipient of the Ernst & Young Entrepreneur of The Year® Award 2006.

MONISH DUTT

Monish Dutt has been an Independent Director of SFCL since 2012. He retired from the board of the Company on June 30, 2020 and rejoined in October 2020. He is also a director of Sagicor Bank. Currently a consultant on Emerging Markets, he serves on several boards in these markets as well as on the board of FINCA Microfinance Holdings. Mr Dutt is a seasoned investment professional who was employed with the IFC, a member of the World Bank Group, for 25 years. He held various positions with the IFC over the years, rising to the position of Chief Credit Officer for Global Financial Institutions and Private Equity Funds at the time of his departure from the organisation in 2011. He had also served as the Head of IFC's Private Equity Advisory Group, Head of the Baltics, Central Europe, Turkey and Balkans Group, and as an Investment Officer for Africa, Latin America and Asia. Mr Dutt has also represented IFC on the boards of investee companies. Mr Dutt holds a BA in economics and earned an MBA from the London Business School. He is also a Chartered Accountant accredited as a Fellow by the Institute of Chartered Accountants in England and Wales.

DENNIS HARRIS

Dennis Harris was elected as a director in June, 2021 and is Chair of the Group's Audit Committee. He is the former Managing Director of Unicomer Jamaica Limited (Courts), with responsibility for the Jamaica and New York operations. Prior to this, he was the Regional Finance Director for Courts PLC Group with responsibility for finance, treasury, credit and information technology across the Caribbean. Mr Harris has also served in senior management roles at Reed Business Publishing Ltd. (UK) where he was employed for 15 years. He has been a director of the JMMB Group Limited since 2000 and currently serves as Chairman of JMMB Bank (Jamaica) Limited and the Group Risk Committee. Mr Harris also serves as a director on the Board of Gallagher Caribbean Group Limited and is a former director of Unicomer Jamaica Limited. He is a Chartered Accountant.

“Leadership is the capacity to translate vision into reality.”

– *Warren Bennis*

Executive Management

DODRIDGE D MILLER, FCCA, MBA, LL.M, LL.D (Hon)
Group President & Chief Executive Officer

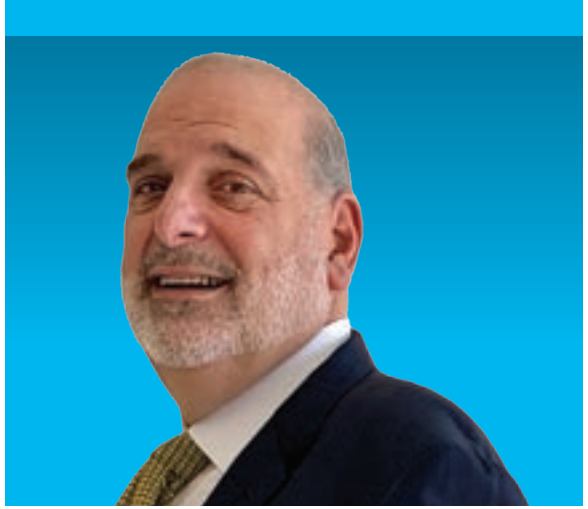
- Appointed Group President and Chief Executive Officer in 2002, and has been a Director since December 2002.
- Fellow of the Association of Chartered Certified Accountants (FCCA), and obtained his MBA from the University of Wales and Manchester Business School.
- Holds an LL.M in Corporate and Commercial Law from the University of the West Indies and, he was conferred with an Honorary Doctor of Laws degree by the University of the West Indies, in October 2008.
- More than 30 years' experience in the banking, insurance and financial services industries.
- Prior to his appointment as Group President and Chief Executive Officer, he held the positions of Treasurer and Executive Vice President – Finance and Investments, Deputy Chief Executive Officer and Chief Operating Officer.
- Joined the Group in 1989. He is a Director of Sagicor Life Inc, Sagicor USA, Sagicor Group Jamaica Limited, Sagicor Life Jamaica Limited, Sagicor Investments Jamaica Limited and other subsidiaries within the Group.

ANDRE MOUSSEAU, BA, MBA
Group Chief Operating Officer & Chief Financial Officer

- Appointed Group Chief Operating Officer in 2021, and Group Chief Financial Officer in 2019 with oversight of and primary responsibility for the planning, implementation and management of the Group's financial activities.
- His prior directorships also span the boards of Aurigen Reinsurance, a Bermuda-based life reinsurance provider, Impark Corp., one of North America's largest parking management providers, and Premier Lotteries. He was also an alternate board member of Camelot Group PLC, the operator of UK National Lottery.
- Holds an undergraduate degree in Economics from McGill University, and an MBA from the Richard Ivey School of Business, University of Western Ontario.
- Has 20 years of experience in the financial services industry.
- Formerly a Partner with Alignvest Private Capital, Portfolio Manager for the Long-Term Equities Group at the Ontario Teachers' Pension Plan (OTPP), and Principal at EdgeStone Capital Partners, a leading independent private equity manager in Canada.

DONALD S AUSTIN, FCCA, BSc, MBA
Chief Executive Officer, Sagicor Life (Eastern Caribbean) Inc

- Appointed Chief Executive Officer, Sagicor Life (Eastern Caribbean) Inc. in 2015. Head of Individual Life line of business, Digitilisation Initiative 2021
- Board Member of Sagicor Funds Inc and Sagicor Asset Management Inc.
- Former Chairman of the Boards of Directors of LIME Grenada and LIME Dominica, former Director of LIME Barbados and President & CEO Cable and Wireless, Barbados
- Holds BSc (Hons) in Electronic Engineering, University of Bristol ; MBA from Manchester Business School;
- International Management, NYU Stern School of Business, New York; a Fellow of the Association of Chartered Certified Accountants
- A Barbados Exhibition Scholarship winner, a Commonwealth Scholarship winner.



RONALD B BLITSTEIN, BA, MBA
Group Chief Information Officer

- Joined Sagicor Financial Corporation in 2013.
- Holds both a BA in Political Science, and an MBA in Finance from Syracuse University.
- IT professional, with knowledge in all areas of information technology and its application to driving improved business outcomes.
- Previously served as Director, Business Technology and Strategies Practice for a global advisory firm, supporting Fortune 500 clients, national governments and United Nations agencies.
- Held key executive leadership positions at Revlon, Pitney Bowes, BOC Group, and Xerox Corporation.
- Served as a Six Sigma Champion for firms pursuing enterprise operational excellence.

BART F CATMULL, BSc, CPA
Group Chief Risk Officer

- Appointed Group Risk Officer of Sagicor Financial Company Ltd in October 2021
- Certified Public Accountant (CPA), and obtained his BSc in Accounting from Brigham Young University.
- More than 20 years' experience in the insurance industry.
- Prior to his appointment, he held the positions of President and Chief Operating Officer since 2013, Chief Operating Officer, Chief Financial Officer, Treasurer and Chief Accounting Officer with Sagicor USA.
- Joined the Group in 2005, with the predecessor Company since 1999.

ANTHONY O CHANDLER, CPA, CGA, MBA
Group Chief Financial Controller

- Appointed Group Chief Financial Controller in 2013.
- Member of the Chartered Professional Accountants of British Columbia, Canada and holds an MBA from the University of Manchester.
- Prior to this, he served as Executive Vice President and Chief Financial Officer of Sagicor Life Inc from 2011.
- Joined Sagicor in 1995 as Financial Accountant, and was transferred to the Group subsidiary, Island Life Insurance Company Ltd in 2000.
- Has over 20 years of experience in the insurance industry.
- In 2003 he joined the management of Life of Jamaica as Head of its Internal Audit function, before returning to Barbados in the position of Vice President, Finance, of Sagicor Life Inc later in the same year.
- In 2006 he was promoted to Vice President and Chief Financial Officer of Sagicor Life Inc.

SAMANTHA CHEUNG, B.Sc.Eng, M.Sc.Eng, MBA, ICD.D
Executive Vice President, Investor Relations

- Appointed Executive Vice-President, Investor Relations in September 2018.
- Holds both a B.Sc. (Engineering) and M.Sc. (Engineering) from Queen's University (Kingston, Ontario)
- Holds an MBA and ICD.D. from the Rotman School of Management (Toronto) and Institute of Corporate Directors.
- Member and former board director of the Canadian Investor Relations Institute and Women in Capital Markets.
- Elected University Council member at Queen's University
- More than 20 years in banking, insurance and financial services.
- Previously served as Head of Investor Relations at two TSX listed Canadian insurance companies.

J. ANDREW GALLAGHER, FSA, FCIA, CERA, BMath
Chief Executive Officer, Sagicor Reinsurance Bermuda Ltd.

- Appointed CEO, Sagicor Re Bermuda in December 2018.
- Prior to this appointment, he held the position of Chief Risk Officer for the Group since 2007.
- Joined Sagicor in 1997 as Resident Actuary.
- Holds a Bachelor of Mathematics degree from the University of Waterloo.
- Fellow of Canadian Institute of Actuaries, Fellow of the Society of Actuaries and a Chartered Enterprise Risk Analyst.
- Member of the Caribbean Actuarial Association.
- More than 30 years in the insurance industry.

ALTHEA C HAZZARD, LL.B (Hons). LL.M (Cantab), FCG, FICA
Executive Vice President, General Counsel and Corporate Secretary

- Appointed Executive Vice President, General Counsel and Corporate Secretary of Sagicor Financial Corporation in 2014, having previously served in the positions of Vice President, Legal and Compliance of Sagicor Life Inc and Corporate Secretary of Life of Barbados Limited.
- An Attorney-at-Law, Chartered Secretary and Compliance Professional, Mrs. Hazzard joined the Group in 1997 after an eight-year attachment to a leading corporate law firm in Barbados, specialising in international business.
- Holds a Bachelor of Laws Honors Degree from the University of the West Indies and a Certificate in Legal Education from the Hugh Wooding Law School in Trinidad, and was called to the Bar in Barbados and Trinidad and Tobago in 1989. She obtained her Master of Laws degree from the University of Cambridge, United Kingdom, and also holds international diplomas in Compliance and Anti-money Laundering from the International Compliance Association in the United Kingdom and the Executive Diploma in Management from the Sagicor Cave Hill School of Business and Management.
- Fellow of the International Compliance Association and a Fellow of the Chartered Governance Institute of Canada (formerly the Institute of Chartered Secretaries and Administrators in Canada).

KESTON D HOWELL, BSc, (Hons), MBA
President and Chief Executive Officer, Sagicor General Insurance Inc

- Holds a BSc Management Studies from University of the West Indies and an MBA from the University of London.
- More than 36 years in the Insurance and Banking industries.
- Joined Sagicor in April 2005 as Executive Vice-President Merchant Banking, responsible for the establishment of Sagicor Merchant Bank and overall Banking Strategy of the Group; in 2007 this role was expanded to include responsibility for Investments and Asset Management for Sagicor Southern Caribbean
- Assumed executive responsibility for Sagicor Life operations in the Dutch Caribbean and Central America in April 2013.
- Appointed President and Chief Executive Officer of Sagicor General Insurance Inc. in October 2017; in October 2021 he also assumed executive responsibility for Investments, Asset Management, Wealth Management and Risk for Sagicor Southern Caribbean
- Past President of the Securities Dealers Association of Trinidad & Tobago
- Vice President - General Insurance of the Association of Insurance Companies of Trinidad & Tobago

R PAUL INNISS, MBA, FCIP, FLIM, CRM
Executive Vice President and General Manager – Sagicor Life Inc. Barbados

- Appointed Executive Vice President and General Manager, Sagicor Life Inc. Barbados in April, 2020.
- More than 30 years' experience in the insurance and banking industries, both regionally and internationally, with extensive knowledge and experience in leading high-performance teams.
- Previously held the position of Chief Operating Officer of Island Heritage Insurance Company
- Former General Manager for Barbados & Eastern Caribbean Islands with Pan American Life Insurance Group.
- Director of The Insurance Association of the Caribbean and the Barbados Jazz Society.
- Previously served as a Director of Insurance, CIBC FirstCaribbean International Bank.
- Former Past President of the General Insurance Association of Barbados (GIAB).
- Fellow of the Life Management Institute, Chartered Insurance Professional and Insurance Institute of Toronto.
- Holds an MBA from Heriot-Watt University, Edinburgh Business School.

NARI T PERSAD, BSc Actuarial Science, BSc Biochemistry, FSA, FCIA
Group Chief Actuary

- Appointed Group Chief Actuary in August 2017.
- Appointed Senior Vice President and Chief Actuary, Sagicor Life Insurance Company in June 2021.
- Holds a BSc Specialist in Actuarial Science and Biochemistry from the University of Toronto.
- Fellow of the Canadian Institute of Actuaries, Fellow of the Society of Actuaries.
- Member of the Caribbean Actuarial Association.
- Previously served as Partner – Canadian Life Actuarial Practice Leader with Ernst & Young and Principal of Eckler Ltd.
- More than 30 years of experience in the insurance industry, including positions at Crown Life Insurance Company, Canada Life Assurance Company, Toronto Dominion Life Insurance Company, Swiss Re Life and Health and Dion Durrell + Associates.

ROBERT J L TRESTRAIL, BA
President and Chief Executive Officer, Sagicor Life Inc

- Appointed President and Chief Executive Officer, Sagicor Life Inc in January 2021.
- Prior to this, he served as Executive Vice President and General Manager, Trinidad & Tobago since 2007.
- Assumed executive responsibility for Dutch Caribbean and Sagicor Life Aruba N.V. in 2017.
- Graduate of the University of Toronto (Bachelor Arts - Economics).
- More than 20 years in the Insurance and Financial Services Industry.
- Board Member of Sagicor Investments Trinidad & Tobago Limited, Nationwide Insurance Company Limited, RGM Limited and several of its subsidiaries.
- President of the Trinidad & Tobago Insurance Institute (TTII) Board of Governors.
- Former President of the Trinidad & Tobago Chamber of Industry and Commerce (TTCIC) 2015-2016, having served as a Board Member of the Trinidad & Tobago Chamber of Industry and Commerce (TTCIC) 2006-2018.

CHRISTOPHER W ZACCA, CD, BSc, MBA
President and Chief Executive Officer, Sagicor Group Jamaica Limited

- Appointed President and CEO of Sagicor Group Jamaica Limited in May 2017.
- Holds a BSc in Engineering from the Massachusetts Institute of Technology and an MBA from the University of Florida.
- More than 30 years of experience in public and private sector management, in particular, during the period 1982-2009 where he held various Senior Management positions in the private sector namely, Vice President, Engineering - Desnoes & Geddes Limited (t/a Red Stripe), Brewers of Red Stripe Beer and Manufacturers of Soft Drinks; Managing Director - Caribrake Products Limited, Manufacturers and Distributors of Automotive Parts and Accessories; Managing Director - Appliance Traders Limited, Dealers in Air Conditioning, Appliance and Commercial Equipment; Chief Executive Officer, Air Jamaica Limited, former National Airline of Jamaica.
- Served as President of the Private Sector Organisation of Jamaica from December 2006 to June 2009, and from June 2012 to December 2014.
- Former Chairman of the Development Bank of Jamaica and the National Health Fund and has also served on numerous State boards, including the Factories Corporation, National Education Trust and JAMPRO.
- Served as special advisor to the Prime Minister of Jamaica from 2009 to 2011.
- In 2014, he was conferred with the National Honour of the Order of Distinction in the rank of Commander (CD) for his invaluable contribution to the private and public sectors in Jamaica.
- Presently the Chairman of the Private Sector Vaccine Initiative in Jamaica which was established in March 2021 as a mechanism to support the government's COVID-19 vaccination efforts.

“The greatness of a community is most accurately measured by the compassionate actions of its members.”

- Coretta Scott King

Approach to Sustainability

From our earliest days in 1840, Sagicor has always been more than just a life insurance and financial services company. We have been an integral part of the communities in which we operate, reflecting their societal values, and contributing to their social and economic well-being. We continue to be driven by this legacy and the almost two century commitment to not only protect but to improve the lives of those within our communities. While we serve the greater communities through our products and services, we are also a key employer and major supporter of charitable and social initiatives in the Caribbean region.

In 2021, we embarked on a long-term initiative to be more intentional in how we measure our impact in the communities so that we can celebrate the positive impact and identify areas where we can improve or even have a greater impact. Over the coming years, we are building a broader sustainability strategy that touches on every aspect of our business keeping in mind the people that are at the heart of our vision:

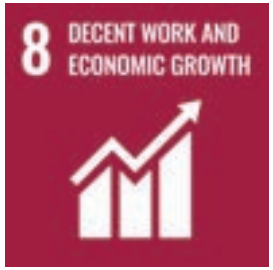
- Our team / Our family
- Our customers / Our friends
- Our communities / Our neighbors

Our Corporate & Social Responsibility (CSR) initiatives have traditionally focused on health and sports, education and youth development, and our community needs. We continue to believe that this is the appropriate approach as the greater impact occurs when we are close to the needs. However, moving forward we are building upon this approach and will be applying a broader lens to our whole business strategy – namely, Environmental, Social and Governance. To support our sustainability strategy, we will focus our efforts and associated reporting based on seven United Nations (UN) Sustainable Development Goals which we believe are most relevant to our business and where we can have the greatest impact in our communities:

Sagicor is also pleased to have joined over 2000 companies from North America as a signatory for the CEO Action for Diversity and Inclusion. We believe that open dialogue around equity, diversity and inclusion will lead to better outcomes and decision-making. We expect to develop an initial environmental, social and governance dashboard to track key metrics and a comprehensive plan with associated goals will evolve over time.

With 65% of our operations and 96% of our employees in developing countries, Sagicor is uniquely positioned to positively impact these communities. In addition, as of the end of 2021, 95% of all our policies, bank accounts and mortgage loans were in developing countries.

> **“we are building a broader sustainability strategy that touches on every aspect of our business keeping in mind the people that are at the heart of our vision”**



Corporate & Social Responsibility

Over USD
$1M
to CSR Initiatives

Assistance to
200
Schools

185
Sports and Education Scholarships

At Sagicor, we believe in the benefits of operating within an environment where businesses can grow and flourish, and at the same time, commit to a higher purpose. This is our driver for our pursuit of the Sagicor Vision, "To be a great company committed to the lives of people in the communities in which we operate". We know that our understanding of the effect we have on the communities around us and our care for the experiences of our people are mutually rewarding, and our social, human and corporate and social responsibility investment is the very essence of our more than 180-year existence.

Each year, we seek to improve on the results of the past year with the aim of positively influencing as many lives as possible at the community level through the strategically focused areas of:

- Health
- Education
- Community & Youth Development
- Sport

Our leadership approach to CSR is simple; we want to continue to make a difference in people's lives knowing that at the heart of this culture is our desire to fulfill our vision.

1. *Team Sagicor setup a refreshment station with donated light snacks at an isolation centre.* **2.** *Sagicor Life Inc Barbados handed over the Sagicor Mobile Medical Unit to the Barbados Defence Force and the Ministry of Health to facilitate the National Vaccination Programme.* **3.** *Team members from the St Kitts and Nevis office volunteered to paint areas of their adopted school, Cotton Thomas Comprehensive School.*

Corporate & Social Responsibility

1. *Susan Boyea (left), Sagicor's Vice President, Group Life & Health, made the presentation of the funds raised from the company's 2021 "Pinktober" Breast Cancer Awareness fundraising campaign, to Betty Lynch, Pink Ribbon Coordinator of the Barbados Cancer Society's Breast Screening Programme.* **2.** *St Lucia team members posed in pink at their Choc Estate office in celebration of Pinktober' s "Check Yours Out" campaign.*

Pinktober – Breast Cancer Awareness Month

For the third straight year, Sagicor acknowledged Pinktober by driving awareness towards the importance of screening for early breast cancer detection. Our Breast Cancer Awareness campaign "Check Yours Out," challenged both females and males across the region to take the necessary action needed for their breast health. Sagicor's investment of USD $56,000 in this campaign featured in-office signage, messaging in high traffic areas, webinars and the sale of tee shirts going towards Cancer societies across the region.

The Sagicor Foundation was title sponsor for the Jamaica Cancer Society's Keeping Abreast fundraising event. The hybrid 'Conversation and Concert' event was also streamed live on Sagicor Group Jamaica's social media platforms for viewers to enjoy, as well as participate by donating to the Cancer Society. The Foundation's Sigma Run Secretariat also supported Breast Cancer Awareness through the sale of special edition #CheckThemOut T-Shirts, which helped to raise awareness about breast cancer, and funds towards the 2022 Sigma Run beneficiary – the Kingston Public Hospital.

Sagicor Sigma Corporate Run

Jamaica

2021 began with the planning and execution of the 23rd staging of the Sagicor Sigma Corporate Run, Sagicor Foundation Jamaica's annual road race, raising funds for selected beneficiaries in either the health or education sectors. Staged, for the first time in its history as a hybrid event, Sigma Run saw many of its participants running in their own private spaces, and a special invitational run was completed by 89 participants in New Kingston. In total, 36 females and 45 males started in two separate races forty minutes apart. In addition, 8 wheelchair participants started in their own race. Over JMD $49m was raised through donations and numerous fundraising initiatives, and all proceeds were donated to the Annotto Bay and Port Antonio Hospitals. The official handover of equipment procured for the 2020 Sigma Run beneficiaries – the Bustamante Hospital for Children, the Savanna-la-Mar Hospital and the Clifton Boys' Home – was also completed in the first quarter of 2021, with a special tour of each facility.

Health

1. Doctors at the Bustamante Hospital for Children utilized the equipment donated by Sagicor, while Dr. Brian James, Head of the department for Anesthesiology and Critical Care and Mischa McLeod Hines, Vice President, Capital Markets, Sagicor Investment Jamaica, toured the medical facility.
2. Catherine Hauck, Vice President, Human Resources, Sagicor USA and Bart Catmull, Chief Risk Officer, Sagicor Financial Company Ltd, presented Sagicor's donation to the Phoenix Children's Hospital.
3. Michael Stricker, Chief Administration Officer, Sagicor USA, presented Sagicor's donation of funds raised for Phoenix Children's Hospital's Radiothon.

Phoenix Children's Hospital

United States of America

Sagicor USA is committed to supporting many worthy causes in its communities and Phoenix Children's Hospital (PCH) in Arizona is one of them. The company continues to support PCH through monetary donations and volunteer time.

Child Life Programme Fund

While adults have the coping mechanisms to process what is happening to them so they can self-soothe and prepare for treatment, children need guidance and advocacy to develop the trust necessary to heal. The Child Life Programme utilises the help of Child Life Specialists to help children, parents and siblings through very difficult moments. This is an essential component of family-centered care. Sagicor's $25,000 donation helped provide evidence-based and developmentally appropriate interventions that help children cope with fear, anxiety, and pain.

Telethon, Radiothon, Sponsorship and Community Service

Each year, PCH partners with a television station to host a telethon and a radio station to host a radiothon. Sagicor designates money for these fundraisers, and employees from Sagicor's Arizona offices volunteer to work the phone bank, answering calls and taking donations. In 2021, Sagicor was there again to make a $5,000 donation to both the telethon and radiothon events, as well as $5,000 for Christmas meals for patients and their families.

Corporate & Social Responsibility

1. The Sagicor Dominica team prepared and delivered lunch as a random act of kindness to the medical vaccination team at the Roseau Health Clinic. 2. A team from the Antigua office visited the ClareVue Psychiatric Hospital and presented a donation of food, and household items to support the work of the hospital. 3. Sagicor St Lucia donated funds raised from their Pinktober activities to the St Lucia Cancer Society. 4. Team Sagicor presented donations to the Belize Red Cross and the Belize Cancer Society to support their efforts in general health and cancer awareness, respectively.

Keeping Hope Alive

Barbados

Sagicor showcased its commitment to the Hope Foundation's "Keeping Hope Alive" drive by making a substantial contribution.
The 30-year-old Foundation supports persons suffering from Lupus, Sickle Cell and Arthritis, and more recently has been faced with significant financial challenges. Like many other charitable organisations and businesses, the Foundation's financial position has been severely impacted by the COVID-19 pandemic, which has made it difficult for them to carry out their various initiatives and programmes, all of which are geared towards helping Lupus, Sickle Cell and Arthritis sufferers to manage their conditions.

Roseau Health Centre

Dominica

The vaccination team at the Roseau Health Centre were treated to lunch by the Sagicor Dominica team and were thanked for the wonderful critical work they were doing. The vaccination team had been working long shifts, both indoors and outdoors and were nicely surprised to be presented with lunch made by the Sagicor team.

ClareVue Psychiatric Hospital

Antigua

A team from Sagicor visited the ClareVue Psychiatric Hospital to present a donation of food and household items to support the work of the hospital. The hospital was selected as a health care organisation that didn't often receive support, and the Sagicor team wished to highlight the importance of an institution that takes care of mental health, given that COVID-19 has been so mentally taxing for so many of us. The team donated several boxes of paper towels and toilet paper as well as basic dried and tinned staples.

St. Lucia Cancer Society

St Lucia

Sagicor donated EC$5,000 to the Society, the result of funds raised from its set of awareness activities during October, which is globally referred to as 'Pinktober'. In addition to wearing the specially branded Pinktober shirts, team members also participated in a Pinktober themed "Wacky Wednesday", while the Choc Estate located Head Office was "pinked out" for the month.

Red Cross and Belize Cancer Society

Belize

The Belize Red Cross Society and the Belize Cancer Society are two organisations whose work in the Belize community continues to be very important. Sagicor was happy to make financial donations to support their efforts in general health and cancer awareness respectively.

Loveuntil Foundation

Trinidad and Tobago

The Loveuntil Foundation, based in Laventille, was a recipient of the company's

Health

1. Unit Manager, Sergio Marques-Pita (right) donated a backpack of items, that included a tablet and stationery, to Brian Jones, Chairman of the Loveuntil Foundation.
2. St Joseph's Hospital CEO Leon Dixon (left) bumps elbows with Sagicor Foundation Executive Director Alysia White and Boss Furniture chairman and co-founder, Omar Azan as he received a joint donation of 30 new beds for the hospital.
3. Sagicor Life Aruba General Manager, Randall Croes, and team member Katherine Arrow (left) handed over colouring books and colouring materials to Uleike Tromp (centre), a member of the team at the Autism Aruba Foundation.

benevolence, receiving funds to provide care packages for young children in single-parent homes. Sagicor also supported Tobago through a partnership with the Moravian Church Tobago Conference to provide groceries to at-risk families in the community. Last year, in the insurer's COVID relief efforts, the Peace of Mind Elderly Home received a three-month supply of meal and hygiene items. Sagicor continued with further support in the form of food vouchers.

St Joseph's Hospital
Jamaica

Through a partnership with Boss Furniture, the Foundation donated specialized hospital beds and mattresses valued at JMD $1.5m to the St Joseph's Hospital, which allowed more Jamaicans to be comfortably admitted to the facility for treatment during peak capacity levels. The Foundation also donated US $12,000 towards the development of a modular unit of the Field Hospital for COVID-19 patients at the University Hospital of the West Indies (UHWI).

Autism Foundation
Aruba

The Sagicor Aruba team presented colouring books and colouring materials to the Autism Aruba Foundation. The materials were to assist in the management of anxiety and stress levels, as well as help regulate reactions to changes in their environments. Autism Aruba was formed in June 2005 by parents of children with autism and is dedicated to being a voice for persons directly impacted by this diagnosis.

Aid for Medical Students
Jamaica

Medical students enrolled at the University of the West Indies, Mona Campus in Kingston received a sizeable donation of personal protective equipment (PPE) from the Sagicor Foundation to support their practicum studies. PPE was also given to Physical Therapy Students who were in the practical aspect of their studies at the University of the West Indies.

Christmas Cheer to Hospitals
Jamaica

As the newest beneficiary for the Sagicor Sigma Corporate Run, the Sagicor Foundation treated the staff at the Kingston Public Hospital to grocery vouchers and other goodies during the yuletide season. The Foundation also donated Christmas trees to the hospital, and past Sigma Run beneficiary hospitals – Annotto Bay Hospital, Port Antonio Hospital and Bustamante Hospital for Children. The treats were well received by healthcare workers who continue to serve selflessly during the holidays, and the trees lifted the spirits of staff, patients and visitors of each facility.

Corporate & Social Responsibility

EDUCATION

1. & 2 *Team Sagicor were ready to add some colour and paint the Fond Assau Primary School in St Lucia.*

Adopt-a-School

Under our Adopt-a-School programme, Sagicor aims to support the wellbeing and development of its region's children through improved educational support. 2021 saw the first launch of the annual initiative where the company proudly adopted primary schools across the Southern Caribbean. Eight public primary schools were adopted under the impact pillars of Physical Environment, Health, Developmental and Educational Programmes and Safety.

Team members from across the Sagicor Group actively participated in the initiative by nominating the schools where a difference could be made. These nominations were then reviewed by Committees comprised of team members from across the organisation, who then shortlisted the submissions. Each shortlisted school was visited, with the Committees then making their final selection, based on pillar alignment.

The three main objectives of the programme are to:

- Create a sustainable programme that can positively impact the educational experience of our future generation
- Facilitate the distribution of tangible and intangible resources to the schools' key stakeholders
- Increase public awareness of Sagicor's commitment to education and community development

A total of US $86,000 was invested in the following schools during 2021:

- Trinidad and Tobago – Mundo Nuevo Roman Catholic School
- Barbados – Workman's Primary School and St. Martin's Mangrove Primary School
- St. Vincent and the Grenadines – Evesham Methodist School
- Belize – St. John's Anglican School
- Grenada – The Victoria School for Special Education

Education

1. *Team Sagicor pose after a day of volunteering at the Cotton Thomas Comprehensive School, St Kitts and Nevis.*

- Aruba – Colegio Santa Famia
- Curacao – Kolegio Don Sarto

Each school has been adopted under a specific pillar with work ranging from physical upgrades to assistance with educational programmes. In addition to the pillars, Sagicor also set out to support the schools through additional activities including self-love sessions for Valentine's Day and gestures of appreciation to the female teachers for International Women's Day.

In the USA, with the help of Sagicor partners, the Tampa Bay Lightning and the Tampa Bay Rays, Sagicor was able to provide gifts for the third-grade class at Booker T. Washington Elementary School in Tampa. Students were gifted with a variety of toys and goodies, and of course, a pizza party. In Scottsdale Arizona, the team shopped for gifts from the "Santa Wish List" for the entire second-grade class at Wilson Elementary School in downtown Phoenix. Then, several Sagicor "elves" volunteered to deliver the gifts, as well as some holiday cheer.

The Sagicor Foundation's Adopt-a-School Programme in Jamaica continued to focus on enhancing early childhood education in that country by making infrastructural upgrades to improve the learning environments and compliance of Early Childhood Institutions. In 2021, major renovation was completed at the Sligoville Early Childhood Development Centre in St Catherine and the Cornwall Gardens Basic School in St James, while the Beeston Spring Early Childhood Institution in Westmoreland received a new school building. The three projects were completed in the third quarter of the year with an investment of over JMD $20m. The schools also benefited from donations of furniture, learning materials, and treats for the students at various points in the academic year.

Nominations were also received for the 2022 Adopt-a-School programme, and from a pool of almost 150 submissions, three additional schools in Jamaica were selected for renovations in 2022. The schools are Charles Town Basic School, Charles Town, Portland; Bermaddy Basic School, Linstead, St. Catherine, and John Anglin Basic School, Warsop, Trelawny.

Corporate & Social Responsibility

1. Kerry-Ann Frazer (left) teacher at Sligoville Early Childhood Development Centre, and Mischa McLeod-Hines, Vice President, Capital Markets, Sagicor Investments, unveiled the newly installed school sign as the institution was officially handed over by the Sagicor Foundation. 2. In addition to a donation to the St. Vincent de Paul Hope Chest Thrift Store, team members from Sagicor USA volunteered to man the store over the holiday season. 3. Representatives from Sagicor General Insurance donated Samsung Chromebooks to the Workman's Primary School, to assist with online learning for disadvantaged students. 4. Representatives from Rise St Lucia accepted donations of school supplies for children in the community.

Child's month

Jamaica

The Sagicor Foundation made a cash donation to the National Child's Month Committee in support of activities for Child's Month, and supported activities that highlighted students' excellent academic performance. In celebration of Teacher's Day, the Foundation launched its 'My Teacher, My Hero' initiative via its social media platforms encouraging students to nominate a teacher that has gone above and beyond the call of duty to ensure students stay on track with their studies during the pandemic. The selected teachers were feted with gifts from the Foundation, and the students who nominated them were also presented with tokens.

Elementary School Donation

United States of America

Students from the Palomino Primary School were able to take their annual Christmas field trip to the St. Vincent de Paul (SVdP) Hope Chest Thrift Store, thanks to a US $25,000 donation from Sagicor. The donation provided $25 SVdP thrift store gift cards to 1,000 students so they could individually shop and pick out presents for their family. Students received a special goodie bag, which contained candy, small toys, and their gift cards. SVdP closed Hope Chest Thrift Store to the public and opened it just for Palomino students and their families to enjoy an exclusive shopping spree. Sagicor team members volunteered to assist the children with their shopping needs as well as helping to wrap their gifts

Workman's Primary School

Barbados

Sagicor General Insurance (SGI) Inc recently donated five Samsung Chromebooks to the Workman's Primary School, to assist those disadvantaged students with being able to participate in online learning on a more consistent basis during the school year. The donation was timely as some students had been placed at a disadvantage by their lack of access to suitable devices, resulting in them losing out on valuable instruction.

Rise St Lucia

St Lucia

In order to ensure that students were fully prepared for the current school term Sagicor Life (Eastern Caribbean) Inc recently partnered with RISE St Lucia to equip some students with back to school supplies that are required even as they continue to attend school in non-traditional ways. RISE Saint Lucia is a non-profit Organisation dedicated to the development of youth.

Education

1. President and CEO of Sagicor General Insurance, Keston Howell, presented Dr Jennifer Sancho, CEO of United Way Trinidad and Tobago, with a cheque to support Phase 2 of their National Time of Caring Project for primary schools. 2. The principal of Guaico Presbyterian School, Margaret Gopaul-Mohammed (centre) accepted the donation of tablets from representatives of Sagicor General Insurance corporate agent, TLS Financial Services Ltd. 3. Sagicor Life Inc President and CEO, Robert Trestrail, handed over tablets to Minister of Education, Dr the Honourable Nyan Gadsby-Dolly. Also in photo are the principals Wendy-Ann James of Diego Martin Girls RC and Gail Perry-Herbert of Tranquility Government Primary School (right).

Victoria School for Special Education

Grenada

Members of the Sagicor team recently volunteered to spend some time with the children at the Victoria School for Special Education. While there, in addition to leading story time and a musical moment, they also delivered several bins of stationery supplies to assist the school in continuing to meet the needs of the students who attend classes there. Sagicor made its donation in anticipation of World Autism Awareness Day, because the school provides a critical service to the people of Grenada in educating autistic children.

United Way Trinidad and Tobago (UWTT)

Trinidad and Tobago

Support was provided to UWTT for its National Time of Caring Project for primary schools in high-need communities. Phase 1 of this programme commenced in 2020 and resulted in 15 schools receiving support to facilitate remote learning during the ongoing pandemic. Phase 2 continued to improve readiness at these 15 schools by improving the connectivity capacity of the schools, improve ventilation in learning spaces, provide ongoing support for handwashing, mask wearing and physical distancing.

Tablets for schools

Trinidad and Tobago

With the digital push in education, it has become even more critical that students have access to devices that will allow them to do their schoolwork and keep up with their classes. With this in mind, Sagicor handed over tablets to L'Anse Fourmi Methodist Primary School, Patience Hill Government School, and Charlotteville SDA Primary School, as part of the Ministry of Education's Adopt-a-School initiative. The Ministry's programme aimed to close the gap between students who didn't have access to online learning due to a lack of devices, so that no child was left behind.

Eastern Business and Merchants Association (EBMA) support Grande Primary Schools

Trinidad and Tobago

Sagicor General Insurance Inc, through its corporate agent TLS Financial Services Ltd, was pleased to collaborate with the EBMA to support students from four primary schools in the Sangre Grande community. The EBMA donated 10 tablets, 10 Secondary Entrance Assesment (SEA) prep packages, various stationery items and printer toner, as the association aimed to assist those schools whose student population do not have access to basic supplies. Four schools benefited from this initiative.

Corporate & Social Responsibility

COMMUNITY & YOUTH DEVELOPMENT

1. Sagicor General's Shontelle Smith handed over gifts to members of Prison Fellowship Barbados for their annual Angel Tree Programme during the season of giving. 2. Sagicor Life Inc Employee of the Year 2020, Talia Simpson-Grant (right) handed over SEA kits to the principal of Laventille Girls Government Primary School, Patricia Thorington, for her Standard Five students, at Sagicor's Head Office in Port-of-Spain.

180 Acts of Kindness

180 Acts of Kindness was a CSR initiative designed to honour and celebrate Sagicor's 180th anniversary during 2021. Throughout the Southern Caribbean, Sagicor set out to perform 180 random Acts of Kindness, ranging from surprising shoppers with grocery vouchers to making donations to children's homes. By December 2021, Sagicor had surpassed its target, performing a total of 192 random acts with an investment of US $35,000. Below is a brief account of some of the random acts observed across the Caribbean:

Prison Fellowship's Angel Tree Programme
Barbados

Sagicor teamed up with Prison Fellowship Barbados to bring Christmas joy to several children as part of the Prison Fellowship's Angel Tree Programme. This initiative oversees the donation of gifts to the children of inmates. The team was able to wrap and donate 31 gifts for boys and girls of varying ages, handing them over in time for the holiday season.

Support to Primary Schools
Trinidad and Tobago

Sagicor donated some much-needed school material to support the Moulton Hall Methodist School, St. George's College, Loving Hearts Preschool and the Moriah Government Primary School in Tobago. The initiative was orchestrated through the company's Customer Service and Sales departments.

Secondary Entrance Assesment (SEA) Kits
Trinidad and Tobago

Principals of Point Cumana RC Primary School and Laventille Girls Government Primary School were presented with SEA kits for their Standard Five classes in preparation for their exams. The kits comprised much need stationery supplies for children getting ready to take their Secondary Entrance Assessments.

Community & Youth Development

1. *Sagicor Life Inc Belize paid tribute to father Giovanni, during their Single Dad's Day celebration for Fathers' Day.* **2.** *In St Kitts and Nevis, Kurvron Wallace, father of three-year-old Alexie, received restaurant vouchers as a special treat for Fathers' Day.* **3.** *Two fathers and their children posed with their restaurant voucher received from Sagicor Life Inc Barbados for Fathers' Day.*

Cyril Ross Home
Trinidad and Tobago

The Cyril Ross Home provides care to children living with HIV and is managed by the Society of St Vincent de Paul. Currently it has 11 children, between the ages of three and 24. A timely donation of grocery vouchers and a cheque to a local bookstore was made, as children from the home were preparing to move into new classes in the new school term hence the need for the appropriate schoolbooks and stationery.

Securing Financial Futures
Jamaica

As a leading financial conglomerate, financial security remained a key priority in the CSR activities for Sagicor Group Jamaica. Several contributions were made to Jamaicans in the form of cash, savings accounts, and investment certificates. Sagicor Bank ran its Vax and Win campaign, which not only allowed parents to open free savings accounts for their children, but rewarded over 100 students with cash, education grants and learning corners to parents showing proof of vaccination while opening the accounts. Donations of gift certificates encouraging young people to start investing as early as possible were also presented to students at the St. Catherine High School and the Trench Town Polytechnic School, courtesy of Sagicor Investments.

St. Mary's Food Bank
United States of America

St. Mary's mission is to alleviate hunger through the gathering and distribution of food while encouraging self-sufficiency, collaboration, advocacy and education. Arizona team members regularly volunteer at St. Mary's Food Bank by helping them collect and distribute food to those in need. In 2021, Sagicor was also able to make US $31,000 in donations.

Fathers' Day Treat
Barbados

Acknowledging the critical, but often undervalued role of fathers, Sagicor wanted to showcase some of them and publicly appreciate what they do in the social, emotional, academic, spiritual and relational development of their children. Five lucky fathers were presented with restaurant vouchers for dinner as a token of appreciation for the role that they play in their children's lives, giving them the opportunity to share a meal and create even more lasting memories together.

Single Dads' Day
St Kitts and Nevis

Sagicor recognized the special contribution of fathers last Father's Day with videos on their social media platforms and tokens to all the fathers on staff. Additionally, the organisation paid special tribute to client and father Kurvron Wallace who is the father of three-year-old

Corporate & Social Responsibility

1. New mum, Emmy Melchoir, received her gift basket from Sagicor at the St Jude's Hospital for being one of the first mums to safely deliver her baby on New Years' Day. 2. St Vincent and the Grenadines' General Agent, Stanley Browne, presented a commemorative plaque to National icon David 'Darkie' Williams for his contribution to the theatre community on National Heroes Day. 3. Sagicor General's Assistant Manager, Deborah Raoul, presented a donation to the Lions Club to assist in the construction of a wheelchair ramp at Active Hill, Castries.

Alexie. Wallace, who is just 26 years old, balances two jobs while being a full time Dad to Alexie. As a token and gift for Father's Day, Sagicor Life rewarded Kurvron and Alexie with a restaurant gift certificate.

Single Dad's Day

Belize

Sagicor Life recognized the special contribution of fathers last Father's Day with videos on their social media platforms and tokens to all the fathers on staff. Additionally, the organisation paid special tribute to client and father Giovanni Ochaeta who is the father of three wonderful young children, Nathan, Gianna, and Alyanna who paid tribute to him in a heart-warming letter which they read to him on Sagicor's Facebook page. As a token and gift for Father's Day, Sagicor rewarded Giovanni with a gift certificate for a meal at Cahal Pech Village Resort in San Ignacio Cayo.

New Moms and Babies Celebrate Safe Deliveries

Antigua & St Vincent and the Grenadines

The Sagicor team visited Mount St. John's Medical Centre to present packages to four mothers who ushered in 2021 with their healthy babies. Presentations were made to new mothers who delivered their babies on New Year's Day. The care packages, comprised of mostly baby-care items, were well received by the parents.

National Heroes Day –

St Vincent and the Grenadines

National icon David 'Darkie' Williams was honoured for his contribution to the theatre community by Sagicor for National Heroes Day. In addition to being presented with an award, the Sagicor team paid tribute to the well-known cultural contributor, noting that his contribution to the community and his training at the University of the West Indies, the Edna Manley School of Performing Arts and the John F Kennedy School of Performing Arts in Washington, D.C. firmly cement Mr Williams' value as a practical Assessor for the Theatre Arts Exams for the Caribbean Examinations Council.

Lions Club

St Lucia

The Sagicor General team responded to a request for support from the Castries Lions Club, by providing ECD $1,000 to support the construction of a wheelchair ramp at Active Hill. As part of an on-going partnership with the St Lucia Cerebral Palsy Association, the Health Services Committee of the Lions Club was desirous of building wheelchair ramps for persons living with Cerebral Palsy in and around the Castries area. The provision of the ramp positively impacted the lives of the people who were desperately in need of accessibility to lead independent lives.

Community & Youth Development

1. Nicola Daly, Manager, Facilities and Administrative Services, presented Krista Hamel-Smith, General Manager at Caribbean Kids and Families Therapy Organisation, with Sagicor's donation at the Port-of-Spain Head Office.
2. Team members from the Arizona office presented a donation to the Society of St. Vincent de Paul, to provide heat relief in the form of giving away, daily, 4,000 bottles of water.
3. Team Panama trekked to its adopted sustainable farm to deliver clothing, food and basic necessities to the farmers.

Flood Relief

Trinidad and Tobago

Heavy rains caused flooding in several areas of Trinidad and Tobago, particularly in Point Fortin, Sangre Grande and Aranguez. In response, Sagicor supported the Disaster Management Units with food hampers, which were donated to affected residents in their areas.

Caribbean Kids and Families Therapy Organisation (CKFTO)

Trinidad and Tobago

Sagicor donated TTD $15,000 to the CKFTO's Sponsor a Child programme. CKFTO is the sole, non-profit, therapeutic service provider of clinic-based, multi-disciplinary therapy for children with disabilities and special needs in Trinidad and Tobago. Through this programme, therapeutic interventions, such as occupational therapy, speech therapy, CME (Cuevas Medek exercise) therapy and psychoeducational assessments, became accessible to all children with disabilities.

Water Drive

United States of America

Sagicor's Arizona office joined the Society of St. Vincent de Paul, to provide heat relief during the summer heat, giving away 4,000 bottles of water every day. Thanks to generous community donations, the Water Drive collected 1.8 million bottles of water. In addition, Sagicor proudly matched dollar-for-dollar donations up to US $10,000.

Operation: Military Matters (OMM)

United States of America

OMM was started by 9-year-old Graci Tubbs who wanted to support the military and let the men and women sacrificing their lives know that Americans at home cared for them. Graci, her mother Kadi and Joan, an OMM volunteer, joined our Sagicor Tampa office to assemble and pack 200 care packages that were delivered to service members overseas. Sagicor purchased the various supplies and non-perishable items for each care package. Scottsdale team members wrote 200 personalized "thank-you" messages which were also inserted in each package.

Farm Visit

Panama

For another year, Sagicor Panama continued supporting its adopted sustainable farm. Team members collaborated to donate clothing, food and basic necessities to the farmers, who live and farm in one of Panama's difficult-to-reach agricultural areas. In addition to the donation, team members volunteered to work with the local farmers on the land, harvesting rice and other foods, after trekking several miles by foot to reach the farm, inaccessible by vehicles.

Corporate & Social Responsibility

1. and 3., *Finalists of the Positive Coaching Alliance Triple Impact Competitor Scholarship Programme were recognised and awarded at a special ceremony.*
2. *Michael Stricker, Chief Administration Officer, Sagicor USA, addressed the scholarship recipients sponsored by Sagicor Life Insurance Company.*

Positive Coaching Alliance (PCA)

The Triple-Impact Competitor scholarship programme, sponsored by Sagicor, provided 26 scholarships to Tampa Bay area student athletes and 15 scholarships to those from Arizona, for a total of US $67,000 in scholarships. Students applied to the scholarship in May, and the finalists were recognised as individuals who strived to impact their sport on three levels: by improving oneself, teammates, and the game as a whole.

The PCA conducts activities in Tampa Bay and Arizona throughout the year in support of the Triple-Impact Competitor® scholarship programme. PCA is dedicated to developing “Better Athletes, Better People”, by providing resources to youth and high school sports coaches, parents, administrators and student-athletes. In addition to 1,000+ free audio-video and printable tips and tools made available at PCADevZone.org, PCA has partnered with roughly 3,500 schools and youth sports organisations nationwide to deliver live group workshops, online courses and books by PCA Founder, Jim Thompson. These resources have helped those involved in youth and high school sports to create a positive, character-building, youth sports culture.

Health

1. Digby Ambris of the St Lucia Tennis Association accepted Sagicor's donation to support the association's staging of regional tournaments. 2. Vice President, Sales and Marketing, Jacinto Martinez handed over Sagicor's donation to four-time Olympian, Cleopatra Borel for her foundation, the Cleopatra Borel Foundation. 3. In addition to making a donation, team members from the USA volunteered at the Beat the Heat Golf Tournament to assist in the smooth running of the event. 4. Team Sagicor was represented at the first staging of the Swing for Hope event.

St Lucia Tennis Association

St Lucia

An ECD $10,000 donation was made to the St Lucia Tennis Association to ensure that a team of young tennis players were able to compete in the upcoming COTECC Regional Under-12 Tournament in the Dominican Republic. Sagicor has had a relationship with the St Lucia Tennis Association for many years, sponsoring regional Under-12 and Under-14 Regional Tournaments in 2018 and 2019 and only stopping because of the pandemic. However, Sagicor was happy to continue to nurture the dreams of the youth during these challenging times.

Cleopatra Borel Foundation (CBF)

Trinidad and Tobago

The mission of the CBF is "Youth empowerment through sport and education," and Sagicor was pleased to support CBF's newest initiative to adopt the Mayaro Government Primary School. This partnership has seen several motivational engagements and workshops with youth groups and athletic teams; and provided food grants and personal care products to vulnerable individuals and families.

Beat the Heat Golf Tournament

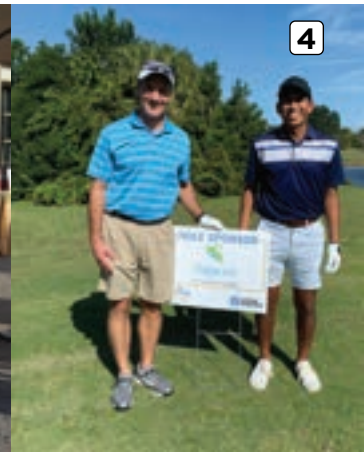
United States of America

To raise funds for the Positive Coaching Alliance, Sagicor donated US $7,500 and was the presenting sponsor for the 1st Annual Beat the Heat Golf Classic in Scottsdale, Arizona. The event brought together community partners to raise funds and have an immediate impact on the youth, sports and education in the state of Arizona. Team members also volunteered to assist in the smooth running of the event.

Swing of Hope

United States of America

Sagicor was proud to sponsor the Annual Swing of Hope Golf Tournament, hosted by Learning Empowered. The organisation seeks to address unmet needs of the local community in St. Petersburg, Florida. Its vision is for all members of the community to have stable housing, as well as the education they need for lifelong success. Sagicor donated US $1,000 to the event, and all funds raised supported Learning Empowered's quality programming for children and families.



Human Capital Report

Resilience, Agility, Antifragility, and Creativity were some of the strategic themes guiding our people strategies in 2021. Our HR strategics adapted to align with our operating models to support business directions amid the changing national landscapes, with key objectives being:

- Digital transformation.
- Managing virtual teams.
- Flexible Work Options.
- Developing resilient Leadership through the upskilling of people leaders.
- Competitive positioning to attract & retain talent.
- Rebooting our 'People First' Culture.

The Human Resources departments focused on improving communications, and on processes and procedures to provide efficiencies for all stakeholders, while aligning the Organisational structures for improved efficiency and to hold Sagicor's position as one of the best places to work.

We are pleased to report that the Sagicor team managed the challenges of 2021, which was the second consecutive year impacted by COVID-19 protocols in several countries, with considerable resilience, fortitude, and creativity. Remote work arrangements and hybrid operating models meant that we continued to serve customers every day using hybrid work arrangements and, where permitted, our own Front-line heroes continued to provide clients with services in face-to-face meetings and transactions.

This period saw the development of skills in managing and motivating virtual teams, conducting virtual meetings and the creativity and talent of teams as annual meetings and award functions continued using virtual platforms. Microsoft Teams software provided a platform for interactive communications and discussions.

By December 2021, our teams and the world began the process of the phased re-emergence of the post-pandemic world, expected to be seen in 2022.

1. *Sagicor's Medical Mobile Unit at the vaccination Pop-Up facility at Sagicor Life Inc's Collymore Rock office in Barbados.*
2. *Sagicor team members were rallied by the "Let's make A Difference" vaccination campaign.*
3. *Sagicor Life Inc's Group Life and Health nurse, Rosanna Springer, volunteered at several vaccination pop-ups.*

Human Capital Report

COVID-19 response

The Group's corporate strategy was driven by the following tactical efforts:

COVID-19 Policy Creation and Implementation – Developed in response to governmental policies as they evolved sometimes with mandates varying from country to country.

COVID-19 Education and Information Dissemination – Keeping our team abreast of the published health mandates and timely sound scientific information. This reduced initial anxiety and advised teams of quarantine/isolation requirements.

COVID-19 Vaccination – Webinars and infographics with reliable information on vaccinations and on their potential to reduce the risks associated with COVID-19.

Vaccination Pop-up Facilities – Partnerships with private sector initiatives to provide "Pop-up" vaccination sites for customers, team members and their families, facilitating easy access to vaccines and also testing where this was necessary.

Work-from-Home and Flexible Work Arrangements – Rotation of team members under national protocols with as many as 60% or more team members in remote working or work-from-home arrangements.

Our key focus has been on the health and safety of our teams and on a resilient work community, while at the same time, keeping our customers and our team members at the centre of our response to the pandemic. We consulted with medical and public health experts, developed policies, communicated all new standards and corporate protocols and provided protective gear. We enhanced our sanitising, monitoring, and contact tracing and testing procedures

Online educational webinars and meetings with medical officers under the following themes provided sound scientific information and medical guidance:

1. The COVID-19 Vaccine and You
2. Help Stop the Spread of COVID-19
3. Support Tips for Isolating due to COVID-19 Illness
4. Let's Talk Vaccines
5. Overcoming COVID-19 Fatigue

Competitions and prizes incentivised teams in Jamaica including the popular **"Let's make a Difference" Campaign**, and the **#Vax&Win Promotion**. Chris Zacca, President & CEO, Sagicor Group Jamaica served as the Chairman of the Private Sector Vaccine Initiative, contributing to the national effort to achieve herd immunity.

Sagicor supported the families and colleagues of team members who were affected by COVID-19 and those who died during the peak seasons of this pandemic. We are thankful that this number remains below 0.00008%. Online access to our Employee Assistance Programme provided convenient access to counselling and other support services.

Work-from-Home Webinar Series

The 2021 series of Wellness programmes included yoga and dancercise. Special virtual Programmes in the Sagicor Work-from-Home Series included:

- An International Women's Day interview with Sonia Layne-Gartside
- Workspace Optimization
- The Impact of Crisis and Isolation on Children
- Mental Health Awareness
- Heart Health

Several other team activities and competitions around various themes, including International Women's Day, World Kindness Day, Breast Cancer Awareness Month, Administrative Professionals Day, Customer Service Week, and the celebration of national Independence Days filled the annual calendar. Other fun events included Bingo, Pictionary, virtual potlucks and cooler chats in the new social norm that emerged during this period.

Human Capital Report

Diversity

Diversity programmes in 2021 used infographics and videos that provided historical context for the commemoration of various holidays and the celebration of significant cultural events. Surveys now provide data for benchmarking and reporting progress towards global standards.

New organisational structure

Sagicor Life Inc
Management announced an organisational structure in September 2021 that uses both a Divisional structure delineated by Subsidiary, as well as a Shared Service Model for core support professional functions e.g., Finance, Actuarial, Marketing, Corporate Communications & Brand Experience, Legal and Compliance and Human Resources. This new structure not only widened the scope of responsibilities but also provided several synergies and efficiencies as the Sagicor Life Inc Southern Caribbean operations continued to explore its strategies under the One Sagicor theme.

Succession Plans

Group companies reviewed and updated succession plans during 2021 and during Q3 and Q4, refreshed plans for key management and professional positions. They also began the process of implementing developmental plans, where necessary, and announced key appointments.

Executive appointments

The following appointments were announced during this period, subject to the approval of relevant regulators:

Sagicor Financial Company Ltd

Andre Mousseau
Sagicor Financial Company Ltd. announced the promotion of Mr. Andre Mousseau to the post of Group Chief Operating Officer (COO), in addition to his current role of Chief Financial Officer (CFO), effective August 1st, 2021. In assuming the post of COO, Mr. Mousseau will have additional responsibility for various group corporate functions as well as oversight of the group's operating subsidiaries.

Bart Catmull *– Group Chief Risk Officer.*

Sagicor General Inc
Patricia Greenidge *– Vice President – Chief Financial Officer*
Patrick Hinkson *– Executive Vice President - General Manager – Barbados & Eastern Caribbean*

Sagicor Group Jamaica
Sharma Taylor *– Vice President – General Counsel and Corporate Secretary*
Damion Hylton *– Senior Vice President – Retail and Payments*
Alysia Moulton-White *– Vice President – Group Marketing*
Mischa McLeod-Hines *– Vice President – Capital Marketing*

Sagicor Investments Jamaica Limited
Tara Nunes *– Chief Executive Officer*

Sagicor Bank
Omar Brown *– Vice President – Treasury*

Sagicor Life Inc
Christian Pasea *– Executive Vice President – Chief Financial Officer*
Jonathan Wu *– Vice President – Actuarial – Sagicor Life Inc – South Caribbean*
Andrew Greaves *– Vice President – Legal – Corporate Services*
Kaywanah Springer-Martin *– Vice President – Legal –Business Affairs and Compliance*

Human Capital Report

Paula Walcott *– Vice President – Human Resources – North Caribbean*
Michelle Bell-Sookhoo *– Vice President – Human Resources – South Caribbean*

Executive Retirements

Sagicor Group Jamaica

Janice Grant Taffe, Senior Vice President, General Counsel & Corporate Secretary retired effective July 31, 2021, after more than thirty (30) years of service to the Sagicor Group Jamaica.

Jeffrey Chevannes, Vice President - Credit Risk & Centralized Collateral & Securities retired effective January 31, 2021, after more than twenty-three (23) years of service to the Sagicor Group Jamaica.

Achievements

FLMI Designations

The following team members were commended on their successful completion of the FLMI – Fellow of the Life Management Institute certification programme in 2021:

1. **Corey Boyce – Sagicor Life Inc – Barbados**
2. **Donna Hope – Sagicor Life Inc – Barbados**
3. **Nicole Lazarus – Sagicor Life Eastern Caribbean Inc – Grenada**
4. **Andrea Marshall – Sagicor Life Inc – Barbados**

The FLMI is a 10-course professional development Programme that provides industry specific business education for the insurance and financial services industry.

Technology improvements

The new **Onboarding Module** in our Success Factors HRIS was successfully launched. This new module creates an efficient, structured, and online onboarding platform for new hires with checklists, goal plans, and other guidance to all parties involved in new hire onboarding. Fast-track new-hire processes with step-by-step wizards, intuitive dashboards, and built-in electronic forms can be accessed from any device; all of which streamlines onboarding for new hires and internal transfers/cross-boarding for current team members.

Succession Planning & Development Modules were successfully configured and made production-ready for 2022. These modules will help Executives and Management to objectively assess team member potential, identify, and develop the talent needed to provide resources for key roles. The Succession Organisational Chart provides visibility of potential talent gaps, other key risk indicators such as risk of loss, impact of loss, and bench strength.

Training and Development

Group companies continued to invest in the training and development of team members. There was significant focus on leadership development to improve efficiency and productivity, team members' experiences and to support succession plans. New initiatives which began in 2021 and will roll out in 2022 will include a Competency Model project that will update and align behaviours and competencies required for key roles, and a new Learning Management System that will improve the efficiency for the administration of workshops, exams and conference registrations as well as to host external and in-house e-learning programmes.

In 2021 approximately 95% of all training, onboarding and induction processes used an e-learning approach for the delivery of workshops.

Leveraging the unique conditions of the past year, Training and Development teams launched several initiatives and Sagicor General Inc reported the following:

- KIC Talks Programme (Knowledge Innovation and Creativity – the Company's version of TedX Talks).
- The Quarterly Learning Champion Award & Certificate
- The Quarterly Leaders Learning Champion Award & Certificate
- The Continuing Education Credit Hours Tracking Sheet
- Learning Month (September 2021)
- The Level-Up Leadership Programme
- Psychological First Aid Training

Sagicor Group Jamaica delivered several group-wide Learning and Development initiatives:

- **E-Learning Instructor led** – online platforms to upgrade technology skills among the teams who worked remotely included training on Microsoft Teams, Zoom and WebEx, and other free and paid for courses on online platforms such as Udemy, Allison and EdX.

- **Gamification** - Gamification was used to motivate engagement and increase participation in training. Participants were awarded points both for completing their training sessions and the opportunity to redeem these training points at an e-store.

- **SagicorLEAD Leadership Development Programme** - The cohort was exposed to a variety of initiatives aimed at providing leadership exposure and developing critical thinking and management skills. This included book discussions with senior leaders (The Alchemist by Paulo Coelho and the Go-Giver by Bob Burg), Dale Carnegie's Resilience in Leadership training among other external seminars and conferences as well as on-the-job cross- training.

- **Sagicor Reboot #Just Culture**

  In the **Leader-*Led* Podcasts** team members heard from Sagicor Jamaica's Group President and CEO, Christopher Zacca and the Senior Vice President for Group Human Resources and Corporate Services, Karl Williams. Other podcasts featured executives who discussed the importance of empowerment to the **Sagicor Culture** and the **Power of Resilience in a People First culture.**

- **Client Experience: Elevate Beyond Service** challenged and trained on the differences between client service and client experience, the importance of establishing themselves as a personal brand and how to discover the unstated needs of the client.

- **Data is Everybody's Business and Enterprise Risk Management – Risk Awareness Culture** focused on data as an asset, the importance of data quality and data privacy regulations. **Enterprise Risk Management** provided a better understanding of Risk Management, and an appreciation of each team member's role.

- **The Rated M – Development Programme for male team members and the Beyond Woman Series** – Development Programme were both well received as they covered Men & Parenting, Health & Wellness, Building Better Relationships across Genders, Personal Branding and Managing Personal Finances during the Pandemic. **The Beyond Woman Series** covered the topics Moving Mountains – Being Resilient, Debunking Myths about Women, and the Empowerment of Women.

- **Mental Health and other self-development Programmes** provided a full range of development opportunities for all team members.

Sagicor Life Inc

In Trinidad and Tobago, two hundred and ninety-three (293) members of the administrative team and three hundred and sixty-three (363) members of the Sales team participated in workshops during 2021.

Performance and Productivity workshops included - **Managing by Metrics, Performance Planning, Monitoring and Assessment**, **Using Outlook Effectively, Project Management for Business Professionals, Preparing for Your Year End Assessment** and **Conducting the Year End Assessment**.

Leadership development workshops included - **Successfully Leading Teams, The Leader Within**, and improving **Coaching and Mentoring** competencies.

Know Your Sagicor Products workshops covered Sagicor General Inc's insurance products, Sagicor's investments and Policy Conservation in support of the strategy to build a solid selling culture across the organisation.

Professional certification and Industry specific programmes introduced the provisions of the New Insurance Act and compliance requirements and use of the Trinidad and Tobago Insurance Institute's (TTII's) Agylia CPD Platform which is required to track CPD credits toward renewal of licenses for both life and general insurance. Sales management attended workshops in Field Sales Management Training.

Other workshops included - Virtual Records and Information Management, Fundamentals of Financial Analysis, The Rights, Responsibilities and Liabilities of Employers, Credit Analysis and Proposal Writing, Data Analytics, Plotting a Course for Successful Internal Investigations, Minute-Taking and Memo Writing, Supervisory Training for Security Officers, Building Mental Resilience, Facilities Management Professional Training Workshop, IAC Insurance Masterclass on Group Life and Health Pricing, Risk Management Planning for Tough Years, the Effective Personal Productivity Leadership Development programme and SHRM's Virtual People Analytics.

Self-development programmes included Financial Planning and Management, Retirement Planning and Sexual Harassment. Other courses offered included: Leadership is Taking Charge of Yourself, Working Stronger Together with Empathy, Strategies for Working from Home Successfully, Personal Safety and Self Defence, Share Ownership Made Simple, Work-life Balance and Personal Productivity and Keeping Your Children Safe on Social Media. Dealing with Mental Health Issues in the Workplace, Mandatory COVID-19 Testing and Vaccination and the NIS System and Financial Security.

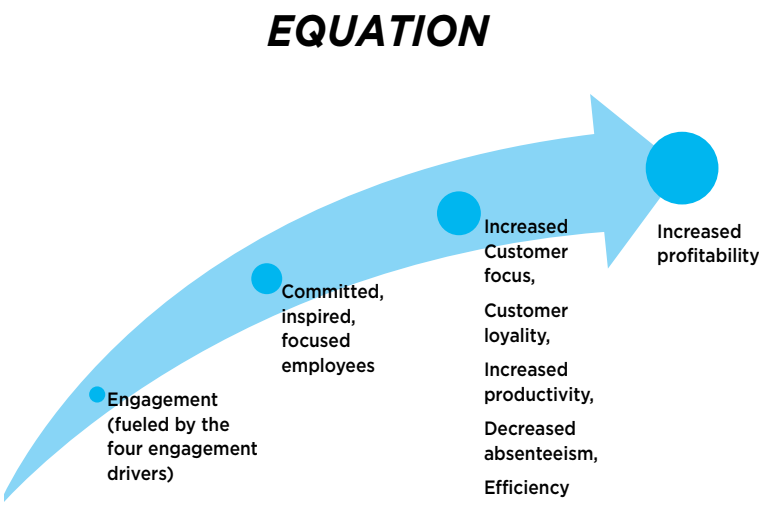
Conferences attended by some Sagicor leaders included the Women in Leadership Conference, the Distinguished Leadership Conference, the Live2Lead Virtual Leadership Conference, the 16th Regional Investments Conference and the Caribbean Actuarial Association's Virtual Conference.

At Sagicor Group Jamaica the Pro-Millennial Mentorship Society continued to host meaningful and creative programmes to inspire our young professionals to uncover their full potential as future leaders. The society currently has an active membership rolls of 112 persons. The society is supported by a strong executive team, who with the support of Group HR, organise and execute meaningful personal and professional development, as well as social outreach and fundraising activities.

Employee Engagement

Each year, Group companies hold a staff event to update team members on the past year's performance and to ensure that the team understands the strategy for the coming year. These are appropriately themed events like "**Blast Off 2021**" in Jamaica and "**IGNITE**" in Sagicor South Caribbean which both ignited the start of 2021.

Sagicor General Inc's hybrid work model drove a focused HR strategy which created experiences to drive successful performance.



This model focused on Leadership as a driver of Engagement, built on the pillars of Emotional Intelligence, Growth and People-centric and Principle centred leadership, and on Communication and Recognition.

This resulted in a significant improvement in the Employee Net Promoter Score (eNPS), the key metric against which the employee experience was measured, as scores moved from 19% in 2020 to an eNPS of 42% at the end of 2021. Comparative data reported eNPS that ranged from 15% to 39% for some large USA-based multinationals.

Sagicor USA continues to conduct regular Stay Interviews to evaluate the temperature and gauge engagement in our USA Markets. Exit interviews in all companies provided invaluable information on potential risks.

Group companies continue to use the LOMA Employee Satisfaction Survey to measure internal customer satisfaction. This is one of the measures on the various Corporate Balanced Scorecard used by Group companies to annually review corporate performance.

Sagicor Life Inc - Launch of Employee Relief Fund

In December 2021, Sagicor Life Inc launched its Employee Relief Fund (ERF). This followed the teams' experiences of unseasonal stormy weather, flooding and volcanic activity in St. Vincent which severely impacted residents there and caused peripheral economic damage in Barbados and Grenada; coupled with the economic impact of COVID-19 lockdowns on households in this region. Built on the premise of crowdfunding, team members can pledge portions of their salary or make additional payments to support the ERF. The proceeds of this fund will be used to help team members in crisis due to a natural disaster, medical emergencies or other financial crisis.

"Leadership as a driver of Engagement, built on the pillars of Emotional Intelligence, Growth, People-centric and Principle-centered leadership, and on Communication and Recognition"

Rewards and Recognition Programme

Sagicor Group of Companies Awards

SAGICORIAN EMPLOYEE OF THE YEAR
Kirk Shaw, *Assistant Manager, Facilities and Records, Jamaica*

SAGICORIAN MANAGER OF THE YEAR
Paula Walcott, *Assistant Vice President, Human Resources, Barbados*

GROUP CONTRIBUTOR OF THE YEAR
Adrian Gittens, *Mortgage Officer, Barbados*

Sagicor General Insurance Inc Barbados

SPIRIT EMPLOYEE OF THE YEAR
Gemma Howell, *Supervisor, Customer Experience*

ROOKIE OF THE YEAR
Kirklan Green, *Senior Claims Officer*

CONTRIBUTOR AWARD
Katrina Harris, *Senior Underwriter*

CONTRIBUTOR AWARD
Shaniqua Graham, *Senior Customer Experience Representative*

CONTRIBUTOR AWARD
Valerie Hoyte, *redit Officer, Finance*

CONTRIBUTOR AWARD
Tameisha Grant, *Customer Experience Representative*

Sagicor Group Jamaica

TOP ADVISOR
Nicholene Taylor

ROOKIE OF THE YEAR
Oral Haven

Human Capital Report

Sagicor General Insurance Inc, Trinidad and Tobago

SPIRIT MANAGER OF THE YEAR
Wendy Cadiz-Clarke, *Assistant Manager Finance*

SPIRIT EMPLOYEE OF THE YEAR AWARD
Kernika Stewart-La Touche, *Premium Processing Clerk*

ROOKIE OF THE YEAR & CONTRIBUTOR AWARD
Kira-Ann Alexander, *Administrative Assistant*

CONTRIBUTOR AWARD
Petunia Bernard, *Premium Processing Clerk*

CONTRIBUTOR AWARD
Leibha Ross, *Accounting Assistant, Credit Control*

Sagicor General Insurance Inc, Eastern Caribbean

SPIRIT MANAGER OF THE YEAR
Deborah Raoul, *Assistant Manager EC Operations*

SPIRIT EMPLOYEE OF THE YEAR
Carra Cadette, *Accounting Assistant*

ROOKIE OF THE YEAR
Villacy Clendenen, *Cashier, St Lucia*

CONTRIBUTOR AWARD
Jescintta Canoville, *Business Support, Antigua*

> **"Respect, recognition and reward flow out of performance."**
>
> N.R. Narayana

CONTRIBUTOR AWARD
Caroline Springer, *Underwriter, St Lucia*

Rewards and Recognition Programme

Sagicor Life Inc, Trinidad and Tobago

PRESIDENT'S AWARD
Allan Kercelus, *Joel Martinez Branch*

ROOKIE OF THE YEAR
Gia Rauseo-Suite, *Amery Rauseo Branch*

SPIRIT MANAGER OF THE YEAR
Danielle Hart, *Manager, Customer Services*

SPIRIT EMPLOYEE OF THE YEAR
Talia Simpson-Grant, *Client Relations Officer, Employee Benefits*

ROOKIE OF THE YEAR
Kella Awai, *Administrative Assistant, Customer Service*

CONTRIBUTOR AWARD
Michael Francois, *Building Maintenance Technician, Properties*

CONTRIBUTOR AWARD
Letalie Adams-Henry, *Human Resource Associate, Human Resources*

CONTRIBUTOR AWARD
Chad De Sonpere, *Treasury Officer, Financial Accounting*

CONTRIBUTOR AWARD
Simon Adam, *Accounting Assistant, Premium Administration*

Sagicor Life Inc, Barbados

SPIRIT MANAGER OF THE YEAR
Carolyn Shepherd, *Assistant Vice President, Marketing*

SPIRIT EMPLOYEE OF THE YEAR
Kwami Lewis, *Actuarial Analyst, Group Life and Health*

CONTRIBUTOR AWARD
Trina Blackman, *Manager, Design and Pricing*

ROOKIE OF THE YEAR
Akindele Licorish, *King Agency*

"Next to excellence comes the appreciation of it."

William M. Thackeray

Sagicor Life Inc, Eastern Caribbean

PRESIDENT'S TROPHY
Shameka David, *Sagicor Advisor, Antigua*

ROOKIE OF THE YEAR
Thiera Livingston, *Sagicor Advisor, Grenada*

SPIRIT MANAGER OF THE YEAR
Sherlon Leon, *Manager, Human Resources, St Lucia*

SPIRIT MANAGER OF THE YEAR
Winnie Thomas, *Conservation Officer, Antigua*

SPIRIT EMPLOYEE OF THE YEAR
Kamana Williams, *Supervisor, New Business Support, St Vincent*

CONTRIBUTOR AWARD
Francia Parris, *Customer Service Representative , St Lucia*

CONTRIBUTOR AWARD
Arial Paul, *Customer Service Representative, St Kitts*

> **"Every great performance is an opportunity to reward and celebrate."**
>
> Jeffrey Gitomore

Sagicor USA

SPIRIT MANAGER OF THE YEAR
Tom Groves, *Senior Manager Client Service*

SPIRIT EMPLOYEE OF THE YEAR
Joe Dugandzic, *Web Administrator III*

CONTRIBUTOR MANAGER AWARD
Barbara Knaggs, *New Business Manager*

CONTRIBUTOR AWARD
Susan Gabbard, *Senior QA Analyst*

PIONEER AWARD
Luis Santiago, *Senior QA Analyst*

PIONEER MANAGER AWARD
Julie Becker, *New Business Supervisor*

Technology and Innovation

Sagicor's continuing investments in Information Technology (IT) are key to enhancing customer satisfaction, growth, and profitability goals. Sagicor's IT remains focused on accelerating all facets of our business and enhancing our reputation for quality. Properly conceived information technologies help reduce operating costs, deliver an improved customer experience, promote growth, and drive innovations to create new areas of competitive advantage and shareholder value.

We aim to compete in time, accelerating our enterprise velocity in the areas of sensing, analyzing, formulating, and reacting so that we are faster than our competition. Improving velocity is the strategy and digitization initiatives are the tactics that will enhance the customer's experience and drive overall net income. The following are a few of 2021's technology highlights.

Enhancing Customer Touchpoints & Service

- **Sagicor One Client Centre** in Barbados created a modern, highly captivating, and expanded Client Service Center that brings together customer facing staff for Sagicor Life, Sagicor General, SAMI Mortgages and Mutual Funds as well as Group Life, Health, and Pensions services and products.
- **Virtual Customer Experience** delivered an online scheduling facility to allow customers to book video conference calls with a Customer Service Representative at SLI and SLJ.
- **SGI Portals Enhancements** enriched the claims process as well as expanded payment options to allow customers to submit claims online, allowed multiple premium Multi-modal & general insurance renewals, and provided the ability to generate insurance cover notes and certificates online for SGI Producers.
- **Chatbot Deployment** via WhatsApp Business expanded the use of interactive chatbots to markets in the EC and Panama.

"Sagicor's IT remains focused on accelerating all facets of our business and enhancing our reputation for quality."

Technology and Innovation

Enhanced Sales, eCommerce and Leads

- **Safe Driver Telematics** completed a successful proof-of-concept experiment for a safe driver mobile application that integrates a driver's scores into the Sagicor mobile app. This feature will be offered as a tool that private motor clients can use to reduce their renewal premium, while fostering retention of better risk.
- **ApplyOn Pilot** is an exciting proof-of-concept initiative. Design and engineering are completed to deliver a Leads Management solution as well as 6 online quotation calculators as a source of leads for the advisor force and integration with Facebook. Deployment is scheduled for Q1 2022 and will run for four months.
- **elife Direct to Consumer Portal** delivers an online platform, for the Peace Assured, Maximum Protector and Triple Protector coupon products in Barbados, Grenada, St. Vincent, and Trinidad & Tobago. Design and engineering are complete and deployment is pending the addition of Maximum Protector Plus, Life Solutions Lite, and Term Lite products to the platform as well as regulatory approval in certain markets.
- **Connect Platform with Engage** automates customer onboarding and eligibility checking for the Sagicor Engage platform. Provides a seamless way of managing the digital wellness Programme.
- **Individual Health (IH) New Business Electronic Application** provides an electronic IH application for Advisors to complete and submit online as well as automated integration with Workflow, Underwriting and Insurance Administration systems.

New Products and New Business Lines

- **New and Expanded Insurance Products** included the launch of the Saver Series in Trinidad & Tobago and expanded Peace Assured III in the Dutch Caribbean. Implementation of Simplified Issue for Sagicor Life Solutions, Whole Life and Saver Series in various markets.
- **SITTL Wealth Management** Implemented a Wealth Management Technology stack to support the Wealth Management business in Trinidad, including online application forms, client and portfolio management, compliance, workflow, and account payments.
- **SAMI Wealth Management** implemented portfolio management capabilities to support the Wealth Management business in Barbados. Subsequent phases to follow will deliver further enhancements.

Employee Experience

- **Employee On-Boarding Automation** implemented the Employee Onboarding module in SuccessFactors, which automates the employee onboarding and cross boarding processes.
- **Succession Management and Career Development Planning** implemented the Succession and Development module in SuccessFactors, which provides capabilities for digital management of Succession Management, Career Development Planning and Mentoring Programmes.

Business Intelligence

- **Visual Analytics (Dashboards)** continue to transform our use of data in real time to make more informed and timely decisions through dashboards in such areas as Key Performance Indicators, marketing analyses, product performance, lapsation, etc.

“The single most important ingredient in the recipe for success is transparency because transparency builds trust.”

– *Denise Morrison*

Management Discussion & Analysis

For the three-month and twelve-month periods ended December 31, 2021 and December 31, 2020

About Sagicor

Established in 1840 as The Barbados Mutual Life Assurance Society, Sagicor is one of the oldest providers of insurance in the Americas. Sagicor offers a wide range of products and services including life and health insurance, annuities, pension administration, property and casualty insurance, asset management, investment and merchant banking, securities brokerage, mutual funds, real estate development, and commercial banking. Sagicor's principal markets are Barbados, Jamaica, Trinidad and Tobago, and the United States of America

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ACRONYMS

Certain acronyms have been used throughout the management analysis and discussion substitute phrases.

The more frequent acronyms and associated phrases are set out below.

Acronym	Phrase
AA	Appointed Actuary
ECL	Expected Credit Losses
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit and Loss
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFRS 9	International Financial Reporting Standard No.9 – Financial Instruments
IFRS 16	International Financial Reporting Standard No.16 – Leases
MCCSR	Minimum Continuing Capital and Surplus Requirement
OCI	Other Comprehensive Income
POCI	Purchased or Originated Credit-Impaired

1. HIGHLIGHTS

Sagicor Group experienced a very strong performance for the year under review as compared to the prior year. Generally, all segments demonstrated strong performance during the period.

The Group recorded net income of US $196.5 million for the year ended December 31, 2021, the highest in its 181-year history, compared to a net loss of US $15.1 million for the corresponding period in 2020. Net income attributable to common shareholders was US $133.2 million compared to a net loss of US $3.6 million, for the same period in the prior year. Net income benefitted from strong premium production in our USA segment, as well as positive net experience through the annual review of our actuarial assumptions across each of our life insurance segments.

The Group's net income for the year ended December 31, 2021 also includes net gains of US $32.3 million from our investment in Playa Hotels and Resorts ("Playa"), which Sagicor now holds 10,745,251 shares of Playa measured at FVTPL. Refer to the Additional Information: Interest in Playa Hotel and Resorts N.V section for more details.

During the corresponding period for 2020, Group net income and net income attributable to common shareholders were significantly impacted by the economic uncertainty created by the COVID-19 pandemic. In 2020, the Group posted higher Expected Credit Losses (ECLs) and experienced net mark-to-market losses as a result of the markets' response to the pandemic. Group net income was also impacted by our share of net loss and impairment related to our associated company investment in Playa, all due to the pandemic's impact on the travel and leisure industry.

On May 13, 2021, Sagicor Financial Company Ltd. completed an offering of US $400.0 million of 5.300% Senior Notes due May 13, 2028. The Company used partial proceeds of the transaction to repurchase US $318 million aggregate principal amount of its 8.875% Senior Notes due 2022 issued by its subsidiary Sagicor Finance (2015) Limited. Additionally, on December 15, 2021 the company successfully completed a further offering of US $150 million of its 5.300% Senior Notes due May 13, 2028. The net proceeds from this offering are to be used for general corporate purposes, including, but not limited to, supporting the growth of its U.S. business.

Group capital remains strong, with the Group closing the fourth quarter of 2021 with a Minimum Continuing Capital and Surplus Requirement (MCCSR)[1] of 269%, increasing 17 points over 2020, well above our target capital standards. This increase is due to improvements in the capital of our life insurance subsidiaries.

The Group's financial results for the year ended December 31, 2021, continued to be affected by the COVID-19 pandemic's impact on the economic environment. Most Caribbean countries experienced periods of reduced air and sea traffic with some improvements in travel through the latter part of the year. Similar experiences were also observed in the United States, Canada and elsewhere. Countries also experienced various levels of pandemic restrictions as protocols were periodically modified, as levels of virus infections changed, and as new variants emerged. Companies have generally continued to implement work from home policies in response to these restrictions during the period.

Sagicor's geographic diversification helps mitigate the impact from disruptions to any one economy. During the pandemic, Sagicor, like other companies has focused on supporting our staff, customers and suppliers, while developing responses to the business disruption. Despite the challenging environment, the Group grew revenues while focusing on customer service. Sagicor's record 2021 performance is a result of our team's ability to navigate the current environment.

> **"The Group recorded net income of US $196.5 million for the year ended December 31, 2021, the highest in its 181-year history"**

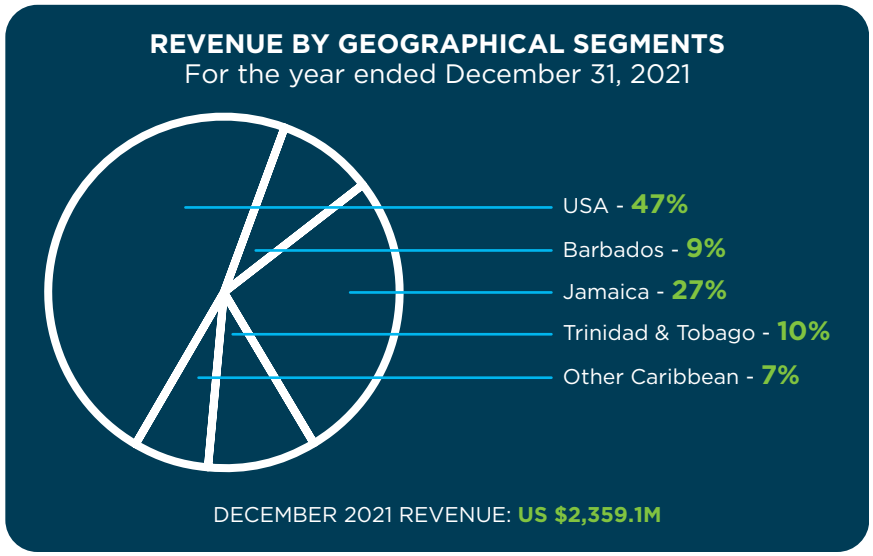
1 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

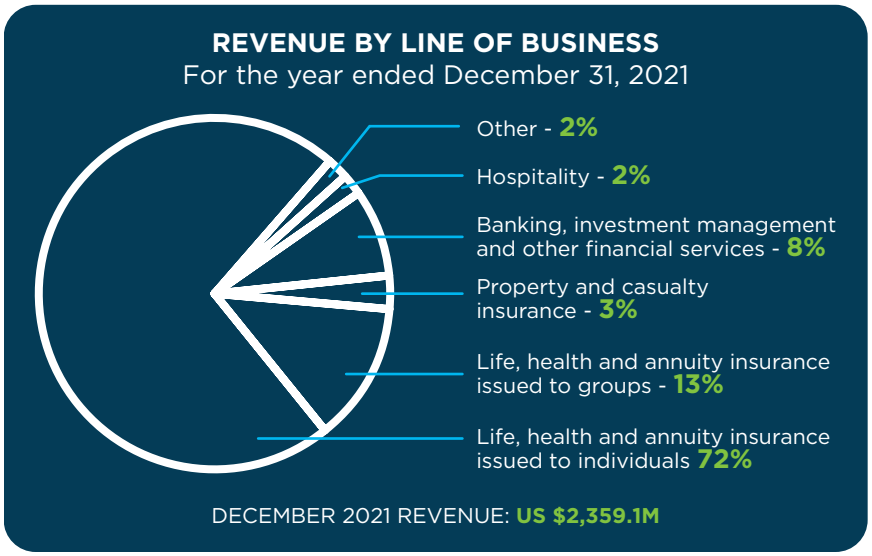
2. FINANCIAL SUMMARY

	Three months ended December 31			Year ended December 31		
(in millions of US $, unless otherwise noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Profitability						
Group net income	**56.4**	14.4	292%	**196.5**	(15.1)	1,401%
Net income attributable to common shareholders	**41.9**	29.0	44%	**133.2**	(3.6)	3,800%
Earnings per share:						
Basic earnings	**29.3¢**	19.8¢	48%	**91.9¢**	(2.4¢)	3,929%
Fully diluted	**28.9¢**	19.6¢	47%	**90.7¢**	(2.4¢)	3,879%
Return on shareholders' equity (annualised)[2]	**15.1%**	10.8%	4.3 pts	**12.6%**	(0.3%)	12.9 pts
Revenue						
Individual life, health and annuity	**442.4**	512.6	(14%)	**1,687.4**	1,270.7	33%
Group life, health and annuity	**91.5**	81.6	12%	**306.9**	304.8	1%
Property and casualty insurance	**20.8**	18.3	14%	**79.3**	82.3	(4%)
Banking and investment management	**55.1**	45.0	22%	**189.1**	171.2	10%
Hospitality	**10.7**	4.4	143%	**37.1**	14.3	159%
Farming and unallocated revenues	**9.0**	12.6	(29%)	**59.3**	35.1	69%
Total revenue	**629.5**	674.5	(7%)	**2,359.1**	1,878.4	26%
Net Premium Revenue						
Life insurance	**126.2**	118.5	6%	**476.2**	440.3	8%
Annuity	**266.5**	337.4	(21%)	**1,024.4**	736.5	39%
Health insurance	**43.2**	42.3	2%	**162.1**	171.5	(5%)
Property and casualty insurance	**12.8**	12.7	1%	**50.5**	55.1	(8%)
Total net premium revenue	**448.7**	510.9	(12%)	**1,713.2**	1,403.4	22%

2 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

(in millions of US $, unless otherwise noted)	Three months ended December 31			Year ended December 31		
	2021	**2020**	**Change**	**2021**	**2020**	**Change**
Profitability						
Financial Position						
Total assets	**10,377.9**	9,266.3	12%	**10,377.9**	9,266.3	12%
Operating liabilities	**8,028.3**	7,136.5	12%	**8,028.3**	7,136.5	12%
Notes and loans payable	**683.4**	471.6	45%	**683.4**	471.6	45%
Book value per common share[3]	**$7.92**	$7.58	4%	**$7.92**	$7.58	4%
Financial strength						
Debt to capital ratio[3]	**29.1%**	22.2%	6.9 pts	**29.1%**	22.2%	6.9 pts
Dividend pay-out ratio[3]	**19.2%**	28.4%	(9.2) pts	**24.5%**	N/A[4]	N/A
Dividends paid per common share	**$0.05625**	$0.05625	-	**$0.2250**	$0.2250	-
Dividends declared	**8.0**	8.2	(2%)	**32.5**	33.2	(2%)
Total capital[3]	**2,349.1**	2,128.2	10%	**2,349.1**	2,128.2	10%
Average common shares outstanding (000's)	**144,892**	147,830	(2%)	**144,892**	147,830	(2%)
Outstanding shares, at end of period (000's)	**143,185**	146,381	(2%)	**143,185**	146,381	(2%)
MCCSR[3], at end of period						
	269%	252%	17.0 pts	**269%**	252%	17.0 pts





3 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.
4 Profits were negative during the year.

3. GENERAL INFORMATION

A. Introduction and Notice

This Management's Discussion and Analysis ("MD&A") contains important information about Sagicor's business and its performance for the three-month period and year ended December 31, 2021 with comparative analysis for the corresponding periods ended December 31, 2020. This MD&A should be read in conjunction with the Company's annual financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) in effect on the date of such information.

The following discussion is based on the financial condition and results of operations of Sagicor, unless otherwise specified or indicated. Financial information is presented in millions of US dollars, unless otherwise indicated. Amounts for subtotals, totals and percentage variances included in tables in this MD&A may not sum or calculate using the numbers as they appear in the tables due to rounding.

B. General Information

Sagicor Financial Company Ltd. ("Sagicor") ("the Company") (TSX: SFC) is a leading financial services provider with over 180 years of history which operates across the Caribbean and in the United States of America (USA). Sagicor's registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda, with its principal office located at Cecil F De Caires Building, Wildey, St. Michael, Barbados. Details of Sagicor's holdings and operations are set out in note 4 to the 2021 consolidated financial statements.

Sagicor demutualised in November 2002 and listed its shares on the Barbados Stock Exchange (BSE: SFC), with subsequent listings on the Trinidad and Tobago Stock Exchange (TTSE: SFC) and the London Stock Exchange (LSE: SFI). Sagicor Financial Corporation moved its corporate domicile from Barbados to Bermuda and continued as Sagicor Financial Corporation Limited (SFCL), an exempted company, on July 20, 2016.

On November 27, 2018, Sagicor Financial Corporation Limited entered into a definitive arrangement agreement as amended on January 28, 2019 with Alignvest Acquisition II Corporation ("Alignvest") pursuant to which on December 5, 2019, Alignvest acquired all the shares of Sagicor by way of a scheme of arrangement under the laws of Bermuda, where Sagicor is incorporated, and continued as a Bermuda exempted company under the new name, Sagicor Financial Company Ltd.

The Company now trades on the Toronto Stock Exchange under the symbols "SFC" (shares) and "SFC.WT" (warrants). With a listing on the Toronto Stock Exchange, Sagicor Financial Corporation Limited's common shares, formerly listed on the London and Trinidad and Tobago Stock Exchanges, have ceased trading and have been delisted from the London and the Trinidad and Tobago Stock Exchanges. The former listing on the Barbados Stock Exchange has ceased trading.

Sagicor currently operates in 19 countries and maintains a strong market position in most of the markets where it operates. Sagicor has three reporting operating segments, namely Sagicor Life, Sagicor Jamaica, and Sagicor Life USA.

The principal activities of the Sagicor Group are as follows:
- Life and health insurance,
- Annuities and pension administration services,
- Banking and investment management services,

and its principal operating companies are as follows:
- Sagicor Life Inc. (Barbados and Trinidad & Tobago),
- Sagicor Life Jamaica Limited (Jamaica),
- Sagicor Bank Jamaica Limited (Jamaica),
- Sagicor Life Insurance Company (USA),

The Group also underwrites property and casualty insurance and provides hospitality services.

Sagicor's objective is to be a leading insurance and financial services provider of world class products and services to better serve its customers and other stakeholders in its markets. Sagicor is focused on growing its United States (US) business and expanding its banking and asset management business in the Caribbean, where it has strong brand recognition and market shares.

C. Results of Operations

An understanding of Sagicor's financial condition and the results and related risks of Sagicor's operations for the periods discussed in this MD&A requires an understanding of Sagicor's business. Accordingly, the following discussion should be read in conjunction with the discussion of these and related matters that appear elsewhere in this MD&A, including under the following headings: (i) Key Factors Affecting Results; (ii) Critical Accounting Estimates and Judgments; and (iii) Risk Management.

D. Non-IFRS Financial Information

Sagicor reports its financial results and statements in accordance with IFRS. It also publishes certain financial measures that are not based on IFRS (non-IFRS). A financial measure is considered a non-IFRS measure if it is presented other than in accordance with the generally accepted accounting principles used for the Group's audited financial statements. These non-IFRS financial measures are often accompanied by and reconciled with IFRS financial measures. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. The Group believes that these non-IFRS financial measures provide additional information to better understand the Group's financial results and assess its growth and earnings potential. Sagicor believes these non-IFRS financial measures assist in understanding its ongoing operating results and provide readers with a better understanding of management's perspective on the Group's performance. These measures enhance the comparability of the Group's financial performance from period to period, as well as measure relative contribution to shareholder value.

Since non-IFRS financial measures do not have standardised definitions and meanings, they may differ from the non-IFRS financial measures used by other institutions and should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. The Group strongly encourages investors to review its financial statements and other publicly filed reports in their entirety and not to rely on any single financial measure. Additional information concerning non-IFRS financial measures can be found in section 10 non-IFRS financial measures.

E. Cautionary Statement Regarding Forward-looking Information

This MD&A includes "forward-looking information" and "forward-looking statements" (collectively "forward-looking information") and assumptions about, among other things, Sagicor's business, operations, and financial performance and condition, approved by the board of directors of Sagicor on the date of this MD&A. This forward-looking information and these assumptions include, but are not limited to, statements about Group's objectives and strategies to achieve those objectives, and about its beliefs, plans, expectations, anticipations, estimates, or intentions. Additional information concerning forward-looking information as well as potential risk factors can be found in section 11 Cautionary Statement Regarding Forward-Looking Information

F. Additional Information

All documents related to the financial results of Sagicor Financial Company Ltd. are available on the Company's website at Sagicor.com, in the Investor Relations section. Additional information about Sagicor may be found on the SEDAR website at sedar.com, as well as the Company's Annual Information Form, which may be found on the Company's website or the SEDAR website.

The Management's Discussion and Analysis is dated March 18, 2022.

4. CONSOLIDATED GROUP RESULTS

A. Profitability

Group net income/(loss)	Three months ended December 31			Year ended December 31		
(in millions of US $, unless otherwise noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Net income/(loss) is attributable to:						
Common shareholders	**41.9**	29.0	44%	**133.2**	(3.6)	3,800%
Participating policyholders	**(0.6)**	1.0	(160%)	**(0.6)**	1.4	(143%)
Non-controlling interest	**15.1**	(15.6)	197%	**63.9**	(12.9)	595%
Group net income/(loss)	**56.4**	14.4	292%	**196.5**	(15.1)	1,401%

Group net income was very strong and closed the three-month period at US $56.4 million compared to US $14.4 million in the comparative period of the prior year, an improvement of US $42 million.

Group net income for the year was also very strong, closing the year at US $196.5 million, an improvement of US $211.6 million over the prior year loss of US $15.1 million.

Net income/(loss) attributable to Common shareholders	Three months ended December 31			Year ended December 31		
(in millions of US $, unless otherwise noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Sagicor Life	**21.8**	35.2	(38%)	**43.9**	47.7	(8%)
Sagicor Jamaica	**16.4**	11.0	49%	**60.4**	50.5	20%
Sagicor Life USA	**17.4**	8.8	98%	**57.6**	(27.1)	313%
Head office, Other and adjustments	**(13.7)**	(26.0)	47%	**(28.7)**	(74.7)	62%
Net income/(loss)	**41.9**	29.0	44%	**133.2**	(3.6)	3,800%
Earnings per common share (EPS):						
Basic	**29.3 ¢**	19.8 ¢	48%	**91.9 ¢**	(2.4) ¢	3,929%
Diluted	**28.9 ¢**	19.6 ¢	47%	**90.7 ¢**	(2.4) ¢	3,879%
Return on shareholders' equity (ROE)[5]	**15.1%**	10.8%	4.3 pts	**12.6%**	(0.3%)	12.9 pts

Net income attributable to common shareholders, closed the period at US $41.9 million compared to US $29.0 million for the three-month period ended December 31, 2020, an increase of US $12.9 million. The quarter observed improved performance on the hotel business as travel restrictions associated with COVID-19 lessened, as well as increased fee income from the banking business as commercial activity increased. The results for the fourth quarter of 2020 included restructuring expenses related to the retirement of a senior executive.

5 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Net income attributable to common shareholders for the year ended December 31, 2021 was US $133.2 million, compared to a net loss of US $3.6 million reported for the same period in 2020, an increase of US $136.8 million. The Return on Shareholders' equity[5] for the year ended December 31, 2021 was 12.6%, compared to a loss of 0.3% for the same period in 2020. Net income benefitted from strong premium production in our USA segment, as well as positive net experience through the annual review of our actuarial assumptions across each of our life insurance segments. The Group's net income for the year also benefited from net gains of US $32.3 million from our investment in Playa Hotels and Resorts.

The Earnings per Share (EPS - basic) in line with our results, closing the year at US $0.919 per share, compared to a loss of US $0.024 per share for the year ended December 31, 2020.

During the 2020 financial year both group net income and income attributable to shareholders from continuing operations, were impacted by a number of COVID-19 related factors. Due to this environment, the Group experienced a strengthening of our actuarial liabilities and our share of net loss related to our associated company investment in Playa Hotels & Resorts. Our USA segment reflected a significant strengthening of actuarial liabilities associated with its forward-looking assumptions and the long-term impact COVID-19 had on the economic environment in the USA. The Group also experienced financial losses largely driven by the mark-to-market losses on financial assets and credit impairment loss provisions.

Refer to the Non-IFRS Financial Information of this Management's Discussion and Analysis for additional information on the Company's profitability for the three-month period and year ended December 31, 2021.

"Net income attributable to common shareholders, closed the period at US $41.9 million compared to US $29.0 million for the three-month period ended December 31, 2020, an increase of US $12.9 million."

5 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

B. Business Growth

Total Revenue	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Life and annuity	**392.6**	455.9	(14%)	**1,500.6**	1,176.8	28%
Health	**43.3**	42.3	2%	**162.1**	171.5	(5%)
Property and casualty	**12.8**	12.7	1%	**50.5**	55.1	(8%)
Net insurance premium	**448.7**	510.9	(12%)	**1,713.2**	1,403.4	22%
Net investment income	**107.7**	120.3	(10%)	**429.8**	330.9	30%
Gain on derecognition of amortised cost investments	**11.6**	3.6	222%	**23.2**	8.9	161%
Gain on derecognition of assets carried at FVOCI	**7.8**	6.8	15%	**22.8**	20.2	13%
Credit impairment losses	**2.8**	1.6	75%	**4.3**	(24.0)	118%
Fees and other revenue	**50.9**	31.3	63%	**165.8**	139.0	19%
Total revenue	**629.5**	674.5	(7%)	**2,359.1**	1,878.4	26%
Total Revenue by Operating Segment						
Sagicor Life	**130.2**	190.6	(32%)	**504.7**	523.3	(4%)
Sagicor Jamaica	**202.2**	177.1	14%	**718.5**	631.9	14%
Sagicor Life USA	**285.0**	295.0	(3%)	**1,067.7**	679.0	57%
Head office, Other and Adjustments	**12.1**	11.8	3%	**68.2**	44.2	54%
Total revenue	**629.5**	674.5	(7%)	**2,359.1**	1,878.4	26%

Quarterly (three-month period) results

During the three-month period ended December 31, 2021, total revenue reached US $629.5 million, a decrease of US $45.0 million (7%) from the US $674.5 million reported for the same period in 2020, due to lower revenues from annuities and lower net investment income.

Net insurance premium revenue represented 71% (three-month period ended December 2020 – 76%) of total revenue, and closed the fourth quarter of 2021 at US $448.7 million, US $62.2 million (12%) below the US $510.9 million reported for the same period in 2020. While net insurance premium revenue for our life insurance business grew across all segments, net premium revenue from annuity business fell (US $70.9 million). During the last quarter of 2020, our Sagicor Life segment acquired a significant single premium annuity (US $63.9 million).

Net investment income totalled US $107.7 million for three-month period ended December 31, 2021, compared to US $120.3 million, for the corresponding period in 2020. Net investment income includes realised and unrealised gains on financial assets categorised as FVTPL of US $12.9 million. For the fourth quarter of 2020, net investment income included realised and unrealised gains of US $35.5 million, as the Group experienced further reversals of some of the unrealised losses incurred in the first quarter of 2020 when the capital markets responded negatively to the impact of the COVID-19 pandemic.

The Group generated fees and other revenues of US $50.9 million for the three-month period ended December 31, 2021, compared to US $31.3 million for the same period in 2020, an increase of US $19.6 million. The Group recorded higher hotel revenues (US $5.2 million) when compared to the same period in 2020, as travel activity increased with the lessening of travel restrictions associated with the COVID-19 pandemic. Foreign exchange gains increased quarter on quarter, by US $5.0 million, observed particularly in our Jamaica segment, as the Jamaican dollar depreciated against the United States dollar and fee income from banking business increased due to increased activity.

Year-to-date (twelve-month period) results

Total revenue reached US $2,359.1 million for the year ended December 31, 2021, an increase of US $480.7 million (26%) from US $1,878.4 million reported for the same period in 2020.

Net insurance premium revenue represented 73% (December 2020 – 75%) of total revenue and closed the year at US $1,713.2 million, US $309.8 million (22%) above the US $1,403.4 million reported for the same period in 2020. Net premium revenue from the life and annuity insurance business totalled US $1,500.6 million for the year ended December 31, 2021, compared to US $1,176.8 million for the same period in 2020, an increase of US $323.8 million, with significant net premium growth observed in our USA segment (US $356.2 million year on year).

Net investment income grew by US $98.9 million and totalled US $429.8 million for year, compared to US $330.9 million, for 2020. Net investment income includes realised and unrealised gains on financial assets categorised as FVTPL of US $63.8 million, inclusive of a gain of US $21.6 million associated with the mark-to-market movements on our investment in Playa Hotels and Resorts.

For the year ended December 31, 2020, net investment income included mark-to-market losses of US $4.6 million, as both regional and international capital markets responded adversely to the uncertainty occasioned by the COVID-19 pandemic.

The interest yields and returns achieved on financial investments are disclosed in the following table.

	Year ended December 31,	
	2021	**2020**
Interest yields		
Debt securities	**4.8%**	4.6%
Mortgage loans	**6.1%**	5.8%
Policy loans	**7.3%**	7.5%
Finance loans and leases	**10.4%**	11.2%
Securities purchased for resale	**1.5%**	2.4%
Deposits	**0.7%**	1.0%

The Group experienced reversals of credit impairment losses for the year ended December 31, 2021, totalling US $4.3 million, compared to impairment losses of US $24.0 million, for the corresponding period in 2020. In 2020, the Group updated its credit assessment assumptions to reflect the impact of the pandemic.

The Group also generated fees and other revenues of US $165.8 million for the year ended December 31, 2021, compared to US $139.0 million for the same period in 2020, an increase of US $26.8 million. Foreign exchange gains increased by US $5.3 million, year on year, due mainly to the Jamaican dollar depreciating against the United States dollar. In addition, increased fee income from the banking business coupled with a one-off gain from early settlement of a long-term liability at a discount also contributed to higher fees and other revenues.

C. Benefits

Benefits	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Life and annuity	**339.2**	400.2	15%	**1,323.6**	1,017.7	(30%)
Health	**39.0**	37.0	(5%)	**140.7**	132.9	(6%)
Property and casualty	**8.1**	6.5	(25%)	**24.4**	28.2	13%
Net insurance benefits	**386.3**	443.7	13%	**1,488.7**	1,178.8	(26%)
Interest cost	**11.6**	11.2	(4%)	**42.7**	42.9	-
Total benefits	**397.9**	454.9	13%	**1,531.4**	1,221.7	(25%)

Quarterly (three-month period) results

Benefits totalled US $397.9 million for the three-month period ended December 31, 2021, a US $57.0 million or 13% decrease from US $454.9 million reported for the same period in 2020.

Life and annuity benefits totalled US $339.2 million for the three-month period ended December 31, 2021 of which US $157.6 million related to current benefits and US $181.6 million related to future benefits. The amounts for the corresponding period in 2020 were a total of US $400.2 million, of which US

$124.8 million related to current benefits and US $275.4 million related to future benefits. Current benefits increased by US $32.8 million, when compared to that reported in the three-month-period ended December 31, 2020, mainly due to higher death claims and surrenders observed in our Sagicor Life segment, coupled with higher death claims experienced in our Jamaica segment. The change in provision for future benefits from 2020 to 2021 represented a decrease of US $93.8 million, driven by lower annuity sales written during the fourth quarter of 2021. In addition, during the fourth quarter of 2020 the Group recorded a strengthening of actuarial liabilities associated with forward-looking assumptions surrounding policy liabilities in our Sagicor Life USA segment.

Total health insurance benefits were US $39.0 million representing an overall claim to premium ratio (health claims ratio)[6] of 90.3%. In 2020, the Group experienced health insurance benefits of US $37.0 million and an overall claim to premium ratio of 87.5%. In 2020, normal health care services were disrupted due to government-imposed lockdowns, in addition, our Jamaica segment also experienced medical cost inflation in 2021.

Property and casualty claims amounted to US $8.1 million in 2021, up US $1.6 million, from the US $6.5 million recorded for the fourth quarter of 2020.

Interest expense totalled US $11.6 million for three-month period ended December 31, 2021, which was on par with that recorded for the fourth quarter of 2020.

Year-to-date (twelve-month period) results

Benefits totalled US $1,531.4 million for the year ended December 31, 2021, a US $309.7 million or 25% increase from US $1,221.7 million reported for the same period in 2020.

Life and annuity benefits totalled US $1,323.6 million for the year ended December 31, 2021 of which US $546.6 million related to current benefits and US $777.0 million related to future benefits. The amounts for the corresponding period in 2020 were a total of US $1,017.7 million, of which US $486.5 million related to current benefits and US $531.2 million related to future benefits. Current benefits increased by US $60.1 million when compared to that reported in the year ended December 31, 2020, mainly due to increases in withdrawals from savings components of insurance contracts, observed in our Sagicor Life segment, coupled with increased annuity benefits reported in our Sagicor Life and Sagicor USA segments. The change in provision for future benefits from 2020 to 2021 represented an increase of US $245.8 million and was driven by significant new annuity business written by our USA segment.

6 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Total health insurance benefits were US $140.7 million representing an overall claim to premium ratio (health claims ratio) of 86.8%. In 2020, the Group experienced health insurance benefits of US $132.9 million and an overall claim to premium ratio of 77.5%. The increase in the health claims[7] ratio was driven by our Jamaica Segment which continues to be impacted by rapidly rising medical costs and health claims.

Property and casualty claims amounted to US $24.4 million in 2021, a US $3.8 million decrease from the US $28.2 million incurred in 2020. The reduction in general insurance claims was largely associated with a reduction in motor claims a direct impact of movement restrictions associated with the COVID-19 pandemic.

Interest expense totalled US $42.7 million for year ended December 31, 2021 and was on par with that reported for the corresponding prior year.

The following table summarises the interest returns to holders of insurance contracts, investment contracts and deposit and security liability contracts.

	Year ended December 31,	
	2021	**2020**
Interest yields		
Investment contracts	1.9%	2.8%
Other funding instruments	0.8%	0.9%
Customer deposits	1.0%	1.2%
Securities sold for repurchase loans and leases	2.4%	2.3%

D. Expenses and Taxes

Expenses and taxes	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Administrative expenses	**95.2**	97.3	2%	**349.7**	340.5	(3%)
Commissions and related compensation	**38.0**	37.2	(2%)	**136.0**	121.2	(12%)
Finance costs, depreciation and amortisation	**16.1**	20.8	23%	**77.8**	84.5	8%
Premium, asset and income taxes	**25.3**	16.4	(54%)	**85.8**	57.6	(49%)
Total expenses and taxes	**174.6**	171.7	(2%)	**649.3**	603.8	(8%)

Quarterly (three-month period) results

Expenses and taxes totalled US $174.6 million for the three-month period ended December 31, 2021, up US $2.9 million from the amount reported for the same period in 2020.

Administrative expenses totalled US $95.2 million for the period under review compared to US $97.3 million for the same period in 2020. The gradual re-opening of the tourism sector and consequent increases in occupancy levels drove a US $3.3 million increase in hotel expenses. For the corresponding quarter in 2020, administrative expenses included restructuring charges related to the retirement of a senior executive.

Commissions and related compensation totalled US $38.0 million for the three-month period under review, closing slightly above the US $37.2 million reported for the same period in 2020.

7 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Finance costs, depreciation and amortisation totalled US $16.1 million, for the period under review, and was US $4.7 million below that reported for the fourth quarter of 2020. Overall, finance costs were US $2.4 million lower than the fourth quarter 2020. During the year the Group refinanced its 8.875% notes through the issuance of 5.30% notes, which contributed to the lower finance costs.

Sagicor is subject to a variety of direct taxes, with premium and income taxes comprising the main types of tax. Taxes are incurred in the jurisdiction in which the income is generated. Premium tax is customarily a percentage of gross premium revenue, while income tax is usually either a percentage of investment income or a percentage of profits. Sagicor is also subject to an asset tax in Jamaica and Barbados. In Jamaica, the asset tax is levied on insurance, securities dealers and deposit taking institutions at a percentage of adjusted assets held at the end of the year. In Barbados, the asset tax is levied on insurance, deposit taking institutions and credit unions at a percentage of adjusted assets held at the end of the period.

Premium, asset and income taxes were US $25.3 million for the three-month period ended December 31, 2021, compared to US $16.4 million in the same period in 2020, an increase of US $8.9 million. Of the total taxes, income taxes were US $22.1 million, compared to US $13.9 million reported for the December quarter 2020, an increase of US $8.2 million, and was largely related to higher net income levels reported during the December 2021 quarter, when compared to the prior year.

Earnings from other sources was a loss of US $0.5 million for the three-month period December 31, 2021, compared to a loss of US $33.4 million for the same period in 2020. During the fourth quarter of 2020, our Jamaica segment incurred a loss of US $33.8 million on its associated company investment in Playa Hotels and Resorts, due to the impact of the COVID-19 travel restrictions' adverse impact on hotel operations.

Year-to-date (twelve-month period) results

Expenses and taxes totalled US $649.3 million for the year ended December 31, 2021, up US $45.5 million from the amount reported for the same period in 2020.

Administrative expenses totalled US $349.7 million for the period under review, compared to US $340.5 million for the same period in 2020. The gradual re-opening of the tourism sector and consequent increases in occupancy levels drove a US $7.8 million increase in hotel expenses. In addition, the Group incurred costs associated with the implementation of IFRS 17, which contributed to the higher costs.

Commissions and related compensation totalled US $136.0 million for the year under review, closing US $14.8 million above the US $121.2 million reported for the same period in 2020, and was attributable mainly to the significant new annuity business written in our USA segment which resulted in higher commission and related compensation expenses (US $11.7 million), for that segment.

Finance costs, depreciation and amortisation totalled US $77.8 million, for the period under review, a decrease of US $6.7 million when compared to the prior year, due to lower depreciation, amortisation & intangible asset impairment charges of US $6.9 million. In 2020, the Group recorded US $3.0 million of goodwill impairment on a general insurance subsidiary company.

Premium, asset and income taxes were US $85.8 million for the year ended December 31, 2021, compared to US $57.6 million in the same period in 2020, an increase of US $28.2 million. Of the total taxes, income taxes were US $68.3 million, compared to US $42.7 million for the year 2020, an increase of US $25.6 million, and was largely related to higher net income levels reported during the year ended December 31, 2021, when compared to the prior year.

Earnings from other sources totalled US $18.1 million for the year December 31, 2021, compared to a loss of US $68.0 million for the same period in 2020. Net income from other sources for the period includes a net gain of US $10.7 million relating to the partial disposal of our investment in Playa Hotels & Resorts N.V (Playa). Please see earlier comment. Refer to the Additional Information: Interest in Playa Hotel and Resorts N.V section for more details.

During the year ended December 31, 2020, our Jamaica segment incurred a loss of US $73.5 million (including US $31.8 million in impairment losses) on its associated company investment in Playa Hotels and Resorts due to the impact of the COVID-19 travel restrictions' adverse impact on hotel operations.

E. Comprehensive Income

Other comprehensive (loss)/income	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Items net of tax that may be reclassified subsequently to income:						
Financial assets measured at fair value through other comprehensive income:						
(Losses)/gains on revaluation	**(16.9)**	80.8	(121%)	**(40.5)**	97.3	(142%)
Gains transferred to income	**(7.3)**	(7.0)	(4%)	**(19.6)**	(16.6)	(18%)
Net change in actuarial liabilities	**11.0**	(42.2)	126%	**16.2**	(52.0)	131%
Cash flow hedges	**-**	0.6	(100%)	**3.4**	(0.8)	525%
Other reserves	**-**	(0.2)	100%	**-**	-	-
Retranslation of foreign currency operations	**(37.0)**	(4.4)	(741%)	**(71.8)**	(38.2)	(88%)
	(50.2)	27.6	(282%)	**(112.3)**	(10.3)	(990%)
Items net of tax that will not be reclassified subsequently to income:						
Gains/(losses) arising on revaluation of owner- occupied property and owner-managed property	**1.1**	1.0	10%	**12.1**	(14.9)	181%
Losses on equity securities designated as FVOCI	**-**	(0.1)	100%	**-**	(0.1)	100%
(Losses)/gains on defined benefits plans	**(15.8)**	3.7	(527%)	**(15.6)**	3.5	(546%)
	(14.7)	4.6	(420%)	**(3.5)**	(11.5)	70%
Other comprehensive (loss)/gains	**(64.9)**	32.2	(302%)	**(115.8)**	(21.8)	(431%)

Total comprehensive income	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Group net income/(loss)	**56.4**	14.4	292%	**196.5**	(15.1)	1,401%
Other comprehensive (loss)/income	**(64.9)**	32.2	(302%)	**(115.8)**	(21.8)	(431%)
Total comprehensive (loss)/income for the period	**(8.5)**	46.6	(118%)	**80.7**	(36.9)	319%
Total comprehensive income/(loss) attributable to:						
Common shareholders	**7.3**	52.9	(86%)	**72.9**	(3.0)	2,530%
Participating policyholders	**(0.5)**	0.6	(183%)	**(0.8)**	0.6	(233%)
Non-controlling interests	**(15.3)**	(6.9)	(122%)	**8.6**	(34.5)	125%
	(8.5)	46.6	(118%)	**80.7**	(36.9)	319%

Items recorded within other comprehensive income arise generally from gains and losses on employee defined benefit pension plans, from fair value changes of certain asset classes, from the related movements in actuarial liabilities and from the retranslation of foreign currency operations.

Quarterly (three-month period) results

During the period, the Group reported net losses on financial assets totalling US $16.9 million compared to gains of US $80.8 million in the prior year, a reduction in gains of US $97.7 million resulting from mark-to-market movements on financial assets in our investment portfolios. These losses were offset by a net change in actuarial liabilities reserve of US $11.0 million (Quarter 4, 2020 – loss of US $42.2 million). Other comprehensive income for the period also included retranslation loss of US $37.0 million, associated with the translation of foreign currency operations, and largely related to the impact of the depreciation of the Jamaican dollar against the United States dollar, during the just ended quarter. The Jamaican dollar depreciated by 5% in the quarter.

Other comprehensive income for the quarter also includes losses on defined benefit plans of US $15.8 million (Quarter 4, 2020 – gain of US $3.7 million), largely related to health cost inflation in Jamaica.

Year-to-date (twelve-month period) results

During the year, the Group reported net losses on financial assets totalling US $40.5 million compared to gains of US $97.3 million in the prior year, resulting from mark-to-market movements on financial assets in our investment portfolios. These losses related to decreases in bond prices marked at FVOCI due to rising interest rates in the USA. This loss was offset by a gain in the net change in actuarial liabilities reserve of US $16.2 million (Quarter 4, 2020 – loss of US $52.0 million). Other comprehensive income for the period also included retranslation losses of US $71.8 million, comprising of losses of US $54.0 million associated with the translation of foreign currency operations, as well as the impact of gains of US $17.8 million related to our investment in Playa Hotels and Resorts N.V now recycled to the income statement on disposal (Refer to the Additional Information: Interest in Playa Hotel and Resorts N.V section for more details).

Other comprehensive income for the year also includes losses on defined benefit plans of US $15.6 million (2020 – gain of US $3.5 million), largely related to health cost inflation in Jamaica.

5. RESULTS BY SEGMENT

Sagicor operates its business primarily through three reporting operating segments. These segments are: Sagicor Life, Sagicor Jamaica and Sagicor Life USA. A summary analysis of revenue and net income by operating segment are presented on a three-month quarterly basis and on a yearly basis for 2021 and 2020 as follows:

	Fourth Quarter (three-month period) – December 31											
(in millions of US $)	Sagicor Life		Sagicor Jamaica		Sagicor Life USA		Head office & other		Adjustments		Total	
Revenue	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Net premium revenue	**94.6**	156.1	**96.0**	90.6	**249.6**	255.4	**8.5**	8.8	**-**	-	**448.7**	510.9
Gain/(loss) on derecognition of amortised cost investments	**0.5**	0.6	**11.2**	3.0	**-**	-	**(0.1)**	-	**-**	-	**11.6**	3.6
Gain/(loss) on derecognition of assets carried at FVOCI	**1.2**	1.7	**4.9**	3.6	**1.8**	1.5	**(0.1)**	-	**-**	-	**7.8**	6.8
Interest income earned from financial assets measured at amortised costs and FVOCI	**21.1**	19.9	**40.7**	39.4	**23.0**	19.9	**6.1**	1.0	**-**	-	**90.9**	80.2
Other investment income	**2.0**	2.5	**7.9**	14.0	**9.5**	19.8	**(2.6)**	3.7	**-**	0.1	**16.8**	40.1
Credit impairment gains/(losses)	**1.5**	0.9	**(0.4)**	0.6	**1.8**	0.1	**(0.1)**	-	**-**	-	**2.8**	1.6
Fees and other revenues	**3.0**	3.1	**41.8**	25.9	**(0.7)**	(1.7)	**7.0**	4.4	**(0.2)**	(0.4)	**50.9**	31.3
Inter-segment revenues	**6.3**	5.8	**-**	-	**-**	-	**7.7**	2.0	**(14.0)**	(7.8)	**-**	-
Segment revenue	**130.2**	190.6	**202.1**	177.1	**285.0**	295.0	**26.4**	19.9	**(14.2)**	(8.1)	**629.5**	674.5
Benefits and expenses	**(106.9)**	(151.5)	**(153.7)**	(139.3)	**(261.2)**	(282.7)	**(28.7)**	(38.5)	**-**	(0.8)	**(550.5)**	(612.8)
Inter-segment expenses	**(0.6)**	(0.6)	**(0.6)**	(0.8)	**(2.1)**	(1.5)	**(6.1)**	(5.6)	**9.4**	8.5	**-**	-
Gain/(loss) arising on business combinations, acquisitions and divestitures	**-**	-	**-**	1.5	**-**	-	**-**	(1.5)	**-**	-	**-**	-
Loss on impairment of associates and joint ventures	**-**	-	**-**	(19.0)	**-**	-	**-**	-	**-**	-	**-**	(19.0)
Share of operating income/(loss) of associates and joint ventures	**0.2**	0.3	**(0.7)**	(15.5)	**-**	-	**-**	0.8	**-**	-	**(0.5)**	(14.4)
Segment income before tax	**22.9**	38.8	**47.1**	4.0	**21.7**	10.8	**(8.4)**	(24.9)	**(4.8)**	(0.4)	**78.5**	28.3
Income taxes	**(1.7)**	(2.6)	**(15.9)**	(8.7)	**(4.3)**	(2.0)	**(0.2)**	(0.1)	**-**	(0.5)	**(22.1)**	(13.9)
Segment net income/(loss)	**21.2**	36.2	**31.2**	(4.7)	**17.4**	8.8	**(8.6)**	(25.0)	**(4.8)**	(0.9)	**56.4**	14.4
Net income/(loss) attributable to shareholders	**21.8**	35.2	**16.4**	11.0	**17.4**	8.8	**(8.6)**	(25.1)	**(5.1)**	(0.9)	**41.9**	29.0

	Year ended – December 31,											
(in millions of US $)	Sagicor Life		Sagicor Jamaica		Sagicor Life USA		Head office & other		Adjustments		Total	
Revenue	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net premium revenue	**370.5**	414.2	**352.6**	355.4	**953.3**	597.1	**36.8**	36.7	**-**	-	**1,713.2**	1,403.4
Gain/(loss) on derecognition of amortised cost investments	**1.4**	0.6	**21.9**	8.3	**-**	-	**(0.1)**	-	**-**	-	**23.2**	8.9
Gain/(loss) on derecognition of assets carried at FVOCI	**3.0**	2.9	**17.8**	21.7	**1.3**	(4.2)	**0.7**	(0.2)	**-**	-	**22.8**	20.2
Interest income earned from financial assets measured at amortised costs and FVOCI	**82.5**	74.8	**157.7**	160.5	**88.7**	74.8	**8.5**	4.7	**-**	-	**337.4**	314.8
Other investment income	**11.2**	4.1	**24.4**	(14.3)	**28.9**	18.9	**27.9**	7.4	**-**	-	**92.4**	16.1
Credit impairment gains/(losses)	**1.5**	(7.4)	**(1.6)**	(12.1)	**4.0**	(4.0)	**0.4**	(0.5)	**-**	-	**4.3**	(24.0)
Fees and other revenues	**9.4**	11.4	**145.7**	112.4	**(8.5)**	(3.6)	**19.9**	19.3	**(0.7)**	(0.5)	**165.8**	139.0
Inter-segment revenues	**25.1**	22.7	**-**	-	**-**	-	**34.4**	7.8	**(59.5)**	(30.5)	**-**	-
Segment revenue	**504.6**	523.3	**718.5**	631.9	**1,067.7**	679.0	**128.5**	75.2	**(60.2)**	(31.0)	**2,359.1**	1,878.4
Benefits and expenses	**(451.6)**	(465.0)	**(550.9)**	(480.7)	**(990.0)**	(709.3)	**(119.4)**	(126.2)	**(0.6)**	(1.6)	**(2,112.5)**	(1,782.8)
Inter-segment expenses	**(5.4)**	(4.1)	**(2.0)**	(2.1)	**(5.1)**	(4.3)	**(24.1)**	(21.7)	**36.6**	32.2	**-**	-
(Loss)/Gain arising on business combinations, acquisitions and divestitures	**-**	-	**(1.6)**	(1.3)	**-**	-	**12.3**	-	**-**	-	**10.7**	(1.3)
Loss on impairment of associates and joint ventures	**-**	-	**-**	(31.8)	**-**	-	**-**	-	**-**	-	**-**	(31.8)
Share of operating income/(loss) of associates and joint ventures	**3.3**	3.3	**4.1**	(38.2)	**-**	-	**-**	-	**-**	-	**7.4**	(34.9)
Segment income before tax	**50.9**	57.5	**168.1**	77.8	**72.6**	(34.6)	**(2.7)**	(72.7)	**(24.2)**	(0.4)	**264.7**	27.6
Income taxes	**(7.7)**	(8.4)	**(43.7)**	(40.0)	**(15.0)**	7.5	**(1.8)**	(1.4)	**-**	(0.4)	**(68.2)**	(42.7)
Segment net income/(loss)	**43.2**	49.1	**124.4**	37.8	**57.6**	(27.1)	**(4.5)**	(74.1)	**(24.2)**	(0.8)	**196.5**	(15.1)
Net income attributable to shareholders	**43.9**	47.7	**60.4**	50.5	**57.6**	(27.1)	**(4.5)**	(73.9)	**(24.2)**	(0.8)	**133.2**	(3.6)

The performance of these reporting segments for the three-month period and year ended December 31, 2021 compared to the same period in 2020 is discussed in the following sections.

A. Sagicor Life

The Sagicor Life segment conducts life, health insurance, property & casualty insurance, pensions, annuities, and asset management services in Barbados, Trinidad and Tobago, Eastern Caribbean, Dutch Caribbean, the Bahamas and Central America. Sagicor Life has a diversified customer base providing financial solutions to both individuals and corporations, mainly through a captive distribution network and local brokers. Sagicor Life's strong corporate image, people, financial strength, and diverse insurance solutions has contributed to Sagicor Life's leading position in the insurance market in the Caribbean.

	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Net premium revenue	**94.6**	156.1	(39%)	**370.5**	414.2	(11%)
Gains on derecognition of amortised cost investments	**0.5**	0.6	(17%)	**1.4**	0.6	133%
Gains on derecognition of assets carried at FVOCI	**1.2**	1.7	(29%)	**3.0**	2.9	3%
Interest income earned from financial assets measured at amortised costs and FVOCI	**21.1**	19.9	6%	**82.5**	74.8	10%
Other investment income	**2.0**	2.5	(20%)	**11.2**	4.1	173%
Credit impairment gains/(losses)	**1.5**	0.9	67%	**1.5**	(7.4)	120%
Fees and other revenue	**3.0**	3.1	(3%)	**9.4**	11.4	(18%)
Inter-segment revenues	**6.3**	5.8	9%	**25.1**	22.7	11%
Total revenue	**130.2**	190.6	(32%)	**504.6**	523.3	(4%)
Benefits	**(75.0)**	(112.8)	34%	**(327.4)**	(330.4)	1%
Expenses and taxes	**(30.5)**	(35.3)	14%	**(116.9)**	(125.7)	7%
Depreciation and amortisation	**(1.4)**	(3.4)	59%	**(7.3)**	(8.9)	18%
Inter-segment expenses	**(0.6)**	(0.6)	-	**(5.4)**	(4.1)	(32%)
Other	**0.2**	0.3	(33%)	**3.3**	3.3	-
Segment income before taxes	**22.9**	38.8	(41%)	**50.9**	57.5	(11%)
Income taxes	**(1.7)**	(2.6)	35%	**(7.7)**	(8.4)	8%
Net segment income	**21.2**	36.2	(41%)	**43.2**	49.1	(12%)
Income attributable to shareholders	**21.8**	35.2	(38%)	**43.9**	47.7	(8%)
Return on Investments (annualised)[8]	**5.8%**	6.1%	(0.3 pts)	**6.1%**	5.4%	0.7 pts
Return on Equity (annualised)[8]	**13.9%**	26.3%	(12.4 pts)	**7.3%**	9.1%	(1.8 pts)
Return on Shareholder's Equity (annualised)[8]	**13.9%**	25.7%	(11.8 pts)	**7.4%**	8.8%	(1.4 pts)

8 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Quarterly (three-month period) results

The impact of the COVID-19 pandemic continued into 2021 with generally adverse economic conditions being experienced and lockdowns occurring in several of our markets. During the fourth quarter of 2021 these conditions led to higher policy holder benefits with an uptick in mortality experience and surrenders as well as higher policy lapsation. Despite these challenges, the Sagicor Life segment demonstrated a strong performance for the three-month period ended December 31, 2021 generating net income of US $21.8 million attributable to shareholders.

The Sagicor Life segment generated total revenue of US $130.2 million for the three-month period, which was US $60.4 million below the US $190.6 million reported for the same quarter in 2020. During the fourth quarter of 2020, the segment benefited from new single premium annuity sales amounting to US $63.9 million. Notwithstanding the absence of significant new annuity business growth, net life and health insurance premium revenue grew slightly in the fourth quarter of 2021. Net investment income remained flat, period on period, with the impact of increased interest income being partially reduced by lower unrealised gains on FVTPL financial assets.

Benefits incurred for the Sagicor Life segment totalled US $75.0 million for the three-month period ended December 31, 2021 compared to benefits incurred of US $112.8 million reported for the same period in the prior year. Net policy benefits excluding the changes in actuarial reserves increased by US $14.0 million to close at US $78.2 million, mainly due to higher death claims and surrenders. Changes in actuarial reserves for the three-month period ended December 31, 2021, was a release of US $5.3 million, compared to an increase of US $43.9 million for the same quarter in 2020, as the 2020 quarter was impacted by the higher annuity business sales. Interest expense decreased by US $2.6 million as a result of unrealised losses on FVTPL assets accruing to policyholders.

Total expenses and taxes for the Sagicor Life segment totalled US $34.2 million for the three-month period ended December 31, 2021, US $7.7 million below the US $41.9 million reported for the same period in 2020. Total expenses decreased by US $6.8 million to close at US $32.5 million (December quarter 2020 – US $39.3 million), due primarily to lower administrative expenses as the fourth quarter of 2020 includes restructuring charges related to the retirement of a senior executive.

Year-to-date (twelve-month period) results

Despite the challenges presented by the COVID-19 pandemic, the Sagicor Life segment demonstrated a strong performance for the year ended December 31, 2021, with growth of 21% in its new business sales to individuals, continued growth in net premium revenue (excluding annuity business) and strong growth in investment income compared to the year ended December 31 ,2020.

The net income attributable to shareholders was US $43.9 million for the year ended December 31, 2021, US $3.8 million below the US $47.7 million recorded for year 2020.

The Sagicor Life segment generated total revenue of US $504.6 million for the year ended December 31, 2021, US $18.7 million (4%) below the US $523.3 million reported for the same period in 2020. While net premium revenue within the segment's life insurance business grew by US $12.2 million, the segment's annuity business declined by US $54.9 million as a result of significant single premium new business in 2020 which did not repeat in 2021. The net of these resulting in an overall decline in the segment's net premium revenue, year on year.

During 2021, net investment income benefitted from general growth in financial investments of US $72.5 million over the comparative period, as well as unrealised gains on FVTPL financial assets totalling US $3.0 million. During 2020, the segment reported unrealised losses in FVTPL financial assets as the capital markets responded adversely to the announcement of the COVID-19 pandemic.

Benefits incurred for the Sagicor Life segment totalled US $327.4 million for the year ended December 31, 2021 compared to benefits incurred of US $330.4 million reported for the same period in the prior year, a decrease of US $3.0 million (1%). Net policy benefits excluding the changes in actuarial reserves increased by US $49.3 million to close at US $270.0 million, due to higher benefits related to annuities as a result of significant growth in the annuity portfolio, together with a higher mortality experience and higher partial withdrawals from the savings component of insurance contracts. Net change in actuarial liabilities declined by US $53.5 million to close at US $43.6 million. In 2020, the net change in actuarial reserves include the impact of the single premium new annuity sale (US $47.8 million). This was offset by the impact of high benefits paid to policyholders in 2021.

Total expenses and taxes for the Sagicor Life segment totalled US $137.3 million for the year ended December 31, 2021, US $9.8 million below the US $147.1 million reported for the prior year. The year 2020 includes restructuring charges related to the retirement of a senior executive.

Statement of Financial Position	As of		
(in millions of US $)	**December 31, 2021**	**December 31, 2020**	**Change**
Financial investments	**1,623.5**	1,551.0	5%
Other assets	**348.8**	337.6	3%
Inter-segment assets	**416.8**	390.6	7%
Total assets	**2,389.1**	2,279.2	5%
Policy liabilities	**1,560.6**	1,477.9	6%
Other liabilities	**84.6**	82.8	2%
Inter-segment liabilities	**115.8**	126.4	(8%)
Total liabilities	**1,761.0**	1,687.1	4%
Net assets	**628.1**	592.1	6%

Financial investments totalled US $1,623.5 million (December 31, 2020 - US $1,551.0 million) and comprised 68% (December 31, 2020 - 68%) of the segment's total assets, and policy liabilities totalled US $1,560.6 million (December 31, 2020 - US $1,477.9 million) and comprised 89% (December 31, 2020 - 88%) of the segment's total liabilities at the end of December 2020. Overall, net assets increased by 6% or US $36.0 million due to the strong operating results.

New initiatives and developments

The COVID-19 Virus continues to have a significant impact on all the territories in which we operate. During 2021, we continued to drive the digitalization of our company; introducing several initiatives to improve the ability of clients to interact with the Organisation more easily and efficiently. In September, we realigned the Organisation in support of our Sagicor One vision along functional lines of business, with key executives assuming responsibility for Individual Life, Employee Benefits & Pensions, and Investment and Wealth Management across all markets. This move will ensure our executives are focused on specific lines of business, products and services, meeting our clients' needs more quickly and effectively. This team of key executives is now supported by a Shared Services model for our core professional functions. The Shared Services model for our professional support will provide scale opportunities, reduced duplication of resources and drive centralized decision-making and the standardization for core support process and procedures. Throughout the year, we continued to live our vision with several initiatives designed to support the communities in which we operate during these very difficult times.

B. Sagicor Jamaica

The Sagicor Jamaica segment offers life, health, annuity, property and casualty insurance, pension administration services, commercial banking, investment banking, hospitality and real estate investment services in the markets of Jamaica, Cayman Islands, Costa Rica and the United States of America. Sagicor Jamaica's strong brand, together with its wide range of products and highly skilled work force, has allowed it to maintain a leading position in market segments in which it operates. Its commercial banking services are offered through a network of sixteen (16) branches.

	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Net premium revenue	96.0	90.6	6%	352.6	355.4	(1%)
Gains on derecognition of amortised cost investments	11.2	3.0	273%	21.9	8.3	164%
Gains on derecognition of assets carried at FVOCI	4.9	3.6	36%	17.8	21.7	(18%)
Interest income earned from financial assets measured at amortised costs and FVOCI	40.7	39.4	3%	157.7	160.5	(2%)
Other investment income/(expenses)	7.9	14.0	(44%)	24.4	(14.3)	271%
Credit impairment (losses)/gains	(0.4)	0.6	(167%)	(1.6)	(12.1)	87%
Fees and other revenue	41.8	25.9	61%	145.7	112.4	30%
Total revenue	202.1	177.1	14%	718.5	631.9	14%
Benefits	(81.3)	(73.6)	(10%)	(287.5)	(231.9)	(24%)
Expenses and taxes	(67.8)	(61.0)	(11%)	(245.2)	(228.6)	(7%)
Depreciation, amortisation and impairments	(4.6)	(4.7)	2%	(18.2)	(20.2)	10%
Inter-segment expenses	(0.6)	(0.8)	25%	(2.0)	(2.1)	5%
Gain/(loss) arising on business combination, acquisitions and divestitures	-	1.5	(100%)	(1.5)	(1.3)	(15%)
Impairment of associates and joint ventures	-	(19.0)	100%	-	(31.8)	100%
Share of operating (losses)/income from associates and joint ventures	(0.7)	(15.5)	95%	4.0	(38.2)	110%
Segment income before taxes	47.1	4.0	1,078%	168.1	77.8	116%
Income taxes	(15.9)	(8.7)	(83%)	(43.7)	(40.0)	(9%)
Net segment income/(loss)	31.2	(4.7)	764%	124.4	37.8	229%
Income attributable to shareholders	16.4	11.0	49%	60.4	50.5	20%
Return on Investments (annualised)[9]	7.0%	8.0%	(1.0 pts)	6.9%	5.6%	1.3 pts
Return on Total Equity (annualised)[9]	13.8%	(2.1%)	15.9 pts	14.5%	4.1%	10.4 pts
Return on Shareholder's Equity[9]	16.7%	11.5%	5.2 pts	16.5%	14.3%	2.2 pts

9 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Quarterly (three-month period) results

The Sagicor Jamaica segment reported net income of US $31.2 million for the three-month period ended December 31, 2021 (Q4 2020 – loss of US $4.7 million), an improvement of US $35.9 million, with the segment benefiting from total revenue growth of 14%. For 2021, the individual life insurance business reported strong results underpinned by new business sales and portfolio growth. The commercial and investment banking segments benefited from the market rebound, experiencing improved transaction volumes and resulting fee income, while hotel revenue continued to show strong growth in the fourth quarter. The results for the fourth quarter of 2020 were adversely impacted by the share of loss and impairment losses on the segment's investment in Associate (Playa) as COVID-19 set off an unprecedented shock to financial markets and economic activities globally.

Net income attributable to shareholders was US $16.4 million for the three-month period ended December 31, 2021 compared to US $11.0 million for the three-month period ended December 31, 2020.

This segment generated total revenue of US $202.1 million for the three-month period ended December 31, 2021, compared to US $177.1 million for the same period in the prior year. This represented an increase of US $25.0 million or 14%. Net premium income saw an increase of US $5.4 million with growth observed in the life and annuity, and property and casualty insurance businesses. While other investment income declined due largely to lower unrealised gains on FVTPL investments (US $4.0 million).

Fees and other revenue increased US $15.9 million or 61% as hotel revenues improved as worldwide travel restrictions associated with the COVID-19 pandemic, reduced. In addition, the segment continued to observe improvements in fee income from its commercial and investment banking business' as commercial activity increased. Foreign exchange gains for the fourth quarter of 2021 totalled US $1.7 million, (Quarter 4 – 2020 – loss of US $1.6 million) as the Jamaican dollar depreciated against the United States dollar.

Benefits totalled US $81.3 million for the three-month period ended December 31, 2021 and was 10% (US $7.7 million) higher than that reported for the same period in 2020. Net policy benefits excluding changes in actuarial liabilities totalled US $64.8 million, compared to the US $57.5 million reported for the fourth quarter of 2020, an increase of US $7.3 million. The increase in net policy benefits excluding changes in actuarial liabilities was due to high death claims and higher health claims arising from medical cost inflation. The segment reported net change in actuarial liabilities totalling US $9.1 million for the three-month period ended December 31, 2021, which was on par with that reported for the same period in 2020.

Expenses and taxes incurred (including segment expenses and income taxes) saw an increase of US $13.7 million primarily from administrative expenses with an increase of US $3.3 million in hotel expenses, in line with the rebound of the tourism sector, as well as increases in Information Technology costs and professional fees. Income taxes increased by US $7.2 million to close at US $15.9 million, due to improved performance over the prior year.

Earnings from other sources was a loss of US $0.7 million for the fourth quarter of 2021, compared to a loss of US $33.0 million for the same period in 2020. During the December 2020 quarter, our Jamaica segment incurred a loss of US $33.8 million on its associated company investment in Playa Hotels and Resorts due to the impact of the COVID-19 travel restrictions' adverse impact on hotel operations.

Year-to-date (twelve-month period) results

The Sagicor Jamaica segment reported net income of US $124.4 million for the year ended December 31, 2021 (2020 - US $37.8 million) an improvement of US $86.6 million. For 2021, the individual life insurance business reported strong results. The segment benefitted from improved investment performance partially indicative of the recoveries in mark to market securities, substantially lower ECLs and strong new business growth. The banking business experienced improved transaction volumes and resulting fee income. The results for the year 2020 were adversely impacted by significant unrealized losses on financial assets, Expected Credit Losses (ECL), impairment charges and share of loss from the investment in Associate (Playa) as COVID-19 set off an unprecedented shock to financial markets and economic activities globally.

Net income attributable to shareholders was US $60.4 million for the year December 31, 2021 compared to US $50.5 million for the year ended December 31, 2020.

This segment generated total revenue of US $718.5 million for the year ended December 31, 2021, compared to US $631.9 million for the same period in the prior year. This represented an increase of US $86.6 million or 14%. Net premium decreased marginally by US $2.8 million. The annuities, health and property and casualty insurance businesses observed declines in net premium revenue, which were partially offset by improvements in the life insurance business.

Interest income was US $157.7 million, for the year ended December 31, 2021 compared to US $160.5 million in the corresponding prior period. Other investment income which includes investment gains totalled US $24.4 million,

for the period under review, compared to losses of US $14.3 million for the same period in the prior year. Unrealised gains on FVTPL financial assets totalled US $19.6 million and were higher than the mark-to-market losses of US $17.6 million reported in the prior year which were affected by the capital markets adverse response to the COVID-19 pandemic.

Credit impairment losses for the year ended December 31, 2021, totalled $1.6 million, compared to impairment losses of US $12.1 million, for the corresponding period in 2020. During 2020, credit assessment assumptions were updated to reflect the impact of the pandemic.

Fees and other revenue closed at US $145.7 million for the year under review, compared to US $112.4 million for the year 2020, an increase of US $33.3 million or 30%. During the year, the segment benefited from higher hotel revenues (US $12.4 million) as worldwide travel restrictions associated with the COVID-19 pandemic, reduced. In addition, the segment was impacted by higher unrealised foreign exchange gains on assets denominated in foreign currency, coupled with increased fee income on its banking business. The segment also reported one-off gains from early settlement of a long-term liability at a discount and capital market transactions, totalling US $5.0 million.

Benefits totalled US $287.5 million compared to US $231.9 million reported for the same period in 2020 an increase of US $55.6 million. Net policy benefits excluding changes in actuarial liabilities totalled US $234.2 million, compared to the US $231.0 million reported for the same period in 2020, an increase of US $3.2 million which was driven by higher health claims fuelled by high medical inflation. The segment reported net change in actuarial liabilities increase of US $25.3 million for the year ended December 31, 2021, compared to a release of US $26.3 million in 2020, an increase of US $51.6 million. The prior year was significantly influenced by changes to lapse and morbidity assumptions.

Expenses and taxes incurred (including segment expenses and income taxes) increased by US $18.2 million, to close at US $309.1 million. Hotel expenses increased by US $7.8 million, stemming from higher occupancy levels and the re-opening of the tourism sector. Other operating expenses such as professional fees, mainly relating to IFRS 17, and IT costs, mainly license fees and data security, were higher than the comparative period. Income taxes increased by US $3.7 million to close at US $43.7 million, due to improved performance over the prior year.

Earnings from other sources was a gain of US $2.5 million for the year 2021, compared to a loss of US $71.3 million for the same period in 2020. On January 15, 2021, the segment completed the disposal of its 14.9% equity interest in Playa Hotels and Resorts which gave rise to a loss on disposal of US $1.5 million. The impact of this disposal was negated by our share of income earned on the joint venture in Costa Rica totaling US $4.0 million. Refer to the Additional Information: Interest in Playa Hotel and Resorts N.V section for more details. During the year ended December 31, 2020, our Jamaica segment incurred a loss of US $73.5 million (including US $31.8 million in impairment losses) on its associated company investment in Playa Hotels and Resorts due to the impact of the COVID-19 travel restrictions' adverse impact on hotel operations.

Statement of Financial Position	**As of**		
(in millions of US $)	**December 31, 2021**	**December 31, 2020**	**Change**
Financial investments	**2,776.3**	2,714.5	2%
Other assets	**654.3**	730.0	(10%)
Inter-segment assets	**12.1**	10.6	14%
Total assets	**3,442.7**	3,455.1	-
Policy liabilities	**830.2**	824.5	1%
Other liabilities	**1,695.9**	1,690.4	-
Inter-segment liabilities	**1.8**	12.9	(86%)
Total liabilities	**2,527.9**	2,527.8	-
Net assets	**914.8**	927.3	(1%)

Overall net assets decreased by 1% (US $12.5 million) moving from US $927.3 million as at December 31, 2020 to US $914.8 million at the end of December 2021. The impact of improved operating results was negated by of the impact of mark-to-market losses on FVOCI financial assets, foreign exchange losses on the retranslation of foreign operations as well as dividends distributed to shareholders, giving rise to the overall decrease in net assets.

New initiatives and developments

Sagicor Jamaica continues to care, inspire, and serve its various stakeholders. In the 4th quarter of 2021, Sagicor Jamaica made donations to a number of Organisations and groups whilst supporting various activities during the festive season. Major activities for the Group during the period were the hosting of the inaugural Sagicor Community Heroes Awards ceremony and the renovation of three basic schools. In recognition of Breast Cancer Awareness month, Sagicor Jamaica, as is customary, was the title sponsor for the Jamaica Cancer Society's Keeping Abreast fundraising event. The Group also continued its support for students and teachers in need of electronic devices to facilitate online learning by donating tablets and computers to schools.

C. Sagicor Life USA

Sagicor USA, Inc. and its operating entity, Sagicor Life Insurance Company, (collectively, Sagicor USA) operate in 45 states and the District of Columbia. Sagicor USA is focused on providing life and annuity products to middle market America through independent producers. Middle market America has been defined broadly as individuals and families with household incomes of $40,000 to $100,000 or retirees or near-retirees with retirement portfolios of $100,000 to $1,000,000.

Sagicor USA's products can be broadly placed in three categories:

- **Periodic premium** - This would include products such as several variations of term insurance, non-participating whole life, indexed universal life and no-lapse universal life. All of these products usually allow the owner to pay premiums on a monthly, quarterly or annual basis.
- **Single premium life** -This category includes two products developed to support an older demographic who are looking principally to provide a larger legacy upon their death, while having access to funds to assist if they need critical care. We offer a standard interest crediting whole life product as well as an indexed universal life product.
- **Annuities** - Currently all of Sagicor USA's annuity offerings are single premium products including such products as multi-year guaranteed (MYGA), fixed interest crediting as well as immediate annuities. Most of the products are focused on helping the customer accumulate assets with little to no market risk to their initial premium.

	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Net premium revenue	**249.6**	255.4	(2%)	**953.3**	597.1	60%
Gain/(loss) on derecognition of assets carried at FVOCI	**1.8**	1.5	20%	**1.3**	(4.2)	131%
Interest income earned from financial assets measured at amortised cost and FVOCI	**23.0**	19.9	16%	**88.7**	74.8	19%
Other investment income/(expenses)	**9.5**	19.8	(52%)	**28.9**	18.9	53%
Credit impairment gains/(losses)	**1.8**	0.1	1,700%	**4.0**	(4.0)	200%
Fees and other revenue	**(0.7)**	(1.7)	59%	**(8.5)**	(3.6)	(136%)
Total revenue	**285.0**	295.0	(3%)	**1,067.7**	679.0	57%
Benefits	**(236.4)**	(263.9)	10%	**(900.5)**	(643.1)	(40%)
Expenses and taxes	**(23.5)**	(17.6)	(34%)	**(84.8)**	(62.0)	(37%)
Depreciation and amortisation	**(1.3)**	(1.2)	(8%)	**(4.7)**	(4.2)	(12%)
Inter-segment expenses	**(2.1)**	(1.5)	(40%)	**(5.1)**	(4.3)	(19%)
Segment income/(loss) before taxes	**21.7**	10.8	103%	**72.6**	(34.6)	310%
Income taxes	**(4.3)**	(2.0)	(115%)	**(15.0)**	7.5	(300%)
Net segment income/(loss)	**17.4**	8.8	98%	**57.6**	(27.1)	313%
Income/(loss) attributable to shareholders	**17.4**	8.8	98%	**57.6**	(27.1)	313%
Return on Investments (annualised)[10]	**3.8%**	6.6%	(2.8 pts)	**3.9%**	4.2%	(0.3 pts)
Return on Equity (annualised)[10]	**19.0%**	13.4%	5.6 pts	**17.5%**	(9.2%)	26.7 pts
Return on Shareholder's Equity (annualised)[10]	**19.0%**	13.4%	5.6 pts	**17.5%**	(9.2%)	26.7 pts

10 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Quarterly (three-month period) results

The Sagicor Life USA segment reported net income of US $17.4 million, for the three-month period ended December 31, 2021. This represented a significant improvement over the fourth quarter of 2020, as the segment continued to recover from the 2020 COVID impacts and grow its market share in the United States.

The segment generated revenue of US $285.0 million for the three-month period ended December 31, 2021, compared to US $295.1 million reported for the same period in 2020. Net Premium revenue contracted during the fourth quarter of 2021 to close at US $249.6 million (Fourth quarter 2020 – US $255.4 million), due to lower MYGA sales. The impact of this decrease was reduced by increased interest income of 16% period over period due to the continued strong growth of the investment portfolio as a result of the US $977 million of sales for the 12 months ended December 31, 2021.

Other investment income totalled US $9.5 million, (Q4 2020 – US $19.9 million), a decrease of 52% and is as a result of lower unrealised gains on FVTPL financial assets (US $15.2 million). During the three-month period ended December 31, 2020, the segment continued to experience a reversal of the unrealised mark-to-market losses incurred earlier in the financial year, when the capital markets responded negatively to the impact of the COVID-19 pandemic

Benefits, which reflect net policy benefits (surrenders, deaths, lapses, etc.), interest expense and changes in actuarial liabilities, totalled US $236.4 million compared to US $263.9 million reported for the same period in 2020 a decrease of US $27.5 million. Net policy benefits totalled US $56.1 million, compared to the US $40.7 million reported for the same period in 2020, an increase of US $15.4 million, primarily due to $11 million in MYGA policies lapsing at the surrender-charge free window, during the quarter. There was also a growth of portfolio impact in life net benefits, which were up $6 million from prior year. The segment reported a net change in actuarial liabilities of US $179.2 million for the three-month period ended December 31, 2021, compared to US $223.6 million, for the same quarter in 2020, a decrease of US $44.4 million. During the fourth quarter of 2020, the segment recorded a strengthening of actuarial liabilities associated with the segment's forward-looking assumptions surrounding its policy liabilities and the long-term impact COVID-19 had on the economic policy and long-term outlook in the USA.

Total expenses and taxes (including inter-segment expenses and income taxes) totaled US $31.2 million compared to US $22.3 million reported for the same period in 2020, an increase of US $8.9 million. Total expenses for the period were up by US $6.6 million when compared to the same period in 2020 and was driven by an increase in payroll related expenses as well as higher sales commissions.

Year-to-date (twelve-month period) results

The Sagicor Life USA segment generated revenue of US $1,067.7 million for the year ended December 31, 2021, compared to US $679.0 million reported for the same period in 2020, the segment has seen a return to profitability for the year 2021 (net income of US $57.6 million), after having suffered a COVID led loss of US $27.1 million for the year ended December 31, 2020. Revenue increase has been driven by the higher MYGA sales.

Benefits, which reflect net policy benefits (surrenders, deaths, lapses, etc.), interest expense and changes in actuarial liabilities, totalled US $900.5 million compared to US $643.1 million reported for the same period in 2020, an increase of US $257.4 million. Net policy benefits totaled US $190.0 million compared to US $177.2 million, an increase of US $12.8 million. While the segment has seen a slight uptick in COVID related life claims, the overall net amounts after reinsurance have not been material and we do not see this as a long-term trend that will materially impact our long-term actuarial assumptions. Overall, net life-related benefits are slightly down for the period while annuity related benefits increased primarily due to MYGA policies lapsing in the surrender-charge free window, during the fourth quarter of 2021. Net changes in actuarial liabilities totaled US $712.0 million for the year ended December 31, 2021, compared to US $463.4 million, for the same period in 2020, a net increase of US $248.6 million due to the higher written premium for the year just ended. In addition, in 2020 the segment recorded a strengthening of actuarial liabilities associated with the segment's forward-looking assumptions surrounding its policy liabilities and the long-term impact COVID-19 had on the economic policy and long-term outlook in the USA

Total expenses and taxes (including segment expenses and income taxes) totaled US $109.6 million compared to US $63.0 million reported for the same period in 2020. The increase in expenses and taxes is driven by higher income tax charges incurred in 2021 (US $22.5 million increase), associated with the improved operating performance for the most recent period.

Commission and premium taxes also increased significantly (US $13.1 million), due to the new business reported during the period, while administrative expenses increased by US $9.8 million and includes costs associated with higher payroll related costs, ramping of the segment's efforts surrounding the adoption of IFRS 17, and servicing the higher sales activities.

Statement of Financial Position	As of		
(in millions of US $)	**December 31, 2021**	**December 31, 2020**	**Change**
Financial investments	**3,569.3**	2,556.3	40%
Other assets	**664.9**	767.8	(13%)
Inter-segment assets	**50.1**	59.0	(15%)
Total assets	**4,284.3**	3,383.1	27%
Policy liabilities	**3,137.4**	2,507.8	25%
Other liabilities	**532.6**	452.6	18%
Inter-segment liabilities	**168.2**	152.8	10%
Total liabilities	**3,838.2**	3,113.2	23%
Net assets	**446.1**	269.9	65%

Overall, the increase in net assets from December 31, 2020 to December 31, 2021 of US $176.2 million (65%) was the result of the significant improvement in profitability for the year under review, coupled with a capital injection of US $125.0 million during 2021.

Consistent with prior reporting periods, Sagicor Life USA's financial position is dominated by the liabilities it recognizes on its in force life and annuity policy obligations; 82% of total liabilities as of December 31, 2021 (December 31, 2020 – 81%) and the financial investments that support those liabilities (83% of total assets as of December 31, 2021 and 76% of total assets as of December 31, 2020).

Policy liabilities and the supporting financial investments grew by 25% and 40%, respectively for the year, as the impact of new business was offset slightly by the drop in market values of the financial investments due to slightly improving market yields.

New initiatives and developments

In 2022 and beyond, Sagicor USA will concentrate its focus on providing accumulation and living benefit-focused products throughout a consumer's life cycle, while utilizing technology to create an ease of doing business for new and existing distribution partners. These include an emphasis on no-fee, guaranteed annuity products - specifically our MYGA suite - offering consumers a measure of certainty in an unsettling economic environment. As part of this focus, Sagicor USA made the strategic decision to withdraw its Sage Term Life Insurance product (10/15/20 years) for sale in independent and SagicorNow (direct-to-consumer) distribution channels in Q1 2022.

Sagicor USA will continue to optimize its investment portfolio, including expanding the breadth of asset classes utilized to increase risk-adjusted returns and improve the asset/liability matching of its insurance portfolio.

6. FINANCIAL POSITION

A. Capital Adequacy

	December 31, 2021	**December 31, 2020**
Sagicor Consolidated MCCSR[11]	**269%**	252%
Sagicor Life Jamaica Limited MCCSR[11]	**162%**	183%
Sagicor Investments capital base to risk weighted assets[11]	**18%**	15%
Sagicor Bank capital base to risk weighted assets[11]	**14%**	14%

Sagicor Consolidated Capital Adequacy

Capital adequacy is managed at the operating company level. It is calculated by the company's Appointed Actuary and reviewed by executive management, the audit committee and the board of directors of the company. In addition, the Group seeks to maintain internal capital adequacy at levels higher than the regulatory or internationally recognised requirements.

To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is a core measure of financial performance. The risk-based assessment measure which has been adopted is the Canadian Minimum Continuing Capital and Surplus Requirement ("MCCSR") standard. The minimum standard recommended by the Canadian regulators for companies is an MCCSR of 150.0%. A number of jurisdictions in the Caribbean region have no internationally recognised capital adequacy requirements, and in accordance with its objectives for managing capital, Sagicor has adopted the Canadian MCCSR standard. Jamaica and the United States have recognised capital adequacy standards.

Sagicor's consolidated MCCSR is the principal standard of capital adequacy used to assess Sagicor's overall strength. However, because of the variations in capital adequacy standards across jurisdictions, the consolidated result should be regarded as applicable to the life insurers of the Sagicor Group as a whole and

11 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

not necessarily applicable to each individual segment, insurance subsidiary or insurance subsidiary branch.

Sagicor Life Jamaica Limited

Sagicor Life Jamaica is governed by the Jamaican MCCSR regime (based on Canadian standards in effect in 2001), which requires an insurer to maintain a minimum ratio of 150%.

Sagicor Life Insurance Company (USA)

A risk-based capital (RBC) formula and model have been adopted by the National Association of Insurance Commissioners (NAIC) of the United States. RBC is designed to assess minimum capital requirements and raise the level of protection that statutory surplus provides for policyholder obligations. The RBC formula for life insurance companies measures four major areas of risk: (i) underwriting, which encompasses the risk of adverse loss developments and property and casualty insurance product mix; (ii) declines in asset values arising from credit risk; (iii) declines in asset values arising from investment risks, including concentrations; and (iv) off-balance sheet risk arising from adverse experience from non-controlled assets such as reinsurance guarantees for affiliates or other contingent liabilities and reserve and premium growth. If an insurer's statutory surplus is lower than required by the RBC calculation, it will be subject to varying degrees of regulatory action, depending on the level of capital inadequacy.

The RBC methodology provides for four levels of regulatory action. The extent of regulatory intervention and action increases as the ratio of surplus to RBC falls. The least severe regulatory action is the "Company Action Level" (as defined by the NAIC) which requires an insurer to submit a plan of corrective actions to the regulator if surplus falls below 200% of the RBC amount. Sagicor Life USA has maintained all minimum regulatory capital level ratios as of December 31, 2021 and December 31, 2020, respectively.

Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited

The 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 Bank of Jamaica and the FSC require each regulated entity to hold the minimum level of regulatory capital, and to maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

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 financial statements exposure, with some adjustments to reflect the more contingent nature of the potential losses. The required capital base to risk weighted assets for both Sagicor Investments and Sagicor Bank is 10% and has been maintained for as of December 31, 2021 and December 31, 2020.

B. Capital

(in millions of US $)	December 31, 2021	December 31, 2020	Change
Shareholders' equity	**1,134.0**	1,109.8	2%
Non-controlling interest	**531.7**	546.8	(3%)
Notes and loans payable	**683.4**	471.6	45%
Total financial statement capital[12] resources	**2,349.1**	2,128.2	10%

The Group deploys its capital resources through its operating activities. These operating activities are carried out by subsidiary companies which are either insurance entities or provide other financial services. The capital is deployed in such a manner as to ensure that subsidiaries have adequate and sufficient capital resources to carry out their activities and to meet regulatory requirements.

The Group's objectives are to (i) To comply with capital requirements established by insurance, banking and other financial intermediary regulatory authorities; (ii) To comply with internationally recognised capital requirements for insurance, where local regulations do not meet these international standards; (iii) To safeguard its ability as a going concern to continue to provide benefits and returns to policyholders, depositors, note-holders and shareholders; (iv) To provide adequate returns to shareholders; and (v) To maintain a strong capital base to support the future development of Group operations.

At December 31, 2021, the Company's capital[12] totalled US $2,349.1 million, an increase of US $220.9 million from the December 31, 2020 position (US $2,128.2 million). The company experienced an increase in Shareholder's equity during the period together with an increase in notes and loans payable relating to the refinancing of its debt.

12 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

During the year, the Company completed an offering of US $400 million of 5.300% Senior Notes due May 13, 2028. The Company used partial proceeds of the transaction to repurchase US $318 million aggregate principal amount of its 8.875% Senior Notes due 2022 issued by its subsidiary Sagicor Finance (2015) Limited (the "2022 Notes").

On December 15, 2021, the Group issued an additional US $150 million principal amount of the New Notes. The New Notes are also due May 13, 2028 and bear interest at an annual rate of 5.30%. During the year capital was reduced by the impact of marked-to-market declines on our FVOCI financial asset due to market fluctuations, coupled with losses of US $54.0 million associated with the translation of foreign currency operations. Dividends declared to shareholders also impacted capital[12] resources during the period. Non-controlling interest at December 31, 2021 was US $15.1 million below than reported at December 31, 2020.

C. Financial Leverage

	December 31, 2021	December 31, 2020	Change
Debt / capital[13]	**29.1%**	22.2%	(6.9 pts)
Debt / equity[13]	**41.0%**	28.5%	(12.5 pts)

The Debt to Capital ratio[13] was 29.1%, at December 31, 2021, compared to 22.2% as of December 31, 2020. As of December 31, 2021, Sagicor had a debt-to-equity ratio[13] of 41.0%, compared to 28.5% as of December 31, 2020, respectively. The increase in leverage was driven by increased financing raised during the year.

On May 13, 2021, Sagicor Financial Company Ltd. completed an offering of US $400 million of 5.300% Senior Notes due May 13, 2028. The Company used partial proceeds of the transaction to repurchase US $318 million aggregate principal amount of its 8.875% Senior Notes due 2022 issued by its subsidiary Sagicor Finance (2015) Limited (the "2022 Notes"). Additionally, on December 15, 2021, the Group issued an additional US $150 million principal amount of the New Notes. The New Notes are also due May 13, 2028 and bear interest at an annual rate of 5.30%.

13 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

D. Ratings

Sagicor Financial Company Ltd, its principal operating subsidiaries, and its debt financing vehicle, have been rated by the rating agencies AM Best, Standard and Poor's, or Fitch. The ratings as of the date of issue of this Management Discussion and Analysis are as follows.

	AM Best Rating	S&P Rating	Fitch Rating
Sagicor Life Inc[(a)]			
Financial Strength	A - Stable		
Issuer Credit Rating	a- Stable		
Sagicor Life Jamaica[(a)] **Limited**[(a)]			
Financial Strength	B++ Stable		
Issuer Credit Rating	bbb+ Stable		
Sagicor Life Insurance Company (USA)[(a)]			
Financial Strength	A- Stable		
Issuer Credit Rating	a- Stable		
Sagicor Financial Company Ltd			
Issuer Credit Rating	bbb- Stable[(a)]	BB+ (Stable)[(b)]	BB (Stable)[(d)]
Senior Unsecured	bbb Stable[(a)]	BB+ (Stable)[(c)]	BB- (Stable)[(e)]
Sagicor General Insurance Inc[(a)]			
Financial Strength	A- Stable		
Issuer Credit Rating	a- Stable		
Sagicor Reinsurance `Bermuda Ltd[(a)]			
Financial Strength	A- Stable		
Issuer Credit Rating	a- Stable		

(a) Updated November 4, 2021; (b) Updated November 24, 2021; (c) Updated May 3, 2021; (d) Long-term Issuer Default Rating updated December 6, 2021; (e) Updated December 6, 2021.

Sagicor's credit ratings constitute the rating agencies' assessment of Sagicor's ability to meet its payment obligations as they become due. The credit ratings, which may be revised or withdrawn at any time, do not represent a recommendation to buy, sell or hold Sagicor's Common Shares. Each rating agency's credit rating should be evaluated independently of credit ratings issued by other rating agencies.

E. Common Shares, Book Value and Market Capitalization

	December 31, 2021	December 31, 2020	Change
Number of common shares outstanding (million)	**143.2**	146.4	(2%)
Share price	**US $4.91**	US $5.04	(3%)
Market Capitalization (million)[14]	**US $703.0**	US $737.8	(5%)
Book value per common share[14]	**US $7.92**	US $7.58	4%

Outstanding Common Shares

The authorised share capital of the Company is US $200,000,000 divided into 10,000,000,000 common shares of US $0.01 each and 10,000,000,000 preference shares of US $0.01 each.

The number of issued and outstanding common shares at December 31, 2021 was 143,184,643. During the year ended December 31, 2021, the Company repurchased 3,988,221 shares, at a total cost of US $20.0 million, which were subsequently cancelled. The cost of shares totalling US $0.005 million, which were repurchased at the period end date but not cancelled, has been reflected in treasury shares.

Securities convertible, exercisable or exchangeable into common shares

The number of issued and outstanding options at December 31, 2021 was 1,365,000.

The number of issued and outstanding warrants at December 31, 2021 was 34,774,993.

Dividends

	December 31, 2021	December 31, 2020	Change
Dividends declared and paid during the period, per common share	**US $0.2250**	US $0.2250	-

14 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

In total, the Group paid four dividends to common shareholders during the year ended December 31, 2021.

On March 18, 2021, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common shares held by registered holders on record at the close of business on March 31, 2021. This dividend was paid on April 21, 2021.

On May 14, 2021, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common shares held by registered holders on record at the close of business on May 25, 2021. This dividend was paid on June 15, 2021.

On August 13, 2021, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common shares held by registered holders on record at the close of business on August 30, 2021. This dividend was paid on September 20, 2021.

On November 12, 2021, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common shares held by registered holders on record at the close of business on September 20, 2021. This dividend was paid on December 17, 2021.

F. Notes and Loans Payable

As of December 31, 2021, Sagicor had US $683.4 million in notes and loans payable compared to US $471.6 million as of December 31, 2020.

Summary details of carrying values and fair values of notes and loans payable as of December 31, 2021 and December 31, 2020, respectively are set out in the following table.

	December 31, 2021		December 31, 2020	
(in millions of US $)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Notes and loans payable				
8.875% senior notes due 2022 [(a)]	**-**	**-**	315.9	324.7
5.30% senior notes due 2028 [(b)]	**532.2**	**570.3**	-	-
5.50% unsecured bond due 2022	**32.1**	**32.4**	32.0	32.8
6.25% unsecured bond due 2022	**25.1**	**28.7**	27.0	28.5
6.75% notes due 2024	**14.3**	**14.9**	15.4	16.3
Bank loans & other funding	**33.7**	**33.7**	21.7	21.7
Mortgage loans	**46.0**	**48.9**	59.6	60.8
Total	**683.4**	**728.9**	471.6	484.8

(a) Senior notes due 2022

In May 2021, the Group made a cash tender offer for the senior unsecured notes (the "Notes") and cash tenders totalling US $130 million were accepted. On August 11, 2021, the Company redeemed all of the remaining US $188 million principal amount of the 2022 notes at an aggregate redemption price of US $188 million, pursuant to the following terms of the note indenture governing the 2022 Notes:

Optional Redemption with an Applicable Premium - At any time on or after August 11, 2019, the Group may redeem the Notes in whole or in part at specified redemption prices, plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable date of redemption.

(b) Senior notes due 2028

On May 13, 2021, Sagicor Financial Company Ltd. issued US $400 million of senior notes due 2028 (the "New Notes"). The Company used partial proceeds of the transaction to repurchase the US $318 million principal amount of the 8.875% Notes due 2022 which were issued by its subsidiary, Sagicor Finance 2015 Limited (see (a) above). The New Notes are due May 13, 2028 and bear interest at an annual rate of 5.30%.

On December 15, 2021, the Group issued an additional US$150 million principal amount of the New Notes. These New Notes are also due May 13, 2028 and bear interest at an annual rate of 5.30%.

The Group had, in total, US $550 million principal amount of the New Notes outstanding at the year end.

Pursuant to the terms of the New Notes, the Group may redeem the New Notes under the scenario as summarised below:

Optional Redemption with an Applicable Premium - At any time on or after May 13, 2024, the Group may redeem the New Notes in whole or in part at specified redemption prices, plus accrued and unpaid interest, if any, on the New Notes redeemed, to the applicable date of redemption.

The Group has estimated the fair value of the optional redemption embedded derivative at US $11.3 million as at December 31, 2021.

For more details on notes and loans payable, refer to note 16 of the Group's 2021 consolidated financial statements.

G. Liquidity and Capital Resources

The following discussion is qualified by reference to the consolidated statement of cash flows and note 36 of the 2021 audited financial statements.

Liquidity sources immediately available to the Sagicor Group include: (i) existing cash and cash equivalents; (ii) the Group's portfolio of highly rated, highly liquid investments; (iii) cash flow from operating activities which include net premiums receipts, fee income and investment income; and (iv) borrowing facilities. These funds are used primarily to pay current benefits and operating expenses, service the Group's long-term debt, purchase investments to support future benefits and maturing obligations, and for distribution of dividends. Sagicor expects to have

sufficient liquidity to fund its operations and to meet its current business plans. However, should the need arise, additional liquidity sources include further bank loans and new issuances of debt or shares in the private or public markets.

Cash Flows

The following table summarise the Group's cash flows for the three-month periods and years ended December 31, 2021 and December 31, 2020, respectively.

	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Net cash flows:						
Operating activities	**182.3**	10.2	1,687%	**124.9**	(99.1)	226%
Investing activities	**(3.5)**	(5.6)	38%	**36.1**	(24.4)	248%
Financing activities	**129.7**	(19.1)	779%	**140.5**	(98.8)	242%
Effect of exchange rate changes	**(7.8)**	(0.9)	(767%)	**(11.9)**	(5.8)	(105%)
	300.7	(15.4)	2,053%	**289.6**	(228.1)	227%
Cash and cash equivalents:						
Beginning of period	**536.1**	562.6	(5%)	**547.2**	775.3	(29%)
End of period	**836.8**	547.2	53%	**836.8**	547.2	53%

Fourth quarter (three-month period) - Cash flows analysis

For the three-month period ended December 30, 2021, Sagicor's net cash inflows associated with operating activities was US $182.3 million compared to inflows of US $10.2 million for the same period in 2020 due mainly to lower purchases of financial assets across all business segments, during the December 2021 quarter.

Sagicor's net cash used in investing activities was US $3.5 million for the fourth quarter of 2021, compared to outflows of US $5.6 million for the same period in 2020.

Sagicor's net cash inflows from financing activities totalled US $129.7 million during the December 2021 quarter, compared to outflows of US $19.1 million for the same period in 2020, an increase in inflows of US $148.8 million. On December 15, 2021, the Group issued an additional US $150 million principal amount of the New Notes. The New Notes are also due May 13, 2028 and bear interest at an annual rate of 5.30%.

For the three-month period ended December 31, 2021, the effect of exchange rate changes was a loss of US $7.8 million compared to a loss of US $0.9 million for the corresponding period in 2020.

Year-to-date (twelve-month period) - Cash flows analysis

For the year ended December 31, 2021, Sagicor's net cash inflows associated with operating activities was US $124.9 million compared to outflows of US $99.1 million for the same period in 2020, the net impact of lower purchases of financial instruments being made in 2021, as funds obtained from the Alignvest transaction capital injection, which occurred during the last quarter of 2019, were invested in securities during the year 2020.

Sagicor's net cash from investing activities was US $36.1 million for the year ended December 31, 2021, compared to outflows of US $24.4 million for the same period in 2020, an increase in inflows of US $60.5 million. On January 15, 2021, Sagicor Group Jamaica (SGJ) completed the disposal of its 14.9% equity interest in Playa Hotels and Resorts. The sale of shares took place in a public offering of 11,499,000 ordinary shares held by the Group, concurrent to an underwritten public offering of 25,000,000 new shares by Playa Hotels and Resorts at a public offering price

of US $5.00 per share. These transactions were simultaneous with an assignment of an additional 8,501,000 ordinary shares in Playa Hotels and Resorts held by SGJ to Sagicor Financial Corporation Limited, for cash consideration, at a price equal to the price offered through the public offering, less commission expenses associated with the public offering. This transaction gave rise to net inflows to the Group of US $55.2 million. Refer to the Additional Information: Interest in Playa Hotel and Resorts N.V section for more details.

Sagicor's net cash from financing activities totalled US $140.5 million for the year ended December 31, 2021, compared to outflows of US $98.8 million for the same period in 2020, an increase in inflows of US $239.3 million. On May 13, 2021, the Company issued 5.30% senior notes due 2028 in the amount of US $400 million. During the period under review, the Company used partial proceeds of the transaction to repurchase the remaining US $318 million aggregate principal amount of its 8.875% Senior Notes due 2022 issued by its subsidiary Sagicor Finance (2015) Limited (the "2022 Notes"). On December 15, 2021, the Group issued an additional US$150 million principal amount of the New Notes. The New Notes are also due May 13, 2028 and bear interest at an annual rate of 5.30%.

For the year ended December 31, 2021, the effect of exchange rate changes was a loss of US $11.9 million compared to a loss of US $5.8 million for the corresponding period in 2020.

7. FINANCIAL INVESTMENTS

As of December 31, 2021, the Sagicor Group held US $8,498.1 million of diversified financial assets, compared to US $7,238.6 million at December 31, 2020, an increase of US $1,259.5 million. The Group recorded net investment income of US $429.8 million for the year ended December 31, 2021 compared to US $330.9 million for the same period in 2020. The annualized return on investments[15] was 5.6% compared to 4.9% for the same period in 2020. Since becoming a public company in 2002, Sagicor has had positive and stable investment portfolio performance. As at December 31, 2021, Sagicor held US $6,164.6 million in debt securities and money market funds (73% of the total financial investments on hand). A summary of net investment income for the three-month period and year ended December 31, 2021 and 2020, is shown below.

Investment Income Summary	**Three months ended December 31**			**Year ended December 31**		
(in millions of US $, unless otherwise noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Interest income (AC)	**46.9**	45.7	3%	**185.2**	178.8	4%
Interest income (FVOCI)	**44.0**	34.5	28%	**152.2**	136.0	12%
Income from FVTPL investments	**18.8**	40.4	(53%)	**92.5**	18.7	395%
Other investment income	**(0.2)**	0.7	(129%)	**4.5**	4.0	13%
Investment expenses	**(1.8)**	(1.0)	(80%)	**(4.6)**	(6.6)	30%
	107.7	120.3	(10%)	**429.8**	330.9	30%

15 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Each principal operating entity within the Group has an investment policy that provides a framework of maximizing investment yield subject to the management of the Asset Liability Management (ALM) risks and the investment regulations of each country.

A. Carrying Values

The table below shows the carrying value of Sagicor's investment portfolio as of December 31, 2021 and December 31, 2020.

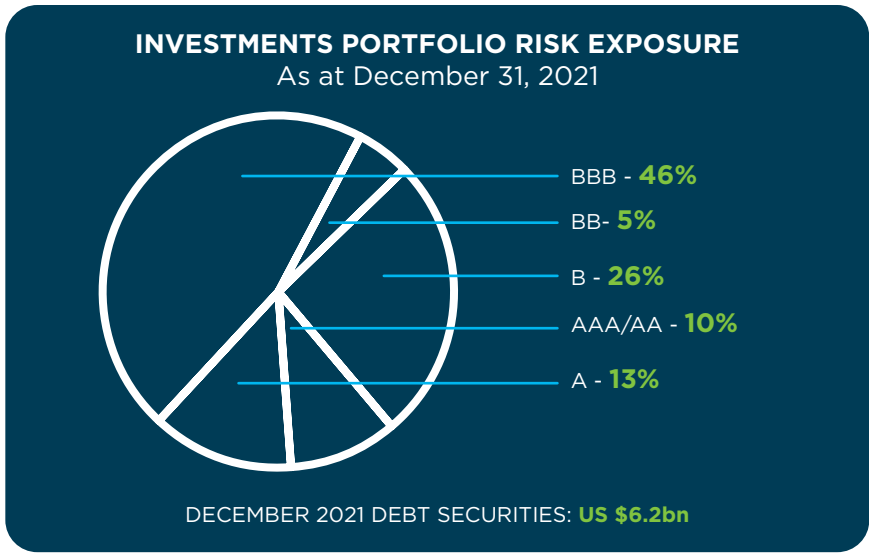
(in millions of US $, except percentages)	As of December 31, 2021		As of December 31, 2020	
	Carrying value	% of Total	Carrying value	% of Total
Investments at FVOCI:				
Debt securities and money market funds	**4,481.3**	**53%**	3,611.9	50%
Equity securities	**0.5**	**-**	1.1	-
	4,481.8	**53%**	3,613.0	50%
Investments at FVTPL:				
Debt securities	**283.6**	**3%**	348.9	5%
Equity securities [1]	**889.6**	**11%**	659.5	9%
Derivative financial instruments	**26.2**	**-**	37.2	1%
Mortgage loans	**24.4**	**-**	26.1	-
	1,223.8	**14%**	1,071.7	15%
Investments at amortised cost:				
Debt securities	**1,399.7**	**17%**	1,269.5	17%
Mortgage loans	**425.5**	**5%**	393.2	5%
Policy loans	**153.9**	**2%**	151.0	2%
Finance loans	**533.5**	**6%**	555.4	8%
Securities purchased for re-sale	**68.0**	**1%**	57.1	1%
Deposits	**211.9**	**2%**	127.7	2%
	2,792.5	**33%**	2,553.9	35%
Total financial investments	**8,498.1**	**100%**	7,238.6	100%

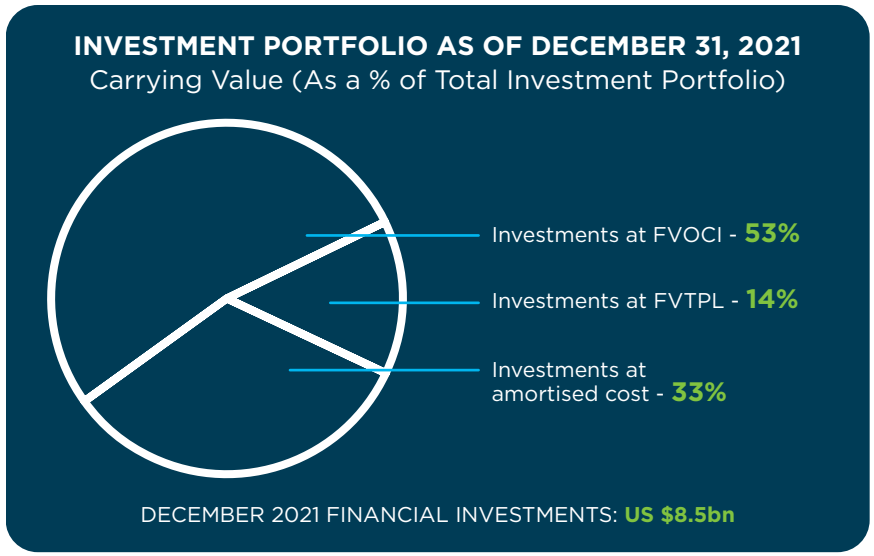
(1) Included in equity securities are exchange-traded funds of US $446.3 million as at December 31, 2021 (US $301.7 million as at December 31, 2020).

Our debt security portfolios constitute the major asset class of the Group and are reflected in the statement of financial position as follows:

(in millions of US $)	As of December 31, 2021	December 31, 2020	Change
Debt securities and money market funds			
Measured at fair value through other comprehensive income (FVOCI)	**4,481.3**	3,611.9	24%
Measured at amortised cost (AC)	**1,399.7**	1,269.5	10%
Measured at fair value through income (FVTPL)	**283.6**	348.9	(19%)
Total	**6,164.6**	5,230.3	18%
Represented by:			
Government and government-guaranteed debt securities	**2,219.0**	2,084.8	6%
Collateralised mortgage obligations	**692.6**	545.4	27%
Corporate debt securities	**2,859.5**	2,433.4	18%
Money market funds	**264.0**	44.1	499%
Other securities	**129.5**	122.6	6%
Total	**6,164.6**	5,230.3	18%

FVOCI debt securities are held to collect contractual cash flows and to sell periodically to collect gains. These securities primarily support our business in the USA and in Jamaica, where there is reasonable opportunity to realise investment gains. Amortised cost debt securities are held to collect contractual cash flows and are sold infrequently. These securities primarily support our business in the Southern and Eastern Caribbean. FVTPL debt securities are classified as such when the Group insurance or investment contract-holder is credited with the full return on the underlying asset. Debt securities held for trading are also classified as FVTPL. The pie charts below represent a breakdown of the carrying value and risk exposure of Sagicor's consolidated investments portfolio as of December 31, 2021.





B. NET INVESTMENT INCOME

	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Income from financial investments						
Interest income						
(amortised cost assets):						
Debt securities	**24.6**	21.5	14%	**94.2**	83.8	12%
Mortgage loans	**6.8**	5.6	21%	**24.6**	21.1	17%
Policy loans	**2.6**	2.7	(4%)	**10.7**	10.9	(2%)
Finance loans and finance leases	**12.5**	15.2	(18%)	**53.6**	61.2	(12%)
Securities purchased for resale	**-**	0.3	(100%)	**0.9**	0.8	13%
Deposits, cash and other items	**0.4**	0.4	-	**1.2**	1.0	20%
	46.9	45.7	3%	**185.2**	178.8	4%
Interest income						
(amortised cost assets):						
Debt securities and money market funds	**44.0**	34.5	28%	**152.2**	136.0	12%
Interest income earned from financial assets measured at amortised cost and FVOCI	**90.9**	80.2	13%	**337.4**	314.8	7%

	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Interest income earned from financial assets measured at amortised cost and FVOCI	**90.9**	80.2	13%	**337.4**	314.8	7%
Fair value changes and interest income (FVTPL assets):						
Debt securities	**(4.8)**	7.4	(165%)	**11.1**	16.5	(33%)
Equity securities [(1)]	**13.1**	16.5	(21%)	**54.8**	(9.2)	696%
Mortgage loans	**0.1**	0.2	(50%)	**1.3**	0.6	117%
Derivative financial instruments	**10.4**	16.3	(36%)	**25.3**	10.8	134%
	18.8	40.4	(53%)	**92.5**	18.7	395%
Investment income:						
Other income on financial investments	**0.1**	0.1	-	**0.5**	0.5	-
Investment property income and fair value (losses)/gains	**0.8**	(0.3)	367%	**3.7**	1.8	106%
Other investment income	**(1.1)**	0.9	(222%)	**0.3**	1.7	(82%)
	(0.2)	0.7	(129%)	**4.5**	4.0	13%
Investment expenses:						
Direct operating expenses of investment property	**0.7**	0.5	(40%)	**2.2**	4.1	46%
Other direct investment expenses	**1.1**	0.5	(120%)	**2.4**	2.5	4%
	1.8	1.0	(80%)	**4.6**	6.6	30%
Other investment income	**16.8**	40.1	(58%)	**92.4**	16.1	474%
Net investment income	**107.7**	120.3	(10%)	**429.8**	330.9	30%
Return on Investments (annualised)[16]	**5.2%**	6.2%	(1.0 pts)	**5.7%**	4.2%	1.5 pts

(1) Included in fair value changes on equity securities is a gain of US $21.6 million (Loss of US $2.6 million – three-month period ended December 31, 2021) relating to the FVTPL investment in Playa post acquisition (see note 26 to the 2021 consolidated financial statements).

16 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

C. INSURANCE AND INVESTMENT CONTRACT LIABILITIES

The amount of liabilities held in respect of long-term or recurring insurance or investment contracts is a measure of the quantum of business held from such contracts. The liabilities of such contracts are summarised in the following table.

(in millions of US $)	December 31, 2021	December 31, 2020	Change
Principal insurance and investment contract liabilities			
Actuarial liabilities	**4,792.6**	4,152.7	15%
Investment contract liabilities	**468.1**	437.6	7%
Customer deposits	**881.4**	861.7	2%
Securities sold for repurchase	**598.3**	575.6	4%
Other funding instruments	**511.5**	388.5	32%
Structured product contracts	**4.3**	-	-
Total	**7,256.2**	6,416.1	13%

8. RISK MANAGEMENT

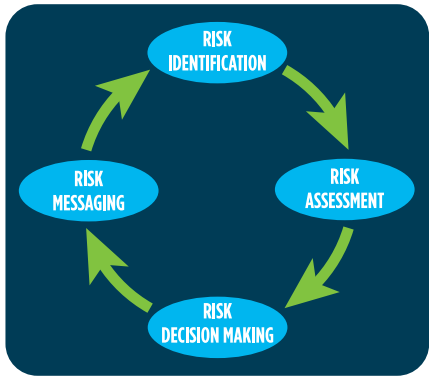
Sagicor is in the business of taking risks and must manage those risks effectively to generate profitable growth, safeguard its reputation and protect its solvency. In its management of risks, the Group seeks to optimize the relationship between risk and reward across the entire enterprise and to limit possible losses resulting from its risk exposure.

Enterprise Risk Management (ERM) at Sagicor has been ongoing for many years, having appointed its first Chief Risk Officer in 2005. For about a decade, a standardized risk taxonomy and dictionary has been utilized across the Group and group-wide exposures to key financial risks (credit, interest rate, liquidity and currency risks) have been aggregated and reported to the Board. Further, each of the Group's major operating segments has implemented ERM appropriate to the nature, scale and complexity of their operations. Sagicor continues to evolve its ERM especially as it relates to strategic and operational risks.

The Group defines risk as an event that causes a deviation from its strategic plan. Risk is also viewed holistically recognizing that one risk event may cause downside deviations in several business segments but also simultaneously causes upside deviations in one or more other business segments or may also be highly correlated with a second risk event. Lastly, the Group considers risks defined by source (e.g., data breach) as opposed to intermediate (e.g., reputation damage) or ultimate (e.g.,lower earnings) outcomes. This not only provides the necessary specific context for risk assessment but also facilitates complete assessment of any and all downstream outcomes resulting from the risk.

ERM Process

Sagicor's ERM process is depicted graphically below:



Identified risks are categorized as illustrated in the table below and further classified as key risks or non-key risks.

FINANCIAL	INSURANCE	OPERATIONAL	STRATEGIC
MARKET	PRICING	HUMAN RESOURCES	STRATEGY
CREDIT	UNDERWRITING	TECHNOLOGY	EXECUTION
LIQUIDITY	RESERVING	LITIGATION	COMPETITOR
ECONOMIC		COMPLIANCE	LEGISLATIVE/ REGULATORY
		FRAUD	SUPPLIER
		DISASTERS	GOVERNANCE
		PROCESSES	EXTERNAL RELATIONS
			STRATEGIC RELATIONSHIPS
			INTERNATIONAL

Non-key risks are monitored for any changes in likelihood and/or severity and, if warranted, elevated to key risk status.

Risks are assessed both qualitatively and quantitatively. Credit risk exposures are tracked for each of the investment portfolio, the lending portfolio and the reinsurance portfolio. Credit concentration risk is also tracked by the ultimate parent of each counterparty. Liquidity risk exposures are tracked by both asset-liability maturity profile and 24-month cashflow projections. Interest rate risk exposures are tracked using asset and liability durations for each major yield curve exposure. Currency risk exposures are tracked by stress testing net currency positions for major currency exposure.

Risk information is regularly communicated to external stakeholders including regulators, rating agencies, and the public. The Group files an Own Risk Solvency Assessment (ORSA) Summary Report with the Texas Department of Insurance. It also meets regularly with rating agencies (S&P, Fitch and A.M. Best) providing them with a description of our ERM framework and key risk exposures. Sagicor also provides extensive risk disclosures in its Notes to the Financial Statements.

Roles and Responsibilities

Responsibility for ERM permeates the Organisation. Business and functional units are responsible for monitoring and managing risks within their respective areas. The Group's Corporate ERM teams' responsibilities include but are not limited to the key ERM tools and techniques, oversight over all key ERM activities, ensuring consistent ERM definitions, concepts, and terminology, acting as a central clearing house for coordinating ERM information, monitoring individual and enterprise risk exposures, and providing key ERM information to the Board Investment and Risk Committees (both Group and subsidiary level).The Board Investment and Risk Committees oversee key risks and exposures and approve key ERM decisions and policies. Internal audit provides independent verification of policies and procedures.

1. Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risks are primarily associated with financial investments and reinsurance contracts held. Credit risk is the possibility that counterparties may not be able to meet payment obligations when they become due. As premiums, deposits and other receivables are received, these funds are invested to pay for future policyholder and other obligations.

The Group in most, but not all instances bears the risk for investment performance, i.e., return of principal and interest. Any credit defaults or other reductions in the value of debt securities, loans, deposits and receivables could have a material adverse effect on Sagicor's business, results of operations and financial condition.

The investment committees of Group operating companies establish policies to manage credit risk. Specific limits are set for concentration by asset class and issuer, in addition to minimum standards for asset quality. Further, Sagicor deals only with highly rated reinsurers to contain counterparty risk. The Group minimises credit risk from financial investments through holding a diversified portfolio of investments, purchasing securities and advancing loans only after careful assessment of borrowers, and placing deposits with financial institutions that have a strong capital base. Sagicor's policy is to not invest more than 10% of the debt of a single borrower, unless security is held for the debt.

However, many jurisdictions mandate that the operating companies invest a portion of the assets supporting the policy liabilities in government instruments such as treasury bills and bonds.

The Group has significant concentrations of credit risk with respect to its holding of bonds and treasury bills issued by the governments of Jamaica, Barbados and Trinidad and Tobago. In the United States, Sagicor has significant exposure to United States Government issued and/or government-backed investments (including state and local governments), Guggenheim Partners reinsurance assets and Heritage Life Insurance reinsurance assets.

In Sagicor Jamaica's banking business, the Group is exposed to credit risk in both its securities and lending activities. In connection with securities activities, Sagicor Investments trades on a "delivery versus payment" policy where Government of Jamaica securities are accepted on a mark-to-market basis with its counterparties. Exposure limits are also established and monitored. In its lending activities, Sagicor Bank seeks to adequately collateralise its loans, particularly where they exceed certain thresholds. Loan applicants undergo a thorough screening and credit analysis process.

The following tables summarise credit exposure of the Group's financial investments as of December 31, 2021. It shows the gross carrying value, the accumulated loss allowance and the net carrying value, analysed by expected credit loss (ECL) staging (see critical accounting estimates and judgements – *1. impairment of financial assets*).

	Credit exposure – December 31, 2021				
	ECL Staging				
(in US $millions)	**Stage 1**	**Stage 2**	**Stage 3**	**POCI** [c]	**Total**
FVOCI [b] debt securities:					
Gross value	4,260.8	89.4	-	28.2	4,378.4
Loss allowance	(2.5)	(4.3)	-	-	(6.8)
Net value	4,258.3	85.1	-	28.2	4,371.6
Debt securities [a]					
Gross value	1,190.6	22.6	-	189.3	1,402.5
Loss allowance	(2.1)	(0.2)	-	(0.5)	(2.8)
Net value	1,188.5	22.4	-	188.8	1,399.7

	Credit exposure – December 31, 2021				
	ECL Staging				
(in US $millions)	**Stage 1**	**Stage 2**	**Stage 3**	**POCI** [c]	**Total**
Policy loans [a]					
Gross value	154.3	-	-	-	154.3
Loss allowance	(0.5)	-	-	-	(0.5)
Net value	153.8	-	-	-	153.8
Mortgage loans[a]					
Gross value	330.8	61.8	37.9	-	430.5
Loss allowance	(1.0)	(0.6)	(3.2)	-	(4.8)
Net value	329.8	61.2	34.7	-	425.7
Finance loans [a]					
Gross value	509.0	22.5	11.5	-	543.0
Loss allowance	(4.2)	(0.5)	(4.9)	-	(9.6)
Net value	504.8	22.0	6.6	-	533.4
Securities purchased for re-sale [a]					
Gross value	68.0	-	-	-	68.0
Loss allowance	-	-	-	-	-
Net value	68.0	-	-	-	68.0

	Credit exposure – December 31, 2021				
	ECL Staging				
(in US $millions)	**Stage 1**	**Stage 2**	**Stage 3**	**POCI** [c]	**Total**
Deposits [a]					
Gross value	214.5	0.6	-	-	215.1
Loss allowance	(3.1)	(0.1)	-	-	(3.2)
Net value	211.4	0.5	-	-	211.9

(a) Financial investments carried at amortised cost.
(b) FVOCI – fair value through other comprehensive income classification.
(c) POCI - purchased or originated credit impaired.

2. *Foreign exchange risk*

The Group is exposed to foreign exchange risk as a result of fluctuations in exchange rates since Sagicor's financial assets and liabilities are denominated in a number of different currencies. In order to manage the risk associated with movements in currency exchange rates, Sagicor seeks to maintain investments and cash in each operating currency sufficient to match liabilities denominated in the same currency. Sagicor also invests limited amounts in United States dollar assets, which are held to pay liabilities in operating currencies. Management believes that this strategy adequately meets Sagicor's asset and liability management goals with respect to currencies and in the long-term is likely to either maintain capital value or provide satisfactory returns.

The Sagicor Group operates and issues contracts in the currencies prevailing in the countries where it conducts business. Currencies which are pegged to the United States dollar are converted at the pegged rates. Currencies which float are converted to the United States dollar by reference to the average of buying and selling rates quoted by the respective central banks. Exchange rates of the other principal operating currencies to the United States dollar are set out in the following table.

Currency exchange rate of US $1.00:	2021 closing rate	2020 closing rate
Barbados dollar	2.0000	2.0000
Eastern Caribbean dollar	2.7000	2.7000
Jamaica dollar	153.9200	142.4534
Trinidad & Tobago dollar	6.7626	6.7612

Currency exchange rate of US $1.00:	2021 average rate	2020 average rate
Barbados dollar	2.0000	2.0000
Eastern Caribbean dollar	2.7000	2.7000
Jamaica dollar	149.7042	141.7506
Trinidad & Tobago dollar	6.7426	6.7462

The following tables shows the Group's significant foreign exchange exposure as of December 31, 2021 and 2020 by presenting assets and liabilities by the currency in which they are denominated for its continuing operations.

December 31, 2021	**US $million equivalents of balances denominated in**						
(in US $millions)	**Barbados $**	**Jamaica $**	**Trinidad $**	**Eastern Caribbean $**	**US $**	**Other Currencies**	**Total**
ASSETS							
Total monetary assets	418.7	1,530.6	744.0	180.0	5,715.4	195.1	8,783.8
Non-monetary assets	233.4	422.7	91.6	18.8	828.2	(0.6)	1,594.1
Total assets of continuing operations	652.1	1,953.3	835.6	198.8	6,543.6	194.5	10,377.9
LIABILITIES							
Total monetary liabilities	678.5	1,358.2	824.5	197.1	5,352.5	172.8	8,583.6
Non-monetary liabilities	20.3	39.8	15.3	5.5	45.2	2.0	128.1
Total liabilities of continuing operations	698.8	1,398.0	839.8	202.6	5,397.7	174.8	8,711.7
Net position	(46.7)	555.3	(4.2)	(3.8)	1,145.9	19.7	1,666.2

December 31, 2020	**US $million equivalents of balances denominated in**						
(in US $millions)	**Barbados $**	**Jamaica $**	**Trinidad $**	**Eastern Caribbean $**	**US $**	**Other Currencies**	**Total**
ASSETS							
Total monetary assets	414.5	1,463.2	631.2	193.9	4,974.3	169.5	7,846.6
Non-monetary assets	202.6	416.2	87.3	19.9	692.7	1.0	1,419.7
Total assets of continuing operations	617.1	1,879.4	718.5	213.8	5,667.0	170.5	9,266.3
LIABILITIES							
Total monetary liabilities	637.7	1,340.2	716.2	170.0	4,430.1	185.7	7,479.9
Non-monetary liabilities	20.2	50.6	14.2	5.0	35.9	2.3	128.2
Total liabilities of continuing operations	657.9	1,390.8	730.4	175.0	4,466.0	188.0	7,608.1
Net position	(40.8)	488.6	(11.9)	38.8	1,201.0	(17.5)	1,658.2

For additional details on the Group's foreign exchange risk, refer to note 40.7 of the 2021 consolidated financial statements.

3. Interest rate risk

Sagicor is exposed to interest rate risk, which arises when the returns earned from invested assets decrease.

The return on investments may be variable, fixed for a term or fixed to maturity. Upon reinvestment of a matured investment, the returns available on new investments may be significantly different from the returns formerly achieved. Sagicor guarantees minimum returns on the cash values of certain types of policies, for example universal life and annuity contracts, and decreased investment returns may be insufficient to pay these guaranteed returns.

Sagicor is thereby exposed to the effects of fluctuations in the prevailing levels of market interest rates on Sagicor's financial position and cash flows. Interest margins may increase or decrease as a result of such changes. Interest rate changes may also result in losses if asset and liability cash flows are not closely matched with respect to timing and amount.

Movements in short-term and long-term interest rates affect the level and timing of recognition of gains and losses on securities Sagicor holds, and cause changes in realised and unrealised gains and losses. Generally, Sagicor's investment income will be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are called, mature, or are sold and the proceeds reinvested at lower rates. During periods of rising interest rates, the market value of Sagicor's existing fixed income securities will generally decrease and Sagicor's realised gains on fixed income securities will likely be reduced. Realised losses will be incurred following significant increases in interest rates only if the securities are sold; otherwise the losses will be unrealised as assets are fairly matched to similar duration liabilities and may be held to maturity. Conversely, declining interest rates result in unrealised gains in the value of fixed income securities Sagicor continues to hold, as well as realised gains to the extent the relevant securities are sold.

Sagicor's primary interest rate exposures relate to Sagicor's long term insurance and annuities liabilities as well as funds on deposit. Sagicor may incur a loss on certain contracts where the investment return does not exceed the interest credited to the policyholder.

For more details on the Group's exposures to interest rates, refer to note 40.6 of the Group's 2021 consolidated financial statements.

4. Liquidity risk

Liquidity risk is inherent in much of the Group's business. Liquidity risk is risk stemming from a lack of marketability in Sagicor's assets. Some liabilities may be surrendered at the call of the contract-holder, while some assets have low liquidity such as mortgage loans and real estate. In order to manage liquidity risks, the Group seeks to maintain levels of cash and short-term deposits in each of its operating currencies that can meet expected short-term obligations.

The Group is exposed to daily demands on its available cash resources for payment of policy benefits and withdrawals, operating expenses and taxes, loan drawdowns, repayment of borrowings, maturing deposit liabilities and other security obligations. The Group maintains cash resources to meet what it predicts it will have to pay as policy benefits. Demands on its cash resources may exceed the Group's projections.

The Group diversifies its liability portfolio by limiting concentrations of liabilities in each market segment. Where practical, given the Group's operating environment, Sagicor seeks to match maturities of assets and liabilities while maintaining a portfolio of short-term, highly liquid securities to meet funding gaps. The Group monitors its daily, weekly and monthly liquidity risk and manages its maturing asset and liability portfolios.

The Group purchases custom options (hedges) that are selected to materially replicate the policy benefits that are associated with the equity indexed components of certain of its products. These options are appropriate to reduce or minimise the risk of movements in the equity market (market risk). The hedging transactions are accounted for as call options and are originally valued at the premium paid, with the statement carrying value being adjusted to fair value. To minimise potential counterparty risk from the purchase of these customised contracts from broker dealers, the Group only transacts with banks and brokers carrying an unsecured debt rating of at least A or P-1 by either Standard and Poor's or Moody's.

The Group's monetary insurance liabilities mature in periods which are summarised in the following tables for the years ended December 31, 2021 and 2020. Amounts are stated at their carrying values recognised in the financial statements and are analysed by their expected due periods, which have been estimated by actuarial or other statistical methods.

December 31, 2021	Expected discounted cash flows			
(in US $millions)	Maturing within 1 year	Maturing 1 to 5 Years	Maturing after 5 years	Total
Actuarial liabilities	297.9	1,657.5	2,837.2	4,792.6
Other insurance liabilities	167.4	29.6	83.8	280.8
Total	465.3	1,687.1	2,921.0	5,073.4

December 31, 2020	Expected discounted cash flows			
(in US $millions)	Maturing within 1 year	Maturing 1 to 5 Years	Maturing after 5 years	Total
Actuarial liabilities	323.1	1,251.5	2,578.1	4,152.7
Other insurance liabilities	149.4	18.1	67.2	234.7
Total	472.5	1,269.6	2,645.3	4,387.4

Contractual cash flow obligations of the Group in respect of its financial liabilities and commitments are summarised in the following table. Amounts are analysed by their earliest contractual maturity dates and consist of the contractual un-discounted cash flows. Where the interest rate of an instrument for a future period has not been determined as of the date of the financial statements, it is assumed that the interest rate then prevailing continues until final maturity.

December 31, 2021	Contractual un-discounted cash flows			
(in US $millions)	On demand or within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities:				
Investment contracts	388.1	73.3	23.1	484.5
Notes and loans payable	123.5	192.3	603.6	919.4
Lease liabilities	9.2	18.1	20.7	48.0
Other funding instruments	463.0	49.0	6.1	518.1
Customer deposits	872.5	17.2	-	889.7
Structured products	-	4.4	-	4.4
Securities sold for re-purchase	601.8	-	-	601.8
Derivative liabilities	-	0.1	-	0.1
Bank overdrafts	0.8	-	-	0.8
Accounts payable & accrued liabilities	246.5	1.2	0.3	248.0
Total liabilities	2,705.4	355.6	653.8	3,714.8
Off balance sheet commitments:				
Loan commitments	61.9	4.4	1.0	67.3
Non-cancellable lease and rental payments	0.3	-	-	0.3
Customer guarantees and letters of credit	17.8	6.6	8.7	33.1
Investments and Investment management fees	17.4	-	-	17.4
Capital commitments				
Total commitments	97.4	11.0	9.7	118.1
Total	2,802.8	366.6	663.5	3,832.9

December 31, 2020	Contractual un-discounted cash flows			
(in US $millions)	On demand or within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities:				
Investment contracts	372.3	56.5	21.1	449.9
Notes and loans payable	23.5	480.3	11.1	514.9
Lease liabilities	9.5	24.8	22.3	56.6
Other funding instruments	355.1	38.8	24.3	418.2
Customer deposits	852.8	17.1	-	869.9
Structured products	-	-	-	-
Securities sold for re-purchase	578.0	-	-	578.0
Derivative liabilities	-	-	-	-
Bank overdrafts	1.0	-	-	1.0
Accounts payable & accrued liabilities	248.2	1.9	0.4	250.5
Total liabilities	2,440.4	619.4	79.2	3,139.0
Off balance sheet commitments:				
Loan commitments	63.8	0.3	0.6	64.7
Non-cancellable lease and rental payments	0.4	-	-	0.4
Customer guarantees and letters of credit	20.1	5.4	9.6	35.1
Investments and Investment management fees	32.5	2.3	-	34.8
Capital commitments	15.3	-	-	15.3
Total commitments	132.1	8.0	10.2	150.3
Total	2,572.5	627.4	89.4	3,289.3

The contractual maturity periods of monetary financial assets and the expected maturity periods of monetary insurance assets are summarised in the following tables for the years ended December 31, 2021 and 2020. Amounts are stated at their carrying values recognised in the financial statements. For this table, monetary insurance assets comprise policy loans and reinsurance assets.

December 31, 2021	Contractual discounted or expected cash flows			
(in US $millions)	Maturing within 1 year	Maturing 1 to 5 Years	Maturing after 5 years	Total
Financial assets:				
Financial investments	1,578.8	1,605.3	4,423.8	7,607.9
Reinsurance assets: share of actuarial liabilities	43.8	274.4	227.0	545.2
Reinsurance assets: other	54.1	2.1	0.7	56.9
Premiums receivable	59.2	-	-	59.2
Other assets and receivables	73.4	1.9	0.3	75.6
Cash resources	438.1	-	-	438.1
Total	2,247.4	1,883.7	4,651.8	8,782.9

December 31, 2020	Contractual discounted or expected cash flows			
(in US $millions)	Maturing within 1 year	Maturing 1 to 5 Years	Maturing after 5 years	Total
Financial assets:				
Financial investments	1,111.3	1,238.2	4,228.7	6,578.2
Reinsurance assets: share of actuarial liabilities	67.2	291.1	281.4	639.7
Reinsurance assets: other	48.9	-	0.2	49.1
Premiums receivable	59.8	-	-	59.8
Other assets and receivables	76.9	2.0	0.5	79.4
Cash resources	439.6	-	-	439.6
Total	1,803.7	1,531.3	4,510.8	7,845.8

5. Insurance product design and pricing risk

Product design and pricing risk arises from poorly designed or inadequately priced contracts and can lead to both financial loss and reputational damage to the Group. In the discussion below, the term insurer refers to the Group subsidiary issuing insurance contracts.

Risks are priced to achieve an adequate return on capital on the insurer's business. In determining the pricing of an insurance contract, the insurer considers the nature and amount of the risk assumed, and recent experience and industry statistics of the benefits payable. Pricing inadequacy may arise either from the use of inadequate experience and statistical data in deriving pricing factors, from insurance market softening conditions, or from future changes in the economic environment.

The underwriting process has established pricing guidelines; and may include specific enquiries which determine the insurer's assessment of the risk. Insurers may also establish deductibles and coverage limits for property, casualty and health risks which will limit the potential claims incurred. The pricing of a contract therefore consists of establishing appropriate premium rates, deductibles and coverage limits. For long-term insurance contracts, Sagicor assesses the future cash flows attributable to the contract.

Sagicor carries significant underwriting risks concentrated in certain countries within the Caribbean, namely Antigua, Barbados, Cayman Islands, Curacao, Jamaica, St. Lucia and Trinidad and Tobago. In these countries, Sagicor insures a substantial proportion of the insured population (life, annuity, health).

6. Insurance claims risk

a) Life, annuity and health contracts

The principal claims risks for these contracts are mortality, longevity and morbidity risk. For long-term contracts, principal risks affecting claims and benefits also include lapse, expense and investment risk.

For long-term contracts in force, Sagicor invests in assets with cash flow characteristics that closely match the cash flow characteristics of the related policy liabilities. The primary purpose of this matching is to seek to ensure that cash flows from these assets are synchronised with the timing and the amounts of payments that must be paid to policyholders.

Policy benefits payable under long-term contracts may be triggered by an insurable event (such as a death, disability or critical illness claim) a specified time (such as for an annuity settlement or a policy maturity) or on the exercise of a surrender or withdrawal request by the policyholder. While settlement of these benefits is therefore expected over the remaining lives of the insureds and annuitants, Sagicor remains subject to uncertainty related to the timing of future benefit cash outflows.

For long-term insurance contracts, significant risks arise from mortality and morbidity experience. Worsening mortality and morbidity will increase the incidence of death and disability claims. Improving mortality (i.e. longevity) will lengthen the pay-out period of annuities.

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 a short period.

For Sagicor's health insurance contracts, significant risk exposures arise from mortality and morbidity experience.

b) Property and casualty contracts

Claims payable under property and casualty contracts are triggered by an insurable event and may be categorised as:

- attritional losses, which are expected to be of reasonable frequency and are less than established threshold amounts;
- large losses, which are expected to be relatively infrequent and are greater than established threshold amounts;
- catastrophic losses, which are an aggregation of losses arising from one incident or proximate cause, affecting one or more classes of insurance. These losses are infrequent and are generally very substantial.

The insurer records claims based on submissions made by claimants. The insurer may also obtain additional information from loss adjustors, medical reports and other specialist sources. The initial claim recorded may only be an estimate, which is refined over time until final settlement occurs. In addition, from the pricing methodology used for risks, it is assumed that at any date, there are claims incurred but not reported (IBNR).

Claims risk is the risk that incurred claims may exceed expected losses. Claims risk may arise from:

- invalid or fraudulent claim submissions;
- the frequency of incurred claims;
- the severity of incurred claims;
- the development of incurred claims.

Claims risk may be concentrated in geographic locations, altering the risk profile of the insurer. The most significant exposure for this type of risk arises where a single event could result in very many claims. Concentration of risk is mitigated through risk selection, line sizes, event limits, quota share reinsurance and excess of loss reinsurance. The Group takes reinsurance cover to mitigate the geographic concentrations of its property risks.

7. Reinsurance risk

To limit Sagicor's loss exposure on insurance policies, Sagicor may cede some risk to reinsurers that have well-established capability to meet their contractual obligations and that generally have high credit ratings, which ratings Sagicor monitors, or Sagicor requires that a trust account be maintained as collateral for the obligations.

Under reinsurance contracts, the Group retains some part of the risk (amounts below the "retention limit") and coverage in excess of these limits is ceded to reinsurers. The retention Programmes used are summarised in notes 41.3 and 42.3 of the annual financial statements. Sagicor also maintains catastrophic reinsurance coverage whereby reinsurance coverage is obtained for multiple claims arising from one event or occurring within a specified time period.

8. Fiduciary risk

Sagicor provides investment management, insurance and pension administration, and corporate trust services to corporate customers. Investment management services requires the Group to make allocation, purchase and sale decisions in relation to a wide range of investments on behalf of these corporate customers. These services may expose Sagicor to claims for maladministration or underperformance of these investments. As of December 31, 2021, the Group administered US $3,464.0 million in assets on behalf of these corporate customers.

9. ADDITIONAL INFORMATION

A. Outlook

The Group's financial results in Q4 2021 continue to reflect positive emergence from our in-force life insurance portfolios, and robust growth in our U.S. segment, while still operating below full potential in our Caribbean markets due to the continued effects of the pandemic on economic activity and travel. In 2022, the economies in which we operate are seeing positive signs of returns to normal economic activity, including an improving forward outlook for tourism. We will continue to monitor the situation and anticipate resuming specific guidance with respect to earnings targets when the timing of economic recovery becomes more certain.

B. Economic Environment

After the global economy contracted by 3.1% during 2020, a degree of global economic recovery was highly anticipated for the year 2021. In its January 2022 World Economic Outlook (WEO) Update, the International Monetary Fund (IMF) estimated global growth for 2021 at 5.9%. In addition, the IMF made a marginal downward revision to its 2022 global growth forecast to 4.4%, compared to its 4.9% projection in its October 2021 release. The January 2022 release of the WEO estimates global growth for 2023 at 3.8%. In the United States (US), The Bureau of Economic Analysis' advance estimate indicates economic activity in the USA grew by an annual rate of 5.7% in the year 2021. In addition, the US Labor Department reported a decline in the unemployment rate to 3.9% at December 31, 2021, down from 6.7% at December 31, 2020. The Federal Open Market Committee (FOMC) maintained the target range for the federal funds rate at 0% to 0.25% throughout the year 2021. However, at the FOMC's most recent Press Conference at the time of writing, Chair Powell suggested a potential hawkish pivot to the target range for the federal funds rate and the phasing out of asset purchases in 2022. By the end of 2021, the West Texas Intermediate oil prices spiked to approximately US $75 per barrel from approximately US $48 per barrel at the end of 2020.

As many monetary authorities maintained their accommodative stance for the majority of 2021, US equities recorded another strong performance during the year. The S&P 500 Index advanced by 28.71% during the year 2021 and the NASDAQ Composite Index and Dow Jones Industrial Average Index were up 22.18% and 20.95%, respectively for 2021. Meanwhile, the performance of emerging market equities was relatively sluggish as the MSCI Emerging Market Index returned -2.54% for the year. During the year 2021, the 10-year Treasury yield trended upward to 1.52% at the end of December 2021 after starting the year at 0.93%.

During 2021 the economic environment of some Eastern Caribbean Currency Union (ECCU) member countries was challenged by exogenous shocks – unrelated to the effects of the Coronavirus Pandemic. These exogenous shocks included continuous eruptions of the La Soufrière volcano in Saint Vincent and the Grenadines from April 2021 and the passage of Hurricane Elsa during July. Additionally, according to the Eastern Caribbean Central Bank's June 2021 Economic and Financial Review, total tourist arrivals declined by 89.8% during the first half of the year. Against this background, modest single digit growth estimates were approximated for economic activity in the ECCU for the year 2021 after a contraction during 2020. As the backing ratio stood at 96.5% at October 15, 2021, above the minimum requirement of 60%, the foreign reserves backing the Eastern Caribbean dollar remain strong.

As long-stay tourist arrivals in December 2021 reached its pandemic peak and recorded 47% of the 2019 arrivals, preliminary statistics indicate economic growth in Barbados exhibited a modest expansion of 1.4% for 2021. During 2021 the gross international reserves for Barbados increased by BDS$ 398 million to BDS $3,058 million or 40 weeks of import cover at the end of 2021. However, the accumulation of international reserve continues to be supported by economic policy support loans. The stabilization of the country's GDP resulted in Barbados' public debt-to-GDP ratio marginally decreasing by approximately 0.3% during 2021 to 136.3%. The most recent Economic Review from the Central Bank of Barbados indicated the average unemployment rate in Barbados improved, standing at 12.4% at September 2021 compared to 17.9% as at September 2020. Global inflation charted an upward trajectory during 2021 and this trajectory was reflected on the local index to some degree on a lagged basis. At November 2021, the 12-month moving average inflation in Barbados increased to 3.2% compared to 2.9% a year earlier.

At the end of December 2021, Trinidad and Tobago's official reserves remained strong at approximately US$6,879.6 million or 8.4 months of prospective imports of goods and services. General Government outstanding debt (excluding debt issued for sterilization purposes) stood at approximately 83.3% of GDP at the end of 2021. According to the most recent data available from the Central Bank of Trinidad and Tobago, the Quarterly Real Economic Activity Index for Trinidad and Tobago exhibited three consecutive quarterly contractions during the first nine months of 2021. Throughout the year 2021, the Central Bank of Trinidad and Tobago maintained its repo rate at 3.5%. Trinidad and Tobago's headline inflation rose to 3.6% at the end of November 2021, compared to 0.8% at the end of 2020. The domestic stock market in Trinidad experienced a substantive recovery during the year 2021 and the Trinidad and Tobago Stock Exchange's Composite Price Index increased by approximately 13.1% during 2021.

In the quarter ended September 2021, the Jamaica economy expanded by 5.8% compared to growth estimates of 14.2% and 6.2% in the second and first quarters of 2021, respectively. Moreover, the Bank of Jamaica's latest forecast of estimated real economic activity is expected to expand within a range of 7% – 10% during the fiscal year 2020/21. For the calendar year 2021, inflation stood at 9.1%, above the upper limit of the Bank of Jamaica's target range of 6%. After point-to-point inflation breached the Bank of Jamaica's target inflation range, in the second half of 2021, the Bank of Jamaica implemented three policy interest rate hikes. In September 2021, the Bank of Jamaica initially increased the policy interest rate by 100 basis points to 1.5%. In addition, this increase was followed by two consecutive, 50 basis points rate hikes in November and December. At the end of 2021, the Bank of Jamaica's policy interest rate stood at 2.50%. At the end of October 2021, Jamaica's unemployment rate fell by 3.7 percentage points to 7.1%, compared to the same period in 2020. From the onset of the Coronavirus Pandemic, the Jamaican equity market showed modest signs of recovery as the JSE Index was relatively flat for the year 2021 and returned 0.14%, while the JSE All Jamaican Composite Index returned 1.10%. The fixed income market yield spiked towards the end of 2021 as the GOJ 180-day Treasury Bill ended 2021 at 4.33%, compared to 0.86% at the end of 2020.

C. Impact of COVID-19 Coronavirus

On March 11, 2020, the World Health Organisation declared the emergence of COVID-19 coronavirus, a global pandemic. This pandemic has affected many countries and all levels of society and has affected our economic environment in significant ways. The COVID-19 situation continues to evolve and many of the markets in which Sagicor operates have implemented public health safety protocols. At various stages during the pandemic, most Caribbean countries have shut down air and sea traffic. Similar procedures have also been applied in the United States, Canada and elsewhere. The COVID-19 pandemic has caused significant economic and financial turmoil and uncertainty, both in the U.S. and around the world, and has fuelled concerns that have led to a global recession.

Two years on from the initial outbreak, the virus remains prevalent across the world, with various mutations extending the uncertainties surrounding economic recoveries. Continued travel restrictions and lockdown measures have prolonged the downturn in demand for tourism, entertainment and related services. However, the introduction and administration of vaccines have aided recovery efforts in some economies.

COVID-19 continues to cause major disruptions in economies within which the Sagicor Group operates. In response to the changing, uncertain economic environment, the Sagicor Group has performed reviews and updated its

assumptions, including those related to asset impairment, where necessary. Changes in the economic outlook data have been reported in note 40.3 of the Group's 2021 consolidated financial statements on credit risk and impairment. As part of this process, goodwill was reviewed and stress testing was performed on assessment assumptions. During the period ended March 31, 2021, there was a disposal of Playa shares and the investment has been designated as a FVTPL investment (see note 37.1 of the Group's 2021 consolidated financial statements). Management has also considered the potential impact of the pandemic on actuarial reserves but has concluded that it has not had a significant impact on actuarial assumptions and the valuation of actuarial liabilities of the Group.

The Group continues to monitor the health crisis and the economic impact on its investments, actuarial reserves, customer and trading partners, and the effect on the industries in which it operates. While global vaccination programmes should allow the world, and more particularly the markets in which the Group operates, to gradually return to normal, this will take time. As a result, the pandemic may continue to negatively impact levels of new business and the level of policyholder lapses and surrenders, as well as loan and credit card delinquencies.

D. Quarterly Financial Disclosures

The following table provides a summary of Sagicor's results from continuing operations for the eight most recently completed quarters. A more complete discussion of our historical quarterly results can be found in our interim and annual MD&A for the relevant periods.

(in millions of US $, unless otherwise noted)	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**	**Q3 2020**	**Q2 2020**	**Q1 2020**
Net premium revenue	**448.7**	623.5	364.9	276.1	510.9	264.9	310.0	317.7
Net investment and other income	**180.8**	158.4	151.4	155.4	163.6	137.3	148.5	25.5
Total revenue	**629.5**	781.9	516.3	431.5	674.5	402.2	458.5	343.2
Benefits and expenses	**(550.5)**	(682.0)	(487.9)	(392.2)	(612.8)	(373.7)	(440.6)	(355.9)
Other	**(0.5)**	2.1	3.4	13.1	(33.4)	(9.2)	(19.7)	(5.6)
Income/(loss) before tax	**78.5**	102.0	31.8	52.4	28.3	19.3	(1.8)	(18.3)
Income tax	**(22.1)**	(23.0)	(12.3)	(10.8)	(13.9)	(12.7)	(9.3)	(6.8)
Net income/(loss)	**56.4**	79.0	19.5	41.6	14.4	6.6	(11.1)	(25.1)
Income/(loss) attributable to shareholders	**41.9**	50.4	9.3	31.5	29.0	(3.0)	(0.3)	(29.3)
Basic EPS	**29.3 ¢**	34.9 ¢	6.4 ¢	21.5 ¢	19.8 ¢	(2.0) ¢	(0.2) ¢	(19.7) ¢
Diluted EPS	**28.9 ¢**	34.5 ¢	6.3 ¢	21.3 ¢	19.6 ¢	(2.0) ¢	(0.2) ¢	(19.7) ¢
Return on shareholders' equity (annualised)[17]	**15.1%**	18.5%	3.4%	11.6%	10.8%	(1.1%)	(0.1%)	(10.5%)
Dividends paid per share	**5.6 ¢**	5.6 ¢	11.2 ¢	-	5.6 ¢	5.6 ¢	5.6 ¢	5.6 ¢
Total assets	**10,377.9**	10,135.3	9,891.4	9,218.7	9,266.3	8,894.3	8,734.2	8,457.1
Total equity attributable to shareholders	**1,134.0**	1,134.7	1,102.0	1,100.5	1,109.8	1,062.3	1,072.5	1,049.5
Income/(loss) attributable to shareholders by operating segment:								
Sagicor Life	**21.8**	7.0	6.8	8.3	35.2	8.4	2.2	1.9
Sagicor Jamaica	**16.4**	27.1	7.0	9.9	11.0	21.3	9.1	9.1
Sagicor Life USA	**17.4**	23.1	16.0	1.1	8.8	(18.7)	(2.9)	(14.3)
Head office, other & inter-segment eliminations	**(13.7)**	(6.8)	(20.5)	12.2	(26.0)	(14.0)	(8.7)	(26.0)
Total	**41.9**	50.4	9.3	31.5	29.0	(3.0)	(0.3)	(29.3)

17 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Third Quarter 2021

Net income attributable to common shareholders, closed the quarter at US $50.4 million compared to a loss of US $3.0 million for the three-month period ended September 30, 2020. Net income benefitted from strong premium production in our USA segment as well as positive net experience through the annual review of actuarial assumptions.

Net income for the period includes gains of US $8.6 million from our investment in Playa.

During the third quarter of 2020 both group net income and income attributable to shareholders from continuing operations, were adversely affected by the impact of the COVID-19 pandemic on the business. The main contributing factors to the net loss in the prior year were impacted by the strengthening of our actuarial liabilities and our share of net loss related to our associated company investment in Playa Hotels & Resorts, all due to the economic environment occasioned by the pandemic.

Second Quarter 2021

Net income from continuing operations attributable to common shareholders for the three-month period ended June 30, 2021 was US $9.3 million compared to net losses of US $0.3 million, for the same period in the prior year, with substantial net premium revenue growth being observed in our Sagicor Life and Sagicor USA segments. During the second quarter of 2020 both Group net loss and loss attributable to Shareholders, were impacted by significant mark-to-market losses and credit impairment losses, as capital markets responded adversely to the COVID-19 pandemic. Group net income was also impacted by our share of net loss and impairment related to our associated company investment in Playa Hotels and Resorts, all due to the economic environment occasioned by the pandemic.

First Quarter 2021

Net income from continuing operations attributable to common shareholders for the three-month period ended March 31, 2021 was US $31.5 million compared to net losses of US $29.3 million, for the same period in the prior year. The March 2021 results include net gains of US $25.0 million (Shareholder – US $26.4 million) emanating from a transaction associated with our investment in Playa Hotels and Resorts (Playa). Included in this amount is a net gain of US $10.7 million relating to the partial disposal of our investment Playa on January 15, 2021, where the Group's shareholding was reduced from 16% to 6%. In addition, subsequent to this, the Group designated the investment in Playa as an investment at FVTPL and generated mark-to-market gains of US $14.3 million, based on Playa's share price at March 31, 2021.

Fourth Quarter 2020

Net income from continuing operations attributable to common shareholders for the three-month period ended December 31, 2020 was US $29.0 million compared to net income US $11.5 million, for the same period in the prior year. The main contributing factors to the financial performance during the three-month period were the normalisation of new business sales levels across all our geographies, and the positive impact of our asset optimisation efforts in our Sagicor Life segment which gave rise to a release in actuarial liabilities. These positive developments were offset by a further strengthening of reserves for forward-looking assumptions in our United States subsidiary.

Third Quarter 2020

The Group's financial results for the quarter ended September 30, 2020 continued to be affected by the COVID-19 pandemic.

Against this backdrop the Sagicor Group recorded a net loss from continuing operations attributable to common shareholders of US $3.0 million compared to net income US $6.3 million, for the same period in the prior year. The net loss was primarily related to significant strengthening of reserves in our U.S. operation associated with forward-looking assumptions.

Second Quarter 2020

The Group's financial results for the quarter ended June 30, 2020 were materially affected by the COVID-19 pandemic. On March 11, 2020 the World Health Organisation declared the emergence of COVID-19 coronavirus, a global pandemic. As a response to this public health emergency, governments around the world made significant interventions in response to this threat. Most Caribbean countries shut down air and sea traffic. Similar procedures were also implemented in the United States, Canada and elsewhere. During the three-month period ended June 2020 attempts were made to modify and relax some of the restrictions implemented in the first quarter of the year, however these have yielded mixed results and therefore many of the restrictions continued with a continued slowdown in economic activity.

Against this backdrop the Sagicor Group recorded a net loss from continuing operations attributable to common shareholders of US $0.3 million compared to net income US $11.1 million, for the same period in the prior year. The net

loss was primarily related to higher Expected Credit Losses (ECLs) losses due to the pandemic as well as an internal reinsurance transaction that resulted in a strengthening of reserves in our U.S. operation. The results also include impairment losses on an associated company.

First Quarter 2020

The Group's financial results for the quarter ended March 31, 2020 were materially affected by the COVID-19 pandemic. On March 11, 2020 the World Health Organisation declared the emergence of COVID-19 coronavirus, a global pandemic. As a response to this public health emergency, governments around the world made significant interventions in response to this threat. Most Caribbean countries shut down air and sea traffic. Similar procedures were also implemented in the United States, Canada and elsewhere.

Against this backdrop the Sagicor Group recorded a net loss from continuing operations attributable to common shareholders of US $29.3 million compared to net income US $15.1 million, for the same period in the prior year. This result was primarily driven by mark-to-market changes in asset prices (net of corresponding reserve changes) and increased provisions for Expected Credit Losses (ECLs) in anticipation of a potential prolonged economic downturn, in the markets in which the Group operates.

Fourth Quarter 2019

On December 5, 2019 Sagicor and Alignvest announced they had completed the business combination involving the transfer of all issued and outstanding shares in Sagicor to Alignvest. This transaction raised over US $450 million in new capital for the Group. As a result of the completion of the transaction, all issued and outstanding shares in Sagicor were transferred to Alignvest, with former shareholders of Sagicor receiving cash or shares in Alignvest, which was renamed Sagicor Financial Company Ltd. and trades on the Toronto Stock Exchange under the symbol SFC. The Group incurred listing expense and other transaction costs of US $43.4 million relating to this exercise.

Net income from continuing operations attributable to shareholders for the fourth quarter of 2019 totalled US $54.9 million, excluding listing expense and other transaction costs, compared to US $8.0 million for the same period in 2018, an increase of US $46.9 million. During the last quarter of 2019, the Group benefited from a significant increase in mark to market changes on indexed options in our USA segment coupled with gains arising from the strong performance of the Jamaica stock market.

E. Key Factors Affecting Results

A variety of factors affect Sagicor's results, including:

(i) sales of core products and services;
(ii) life insurance and annuity policy lapse experience;
(iii) insurance claims experience;
(iv) investment yields;
(v) asset default;
(vi) country inflation and taxes;
(vii) Sensitivity arising from the valuation of actuarial liabilities;
(viii) Sagicor's expansion into new geographic markets (in the United States) and product markets (in Jamaica) through portfolio and / or company acquisitions; and
(ix) the continuing availability of appropriately priced reinsurance treaties for life, health and property and casualty insurance.

Sales of core products and services

Growth in sales enables Sagicor to allocate its fixed operating expenses over larger revenues and subsequently increases its profitability. The impact is very significant for the Sagicor Life and Sagicor Jamaica operating segments which sell significant amounts of periodic premium life insurance and annuity policies. The pricing of such products is either fixed at the issue of each policy or may limit the extent of cost recovery over the duration of the policy which can extend over decades. Growth in sales enables Sagicor to contain the growth in unit policy operating expenses.

Lapse experience

With respect to periodic premium life insurance and annuity policies, lapse experience is a factor of profitability. Many of these polices have up-front commission, policy issue and medical underwriting costs which are only recovered in full if the policy is premium paying for the initial years of its duration. If the policy lapses during the initial years, Sagicor will not fully recover its up-front costs and incur a loss on that policy.

For the same reasons that the quantum of sales of insurance policies is an important factor in maintaining insurance policy unit costs of administration, the rates of lapse or termination of inforce policies impacts the policy unit costs incurred. The lower the lapse or termination rate, the more policies are inforce, enabling Sagicor to contain growth in unit policy administrative costs.

Insurance claims experience

Across all lines of insurance, claims experience is a factor in profitability. In establishing rates of premium, Sagicor provides for appropriate levels of claims experience, be it rates of mortality for life insurance, rates of longevity for annuities, rates of morbidity for disability and health insurance, or rates of contingent losses for property and casualty insurance. Claims rates incurred in excess of pricing have adverse consequences for profitability, and conversely, claims rates incurred at levels below pricing impact profitability positively.

Investment yields

Across applicable lines of insurance and across financial contracts issued by Sagicor, investment yield is important to the profitability of the Group. Higher investment yields enable Sagicor to achieve higher interest margins (defined as the difference between interest earned and payable) on applicable insurance contracts and financial contracts. With lower investment yields, the interest margins are generally lower and may be eliminated if Sagicor is not able to earn a guaranteed rate of interest which is payable under the insurance or financial contract.

For long-term life insurance and annuity contracts, the Appointed Actuaries within the Group determine each segment's actuarial liabilities at December 31 after factoring in rates of investment return on re-invested assets. These rates, including the ultimate rates of return, affect the quantum of actuarial liability determined, with higher re-investment rates resulting in a lower actuarial liability, and with lower re-investment rates resulting in a higher actuarial liability.

Asset default

The recognition of an un-anticipated default from an invested asset, may have immediate negative consequences for profitability. Sagicor maintains certain invested assets for which the full return (of capital and of interest) is borne by insurance and /or financial contract-holders. In such instances, Sagicor is generally not exposed to asset default risk. However, for other invested assets, for which Sagicor is exposed to default risk, the default risk may be entirely borne by Sagicor's shareholders, or the risk is shared by Sagicor's shareholders and insurance and /or financial contract-holders. In such instances, the impact on profitability will be negative.

For long-term life insurance and annuity contracts, the Appointed Actuaries within the Group determine each segment's actuarial liabilities at December 31 after factoring in the expected rates of asset default. Should asset default rates over time be lower than expected, profitability is impacted positively. Conversely, if asset default rates over time are higher than expected, profitability is impacted negatively.

Country inflation and taxes

As with other key factors affecting profitability, changes in the level of country inflation and taxes impact the operating costs of the Sagicor Group, immediately and in the longer term.

Actuaries within the Group determine each segment's actuarial liabilities as of December 31 after factoring in expected levels of operating expenses. Higher inflation and taxation levels result is adverse consequences for profitability and lower inflation and taxation levels result in positive consequences for profitability.

Sensitivity arising from the valuation of actuarial liabilities

The estimation of actuarial liabilities is sensitive to the assumptions made. Changes in those assumptions could have a significant effect on the valuation results which are discussed below.

The valuation of actuarial liabilities of life insurance and annuity contracts is sensitive to:

- the economic scenario used,
- the investments allocated to back the liabilities,
- the underlying assumptions used, and
- the margins for adverse deviations

Under Canadian accepted actuarial standards, the Appointed Actuary is required to test the actuarial liability under economic scenarios.

Sensitivity	Scenario		
	Sagicor Life Inc segment	**Sagicor Jamaica Segment**	**Sagicor USA segment**
Worsening rate of lapse	Lapse rates were either doubled or halved, and the more adverse result was selected.		Lapse rates were increased or reduced by 30%, and the more adverse result was selected.
High interest rate	Assumed increases in the investment portfolio yield rates of 0.25% per year for 5 years, with the rates remaining constant thereafter.	Assumed increases in the investment portfolio yield rates of 0.5% for 10 years.	A 1% increase was applied to the investment portfolio rate.
Low interest rate	Assumed decreases in investment portfolio yield rates of 0.25% per year for 5 years, with the rates remaining constant thereafter.	Assumed decreases in investment portfolio yield rates of 0.5% per year for 10 years.	A 1% decrease was applied to the investment portfolio rate.

Sensitivity	Scenario		
	Sagicor Life Inc segment	**Sagicor Jamaica Segment**	**Sagicor USA segment**
Worsening mortality and morbidity	Mortality and morbidity rates for insurance and critical illness products were increased by 3% of the base rate per year for 5 years. For annuity products, the mortality rates were decreased by 3% of the base rate for 5 years.		For life insurance and deferred annuity products, the base assumed rates were increased annually by 3% cumulatively over the next 5 years. For pay-out annuity products only, the mortality rates were decreased by 3% cumulatively over the next 5 years.
Higher expenses	Policy unit maintenance expense rates were increased by 5% per year for 5 years above those reflected in the base scenario.		

To illustrate the potential impact of some of the foregoing key factors, the following table presents the estimated sensitivity using the economic scenarios outlined above, relating to (i) worsening rate of lapse, (ii) higher interest rate (on invested assets), (iii) lower interest rate (on invested assets), (iv) worsening rate of mortality and morbidity, and (v) higher operating expenses, to the net actuarial liabilities of each of operating segments of the Group, as of December 31, 2021 and 2020.

(in US $millions)	2021	2020
Sagicor Life Segment		
Base net actuarial liability	1,180.8	1,136.5
Scenario	***Increase (decrease) in actuarial liability***	
Worsening rate of lapse	183.4	202.9
Higher interest rate	(110.8)	(94.9)
Lower interest rate	174.5	199.4
Worsening mortality / morbidity	49.5	69.5
Higher expenses	19.7	39.2

(in US $millions)	2021	2020
Sagicor Jamaica Segment		
Base net actuarial liability	316.4	345.4
Scenario	***Increase (decrease) in actuarial liability***	
Worsening rate of lapse	9.8	88.0
High interest rate	(48.4)	(112.5)
Low interest rate	61.0	83.9
Worsening mortality / morbidity	49.2	48.9
Higher expenses	8.8	17.1

(in US $millions)	2021	2020
Sagicor Life USA Segment		
Base net actuarial liability	2,428.4	1,734.8
Scenario	***Increase (decrease) in actuarial liability***	
Worsening rate of lapse	33.4	25.5
High interest rate	(137.4)	(99.5)
Low interest rate	168.2	123.2
Worsening mortality / morbidity	25.2	16.3
Higher expenses	2.1	2.6

Expansion into new markets and company acquisitions

While Sagicor has endured for over 180 years, its product offerings and geographic markets have evolved. Markets often have different preferences for certain products and any successful venture into new markets need to adapt to market tastes. Sagicor only ventures into new markets or offers new products after extensive research and appraisal.

Company acquisitions has been a strategy employed by the Sagicor Group over the last twenty years. As a result of these acquisitions, Sagicor's assets include goodwill and other intangibles acquired on company acquisitions. As a result of these acquisitions, Sagicor's assets include goodwill and other intangibles acquired on company acquisitions. The goodwill carried by operating segments as of December 31, 2021 and 2020, respectively, is summarised in the following table.

(in US $millions)	2021	2020
Goodwill		
Sagicor Life segment	**26.6**	26.5
Sagicor Jamaica segment	**27.7**	29.2
Sagicor General Insurance	**2.7**	2.7
Total goodwill	**57.0**	58.4

Goodwill is subject to an annual impairment test, whereby the carrying value of the business unit including the associated goodwill is compared to the fair value of the business. As long as the fair value of the business exceeds the carrying value of the business and its associated goodwill, the goodwill is un-impaired. If it is not, the goodwill is impaired to the extent of the excess of the carrying value plus goodwill over its fair value, and the resulting impairment charge is recorded in the income statement.

In this test, fair value is defined as the higher of 'value in use' and 'fair value less costs to sell'. The computation of fair value includes the use of management prepared income and cash flow forecasts, and independently determined market discount and residual growth rates. For some life insurance elements of the carrying value, the Group uses an actuarially determined 'embedded value' to determine fair value, as this is an appropriate methodology to determine fair value of long-term insurance business.

As income and cash flow forecasts and market discount and residual factors vary from year to year, there is the possibility of a significant impairment charge. During the year, goodwill of nil (2020 – US $3.0 million) has been impaired relating to the Sagicor General Insurance Inc.

Reinsurance treaties

In order to offer useful insurance coverages to potential customers, the Group holds reinsurance coverages that allow potential policy benefits to exceed amounts which are prudent for Sagicor to undertake the claims risk. Reinsured amounts may be on a per policy basis, (i.e. in excess of a pre-determined insured amount) or may be based on the aggregation of the insured's coverages (i.e. the insured has several policies and the amount reinsured is the aggregate exceeding a pre-determined amount).

The tables below illustrate the gross and net (of reinsurance) total life insurance coverages and annuity liabilities for individual and group polices as of December 31, 2021 and 2020, respectively.

(in US $millions)	2021	2020
Total life insurance coverage		
Individual contracts - gross	37,587.8	35,710.5
Individual contracts - net	30,923.0	28,982.4
Group contracts – gross	13,428.7	12,542.8
Group contracts - net	12,952.6	12,037.8

(in US $millions)	2021	2020
Total actuarial liability for annuity contracts		
Individual contracts - gross	3,176.8	2,561.9
Individual contracts - net	2,619.7	1,909.0
Group contracts – gross	442.8	436.6
Group contracts - net	430.2	423.7

F. Critical Accounting Estimates and Judgments

Certain accounting estimates and judgements are recognised as critical because they require us to make particularly subjective or complex judgments about matters that are inherently uncertain and significantly different amounts could be reported under different conditions or using different assumptions.

Our critical accounting estimates and judgements are described in note 3 to our 2021 audited financial statements. The critical accounting policies and the estimation process include:

- Impairment of financial assets – IFRS 9 (note 2.9 of the financial statements)

In determining ECL (Expected Credit Losses), management is required to exercise judgement in defining what is considered a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions.

a) Establishing staging for debt securities and deposits

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

The scale is set out in the following table:

Category		SRR[(a)]	Classification	S&P	Moody's	Fitch	AM Best
Non-default	Investment grade	1	Minimal risk	AAA, AA	Aaa, Aa	AAA, AA	aaa, aa
		2	Low risk	A	A	A	a
		3	Moderate risk	BBB	Baa	BBB	bbb
	Non-investment grade	4	Acceptable risk	BB	Ba	BB	bb
		5	Average risk	B	B	B	b
	Watch	6	Higher risk	CCC, CC	Caa, Ca	CCC, CC	ccc, cc
		7	Special mention	C	C	C	c
Default		8	Substandard	D	C	DDD	d
		9	Doubtful			DD	
		10	Loss			D	

(a) Sagicor Risk Rating

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

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

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

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

Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

Qualitative test

- accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

Backstop Criteria

- accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into stage 2.

c) Forward looking information

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

- The fair value of securities not quoted in an active market, (note 40.8 of the financial statements)

  The fair value of securities 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 on the 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.

- Recognition and measurement of intangible assets (note 2.7 of the financial statements)

  The recognition and measurement of intangible assets, other than goodwill, in a business combination involve the utilisation of valuation techniques which may be very sensitive to the underlying assumptions utilised. These intangibles may be marketing related, customer related, contract-based or technology based.

  For significant amounts of intangibles arising from a business combination, the Group utilises independent professional advisors to assist management in determining the recognition and measurement of these assets.

- Impairment of intangible assets (note 2.7 of the financial statements)

a) Goodwill

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

Determination of the value involves the estimation of future cash flows or of income after tax of these business units and the expected returns to providers of capital to the business units and / or to the Group as a whole. For the Sagicor Life reporting segment, the Group uses the value in use methodology for testing goodwill impairment. For the Sagicor Jamaica operating segment, the Group uses the fair value less cost to sell methodology, and for Sagicor General Insurance Inc the value in use methodology.

The Group updates its business unit financial projections annually and applies discounted cash flow or earnings multiple models to these projections to determine if there is any impairment of goodwill. The assessment of whether goodwill is impaired can be highly sensitive to the inputs of cash flows, income after tax, discount rate, growth rate or capital multiple, which are used in the computation.

b) Other intangible assets

The assessment of impairment of other intangible assets involves the determination of the intangible'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's value in use, estimates are required of future cash flows generated as a result of holding the asset.

- Valuation of actuarial liabilities
  (note 2.15 of the financial statements)

a) Canadian Actuarial Standards

The objective of the valuation of policy liabilities is to determine the amount of the insurer's assets that, in the opinion of the Appointed Actuary (AA) and taking into account the other pertinent items in the financial statements, will be sufficient without being excessive to provide for the policy liabilities over their respective terms. The amounts set aside for future benefits are dependent on the timing of future asset and liability cash flows.

The actuarial liabilities are determined as the present value of liability cash flows discounted at effective interest rates resulting in a value equivalent to the market value of assets supporting these policy liabilities under an adverse economic scenario, to which margins for adverse deviations are added.

The Appointed Actuary (AA) identifies a conservative economic scenario forecast, and together with the existing investment portfolio as at the date of the actuarial valuation and assumed reinvestment of net asset and policy liability cash flows, calculates the actuarial liabilities required at the date of valuation to ensure that sufficient monies are available to meet the liabilities as they become due in future years.

The methodology produces the total reserve requirement for each policy group fund. In general, the methodology is used to determine the net overall actuarial liabilities required by the insurer. Actuarial liabilities are computed by major group of policies and are used to determine the amount of reinsurance balances in the reserve, the distribution of the total reserve by country, and the distribution of the reserve by policy, and other individual components in the actuarial liabilities.

b) Best estimate reserve assumptions & provisions for adverse deviations

Actuarial liabilities include two major components: a best estimate reserve and a provision for adverse deviations. The latter provision is established in recognition of the uncertainty in computing best estimate reserves, to allow for possible deterioration in experience and to provide greater comfort that reserves are adequate to pay future benefits.

For the respective reserve assumptions for mortality and morbidity, lapse, future investment yields, operating expenses and taxes, best estimate reserve assumptions are determined where appropriate. The assumption for operating expenses and taxes is in some instances split by universal life and unit linked business.

Provisions for adverse deviations are established in accordance with the risk profiles of the business, and are, as far as is practicable, standardised across geographical areas. Provisions are determined within a specific range established by Canadian standards of practice.

The principal assumptions and margins used in the determination of actuarial liabilities are summarised sub-sections c) to i) which follow. However, the liability resulting from the application of these assumptions can never be definitive as to the ultimate timing or the amount of benefits payable and is therefore subject to future re-assessment.

c) Process used to set actuarial assumptions and margins for adverse deviations

At each date for valuation of actuarial liabilities, the AA of each insurer reviews the assumptions made at the last valuation date. The AA reviews the validity of each assumption by referencing current data, and where appropriate, changes the assumptions for the current valuation. A similar process of review and assessment

is conducted in the determination of margins for adverse deviations. Any changes in actuarial standards and practice are also incorporated in the current valuation.

d) Assumptions for mortality and morbidity

Mortality rates are related to the incidence of death in the insured population. Morbidity rates are related to the incidence of sickness and disability in the insured population. Annually, insurers update studies of recent mortality experience. The resulting experience is compared to external mortality studies including tables from the Canadian Institute of Actuaries (CIA). Appropriate modification factors are selected and applied to underwritten and non-underwritten business respectively. Annuitant mortality is determined by reference to CIA tables or to other established scales.

Assumptions for morbidity are determined after taking into account insurer and industry experience.

e) Assumptions for lapse

Policyholders may allow their policies to lapse prior to the maturity date either by choosing not to pay premiums or by surrendering their policy for its cash value. Lapse studies are updated annually by insurers to determine the persistency of the most recent period. Assumptions for lapse experience are generally based on moving averages.

f) Assumptions for investment yields

Returns on existing variable rate securities, shares, investment property and policy loans are linked to the current economic scenario. Yields on reinvested assets are also tied to the current economic scenario. Returns are, however, assumed to decrease and it is assumed that at the end of twenty years from the valuation date, all investments, except policy loans, are reinvested in long-term, default free government bonds.

g) Assumptions for operating expenses and taxes

Policy acquisition and policy maintenance expense costs for the long-term business of each insurer are measured and monitored using internal expense studies. Policy maintenance expense costs are reflected in the actuarial valuation after adjusting for expected inflation. Costs are updated annually and are applied on a per policy basis.

Taxes reflect assumptions for future premium taxes and income taxes levied directly on investment income. For income taxes levied on net income, actuarial liabilities are adjusted for policy related recognised deferred tax assets and liabilities.

h) Asset default

The AA of each insurer includes a provision for asset default in the modelling of the cash flows. The provision is based on industry and Sagicor's experience and includes specific margins, where appropriate, for assets backing the actuarial liabilities, e.g., for investment property, equity securities, debt securities, mortgage loans and deposits.

i) Margins for adverse deviations

Margins for adverse deviations are determined for the assumptions in the actuarial valuations. The application of these margins resulted in provisions for adverse deviations being included in the actuarial liabilities as set out in the following table:

	December 31	
(in US $millions)	**2021**	**2020**
Provisions for adverse deviations		
Mortality and morbidity	**110.4**	97.3
Lapse	**102.7**	90.7
Investment yield and asset default	**66.1**	69.9
Operating expenses and taxes	**9.8**	10.5
Other	**16.4**	14.9
Total	**305.4**	283.3

- Investment in associate

As at October 1, 2018, Sagicor Group Jamaica (SGJ) had a shareholding in Playa of 15%, which increased to 16% on June 15, 2020 (see note 37.1 of the 2021 annual financial statements). From an accounting perspective, IAS 28 (Investments in Associate and Joint Ventures) paragraph 5, 6 and 8 guidance was considered as follows:

Where an entity holds 20% or more of the voting power (directly or through subsidiaries) in an investee, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant

influence unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in the policy-making process, including participation in decisions about dividends or other distributions;
- material transactions between the entity and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

In assessing whether potential voting rights contribute to significant influence, the entity examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential rights, except the intentions of management and the financial ability to exercise or convert those potential rights.

Management had previously concluded, given its participation in the policy-making decisions, significant involvement in, and influence over strategic financial and operational decision-making of Playa, that it had significant influence over Playa and as such was of the view that SGJ's strategic investment in Playa should be treated as an investment in associate in accordance with IAS 28, even though Sagicor owned less than 20% of Playa's shares.

During the year, SGJ sold a portion of its investment as part of Playa's secondary public offering and transferred the remaining shares to SFCL (see note 37.1 of the 2021 annual financial statements). This resulted in the investment being designated as a FVTPL investment. Management had concluded that the investment in Playa did not meet the definition of held for sale as at December 31, 2020.

G. Changes to Accounting Policies in 2021

There were no new accounting standards adopted during the year ended December 31, 2021. Refer to note 2 of the 2021 annual consolidated financial statements included in pages 11 to 37.

The Group has adopted the following amendments to IFRS and IAS

Amendments to existing IFRS effective periods beginning on or after June 30, 2020
IFRS 16 – Leases; COVID-19 related rent concessions

Amendments to existing IFRS and IAS effective January 1, 2021
IFRS 17 and IFRS 4 – Insurance contracts; deferral of IFRS 9
IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform, Phase 2

None of these amendments had a material effect on the Group's financial statements. Refer to note 2.1 of the 2021 annual financial statements for further details on amendments to existing IFRS and IAS effective beginning on or after June 30, 2020 and January 1, 2021.

H. Litigation or Other Matters

The Group is 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 to claims asserted against the Group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended, cannot be reasonably estimated or will result in exposure to the Group which is immaterial to both the financial position and the results of operations. Details of significant matters have been disclosed in the Group's 2021 audited financial statements.

I. Share Buyback Programme

During the year ended December 31, 2021, the Company repurchased 3,988,221 (2020 - 2,942,500) shares, at a total cost of US $20.0 million (2020 - US $13.1 million), which were subsequently cancelled. Share capital and share premium in equity have been reduced by the cost of the shares repurchased and commission paid on the transactions. The premium or discount paid on the repurchase of shares has been recorded directly in retained earnings. The cost of shares totalling US $0.005 million (2020 - US $0.006 million), which were repurchased at the year-end date but not cancelled, has been reflected in treasury shares.

J. Interest in Playa Hotel and Resorts N.V.

Among its interests in associates, the Group held an investment in Playa Hotel & Resorts N.V. During the period, certain transactions took place which resulted in a

reduction in the Group's interest in Playa and the investment being designated as a FVTPL investment.

On January 15, 2021, Playa issued 25,000,000 new ordinary shares for US $125 million in an underwritten public offering. Concurrent to this transaction, Sagicor Group Jamaica (SGJ) disposed of its shareholding of 20,000,000 ordinary shares of Playa for net cash consideration of US $96 million. In a public offering held by the Group, 11,499,000 shares of Playa were sold by SGJ at a price of US $5.00 per share net of commission expenses associated with the public offering. In addition, Sagicor Financial Corporation (SFCL), the intermediate parent company of SGJ, acquired 8,501,000 of Playa's shares from SGJ at a price which was equal to the price offered through the public offering, net of commission expenses.

As a result of these transactions, the Group's shareholding in Playa was reduced from 16% to 6%, which represented a 5% increase in SFCL's direct shareholding, based on the total of 10,001,000 shares held by SFCL in Playa. As at December 31, 2021, Sagicor held 10,745,251 shares in Playa.

The transactions gave rise to a net loss of US $1.6 million on the disposal of 20,000,000 shares by SGJ and a gain by SFCL of US $12.3 million on remeasuring the investment in Playa to FVTPL as at March 31, 2021, as follows:

Disposal of holding by SGJ:

SGJ's share of the carrying value of the investment in Playa on its statement of financial position as at January 15, 2021 was compared to the proceeds of US $96 million by SGJ and adjusted for recycling of net unrealised foreign exchange gains and unrealised interest rate swap losses in OCI to income.

(in millions of US $)	
Net proceeds received by SGJ on sale of Playa shares	96.0
Share of carrying value of investment in Playa as an associate on the statement of financial position of SGJ as at January 15, 2021	(111.8)
	(15.8)
Net unrealised foreign exchange gains recycled to income	17.8
Net unrealised interest rate swap losses recycled to income	(3.6)
Loss on disposal of holding in Playa	(1.6)

Gain recognised on acquisition of shares in Playa by SFCL (FVTPL basis):

SFCL purchased 8,501,000 shares from SGJ for consideration of US $40.8 million. These shares were measured at FVTPL as at January 15, 2021, along with 1,500,000 shares held by SFCL in Playa which previously formed part of the Group's interest in Playa as an associate.

(in millions of US $)	
Fair value gain recognised on 8,501,000 shares purchased	9.2
Fair value gain recognised on original holding of 1,500,000 shares	3.1
Total fair value gain recognised on holding in Playa	12.3

Post-acquisition, a fair value gain of US $21.6 million was recognised for the period to December 31, 2021 on the Group's FVTPL investment in Playa (see note 26 to the Group's 2021 consolidated financial statements).

K. Derivative Financial Instruments

The Group's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed to seek 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 Group employs its credit risk management procedures to assess and approve potential credit exposures.

Derivatives are carried at fair value and presented in the financial statements 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 were to default. The contract or notional amounts of derivatives and their fair values are set out in the following table.

	Contract /	Fair Value	
(in US $millions)	**notional**	**Asset**	**Liability**
December 31, 2021:			
Equity indexed options	725.6	26.2	0.1
December 31, 2020:			
Equity indexed options	756.6	37.2	-

The Group has purchased equity indexed options in respect of structured products and in respect of life and annuity insurance contracts.

For certain structured product contracts with customers (note 17 of the 2021 annual financial statements), equity indexed options give the holder the ability to participate in the upward movement of an equity index while being protected from downward risk.

For certain universal life and annuity insurance contracts, an insurer has purchased custom call options that are selected to materially replicate the policy benefits that are associated with the equity indexed components within the policy contract. These options are appropriate to reduce or minimise the risk of movements in specific equity markets. Both the asset and the associated actuarial liability are valued at fair market value on a consistent basis, with the change in values being reflected in the income statement. The valuations combine external valuations with internal calculations.

L. Related Party Transactions

Note 46 of the annual financial statements provides additional information on related party transactions.

M. Board of Directors

The Company, at its annual and special meeting held on June 4, 2021, approved election of Dennis Harris as director: the other directors were also re-elected bringing the total to fifteen directors. The full composition of the Board of Directors has been disclosed in the Group's 2021 annual financial statements.

N. Commitments

Effective June 25, 2020, the Group entered into a letter of credit arrangement with a facility whereby an irrevocable standby letter of credit was issued on behalf of Sagicor Reinsurance Bermuda Ltd. (SRBL) in favour of Sagicor Life Insurance Company, USA, in support of a coinsurance agreement between the two parties. The letter of credit facility is guaranteed by Sagicor Financial Corporation Limited and SRBL.

Details of the Group's commitments are included in note 38 to the 2021 audited financial statements.

O. Disposal of Interest in Subsidary

During the three-month period ended June 30, 2021, The Mutual Financial Services Inc (MFS) was dissolved and its net assets of US $11.7 million, representing the carrying value at dissolution, were distributed to its shareholders. No gain or loss was recognised on dissolution. MFS was a subsidiary of Sagicor Life Inc. in which the effective shareholder's interest was 73%. Its principal activity was that of a financial services holding company.

P. Sagicor Bank (Barbados) Limited

In April 2021, Sagicor Bank (Barbados) Limited was incorporated and was made a wholly-owned subsidiary of Sagicor Financial Company Ltd. in November 2021.

Q. Subsequent Events

i. On February 9, 2022, Sagicor announced that Sagicor Group Jamaica Limited (SGJ) entered a definitive agreement for the purchase of 100% of the shares of Alliance Financial Services Limited. The arrangement is subject to due diligence and regulatory approval and SGJ is in the process of applying for relevant licenses from the Bank of Jamaica.

ii. On March 18, 2022, the Board of Directors of Sagicor Financial Company Ltd. approved and declared a quarterly dividend of US $0.05625 per common share payable on April 25, 2022, to the shareholders of record at the close of business on April 4, 2022.

10.NON-IFRS FINANCIAL MEASURES

Return on Shareholders' Equity: IFRS does not prescribe the calculation of return on shareholders' equity and therefore a comparable measure under IFRS is not available. To determine this measure, reported net income/(loss) attributable to shareholders is divided by the total weighted average common shareholders' equity for the period. The quarterly return on shareholders' equity is annualised. This measure provides an indication of overall profitability of the company.

Return on Total Equity: IFRS does not prescribe the calculation of return on total equity and therefore a comparable measure under IFRS is not available. To determine this measure, reported group net income/(loss) is divided by the weighted average total equity for the period. The quarterly return on total equity is annualised.

Return on Investments: IFRS does not prescribe the calculation of return on Investments therefore a comparable measure under IFRS is not available. Return on investments measures the return on the investments relative to the value of the investments for a period. To determine this measure, two times investment income is divided by the opening financial investments plus the closing financial investments minus the investment income for the period.

Book value per share: To determine the book value per share, shareholders' equity is divided by the number of shares outstanding at the period end, net of any treasury shares. All components of this measure are IFRS measures.

Minimum Continuing Capital and Surplus Requirements (MCCSR): The MCCSR is a capital adequacy measure for life insurance companies that was established by the Office of the Superintendent of Financial Institutions Canada ("OSFI"). It was used to monitor that insurers maintain adequate capital to meet their financial obligations with 150% being the minimum standard that was recommended by Canadian regulators when it was in effect; companies were expected to establish and meet an internal target greater than 150%. Refer to note 45.2 to the 2021 audited financial statements, for details. IFRS does not prescribe the calculation for the MCCSR, therefore a comparable measure under IFRS is not available.

Debt-to-capital ratio: The debt-to-capital ratio is the ratio of notes and loans payable (refer to note 16 to the 2021 audited annual financial statements) to total capital (excluding Participating accounts), where capital is defined as the sum of notes and loans payable and total equity excluding Participating accounts. This ratio measures the proportion of debt a company uses to finance its operations as compared with its capital.

Debt-to-equity ratio: The debt-to-equity ratio is the ratio of notes and loans payable (refer to note 16 to the 2021 audited annual financial statements) to total equity (excluding Participating accounts). This ratio measures the proportion of debt a company uses to finance its operations as compared with its equity. IFRS does not prescribe the calculation of debt-to-equity ratio, therefore a comparable measure under IFRS is not available.

Dividend pay-out ratio: This is the ratio of dividends paid per share to basic earnings per common share. IFRS does not prescribe the calculation of dividend pay-out ratio, therefore a comparable measure under IFRS is not available.

Health claims ratio: This is the ratio of net health claims including the provision for incurred but not reported claims, divided by net health premiums revenue earned for the period under review. The ratio seeks to measure health claims as a percentage of premium income. IFRS does not prescribe the calculation of health claims ratio, therefore a comparable measure under IFRS is not available.

Total capital: This measure provides an indicator for evaluating the Company's performance. Total capital is the sum of shareholders' equity, notes and loans payable and non-controlling interest. This measure is the sum of several IFRS measures.

Market capitalisation: Market capitalisation is the value a company is traded on the stock market. It is calculated by multiplying the total number of shares by the present share price, at a given date. IFRS does not prescribe the calculation of market capitalization, therefore a comparable measure under IFRS is not available.

Capital base to risk-weighted assets: This capital adequacy measure is 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 hold the minimum level of regulatory capital, and to maintain a minimum ratio of total regulatory capital to the risk-weighted assets. 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. IFRS does not prescribe the calculation for Capital base to risk-weighted assets, therefore a comparable measure under IFRS is not available.

11. CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This forward-looking information and these assumptions include, but are not limited to, statements about the Company's objectives and strategies to achieve those objectives, and about its beliefs, plans, expectations, anticipations, estimates, or intentions. Information included in this MD&A that is not a statement of historical fact is forward-looking information. When used in this MD&A, words such as "believes," "may," "will," "estimate," "would," "should," "shall," "plans," "assumes," "continue," "outlook," "could," "anticipates," "intends," "expects," and words of similar import, are intended to identify statements containing forward-looking statements. These statements appear throughout this MD&A. Such forward-looking statements are based on Sagicor's estimates, assumptions, strategies and projections and subject to known and unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond its control and which may cause actual results, events or developments to be significantly different from any future results, events or developments expressed or implied by such forward-looking statements.

Risk factors include, but are not limited to, the following: fluctuations in the fixed income markets may adversely affect Sagicor's profitability and financial condition; the success of Sagicor's operations in the United States depends on Sagicor's ability to grow its business; Sagicor's financial targets may prove materially inaccurate or incorrect; Sagicor's exposure to the credit risk of its counterparties could adversely affect its profitability; differences between actual claims experience and estimated claims at the time the product was priced may result in increased losses, and so Sagicor's policy reserves may be insufficient to cover

actual policy benefits; Sagicor could be forced to sell investments at a loss to cover policyholder withdrawals; Sagicor's risk management policies and procedures could leave Sagicor exposed to unidentified or unanticipated risks, which could negatively affect Sagicor's business or result in losses; illiquidity of certain investment assets may prevent Sagicor from selling investments at fair prices in a timely manner; Sagicor's fiduciary relationship with certain counterparties could adversely affect its profitability; a prolonged labour dispute could hurt Sagicor's business; disease outbreaks may negatively impact the performance of Sagicor and its subsidiaries; a failure to successfully integrate Sagicor's acquisitions could adversely affect Sagicor's operations and profitability; a failure to successfully execute current and future strategic acquisitions could adversely affect Sagicor's profitability; Sagicor's business is highly regulated and subject to numerous laws and regulations; litigation and regulatory proceedings outcomes could adversely affect Sagicor's business; companies in the financial services industry are sometimes the target of law enforcement investigations and the focus of increased regulatory scrutiny; there may be adverse consequences if the status of Sagicor's independent contractors is successfully challenged; failures to implement or comply with legally required anti-money laundering practices could

subject Sagicor to sanctions and/or criminal and civil penalties; the amount of statutory capital that Sagicor's insurance subsidiaries have and the amount of statutory capital that they must hold to maintain their financial strength and credit ratings and meet other requirements can vary significantly from time to time and are sensitive to factors outside of Sagicor's control; a failure to maintain adequate levels of surplus capital may result in increased regulatory scrutiny or a downgrade by the private rating agencies; Sagicor's financial condition may be adversely affected by geopolitical events; Sagicor operates in a highly competitive industry; Sagicor faces significant competition mainly from national and regional insurance companies and from self-insurance, and Sagicor also faces competition from global companies – this competition could limit Sagicor's ability to gain or maintain its position in the industry and could materially adversely affect its business, financial condition and results of operations; brokers that sell Sagicor's products may sell insurance products of Sagicor's competitors and such brokers may choose not to sell Sagicor's products; computer viruses, network security breaches, disasters or other unanticipated events could affect Sagicor's data processing systems or those of its business partners and could damage Sagicor's business and adversely affect its financial condition and results of operations; a financial strength downgrade in Sagicor's A.M. Best ratings or any other negative action by a rating agency may increase policy surrenders and withdrawals, adversely affect relationships with advisors and negatively affect Sagicor's financial condition and results of operations; the unpredictable nature of the property and casualty insurance industry may cause fluctuations in Sagicor's results; Sagicor may be unable to reinsure risks on terms that are commercially reasonable or satisfactory to Sagicor, or Sagicor's reinsurers may fail to meet assumed obligations, increase rates, or be subject to adverse developments, negatively affecting Sagicor's business, financial condition and result of operations; Sagicor's business model depends on the performance of various third parties including actuarial consultants and other service providers; negative publicity in the insurance industry could adversely affect Sagicor; Sagicor depends on key personnel, and if they were to leave Sagicor, Sagicor might have an insufficient number of qualified employees; Sagicor is highly dependent upon economic, political and other conditions and developments in Barbados, Jamaica, Trinidad and Tobago, the United States and the other jurisdictions in which it operates; Sagicor's financial condition and operating results may be adversely affected by foreign exchange fluctuations; foreign exchange controls may restrict Sagicor's ability to receive distributions from its subsidiaries and any such distributions may be subject to foreign withholding taxes; catastrophes and weather-related events, such as hurricanes, may adversely affect Sagicor; disease outbreaks may negatively impact the performance of Sagicor and its subsidiaries; the performance of Sagicor's group life insurance may be adversely affected by the characteristics of the employees insured or through unexpected catastrophic events such as natural disasters; Sagicor's credit ratings may be reduced, which may adversely affect Sagicor; Sagicor may be subject to Bermuda tax; Bermuda's compliance with the Organisation for Economic Cooperation and Development international tax standards could subject Sagicor to additional taxes; legislation enacted in Bermuda in response to the European Union's review of harmful tax competition could adversely affect Sagicor's operations and financial condition; any additional taxes resulting from changes to tax regulations or the interpretation thereof in countries in which it does business could negatively impact Sagicor's financial condition; Sagicor Financial Company Ltd. is a holding company and is dependent upon distributions from subsidiaries to pay taxes and other expenses.

Additional information about material risk factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in this MD&A under "Risk Management", "Key Factors Affecting Results," and "Critical Accounting Estimates and Judgements" and in the "Financial Risk" and "Insurance Risk" notes to the consolidated financial statements. The forward-looking statements in this document are, unless otherwise indicated, stated as of the date hereof and are presented for the purpose of assisting investors and others in understanding our financial position and results of operations, our future operations, as well as our objectives and strategic priorities, and may not be appropriate for other purposes. We do not undertake to update any forward-looking statements, except as required by law.

12. HISTORICAL FINANCIAL DISCLOSURES

The following table provides a summary of Sagicor's results from continuing operations for the five most recently completed years.

In US $millions, unless otherwise noted	**2021**	**2020**	**2019**	**2018**	**2017 Restated**
Net premium revenue	**1,713.2**	1,403.4	1,241.5	1,054.1	745.6
Net investment and other income	**645.9**	475.0	625.8	332.5	463.2
Total revenue	**2,359.1**	1,878.4	1,867.3	1,386.6	1,208.8
Benefits and expenses	**(2,112.5)**	(1,782.8)	(1,663.6)	(1,260.4)	(1,095.8)
Other	**18.1**	(68.0)	3.0	20.3	12.1
Income before tax	**264.7**	27.6	206.7	146.5	125.1
Income tax	**(68.2)**	(42.7)	(59.7)	(50.7)	(19.3)
Net (loss)/income before listing expense and other transaction costs	**196.5**	(15.1)	147.0	95.8	105.8
Listing expense and other transaction costs	**-**	-	(43.4)	-	-
Net (loss)/income	**196.5**	(15.1)	103.6	95.8	105.8
Net (loss)/income attributable to common shareholders	**133.2**	(3.6)	44.0	36.5	62.3
Basic EPS before listing expense and other transaction costs	**N/A**	N/A	114.3 ¢	N/A	N/A
Basic EPS	**91.9 ¢**	(2.4) ¢	57.5 ¢	51.7 ¢	88.7 ¢
Diluted EPS before listing expense and other transaction costs	**N/A**	N/A	107.5 ¢	N/A	N/A
Diluted EPS	**90.7 ¢**	(2.4) ¢	54.1 ¢	50.8 ¢	86.6 ¢
Annualised return on shareholders' equity before listing expense and other transaction costs[18]	**N/A**	N/A	14.0%	N/A	N/A
Annualised return on shareholders' equity[18]	**12.6%**	(0.3%)	6.8%	6.2%	11.3%
Dividends paid per common share	**22.5 ¢**	22.5 ¢	5.0 ¢	5.0 ¢	5.0 ¢
Total assets	**10,377.9**	9,266.3	8,728.9	7,308.2	6,804.5
Notes and loans payable	**683.4**	471.6	517.7	490.3	413.8
Total equity attributable to common shareholders	**1,134.0**	1,109.8	1,154.1	600.9	624.6

18 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

In US $millions, unless otherwise noted	**2021**	**2020**	**2019**	**2018**	**2017 Restated**
Net income attributable to common shareholders by operating segment:					
Sagicor Life	**43.9**	47.7	60.9	39.6	64.7
Sagicor Jamaica	**60.4**	50.5	61.4	55.7	46.6
Sagicor Life USA	**57.6**	(27.1)	35.4	18.3	13.3
Head office, other & inter-segment eliminations	**(28.7)**	(74.7)	(113.7)	(77.1)	(62.3)
Net income attributable to common shareholders	**133.2**	(3.6)	44.0	36.5	62.3
Net income attributable to common shareholders before listing expense and other transaction costs	**133.2**	(3.6)	87.4	36.5	62.3

Restatements of the Financial Statements (2017)

Effective January 1, 2018 the Group implemented a policy to harmonise its actuarial reserving practices across operational segments. This voluntary change in policy was reflected as a prior period adjustment in accordance with IAS 8. In addition, a detailed review of Sagicor USA's actuarial model was completed and concluded that the model inputs were generally appropriate; however, certain items which were identified were treated as errors and prior periods were adjusted accordingly. These adjustments required a restatement for the 2017 financial year and impacted the Statement of Financial Position, Statement of Income and Statement of Comprehensive Income.

Effective January 1, 2018, the Group adopted IFRS 9 - Financial Instruments (IFRS 9). As a result of the application of the standard, the Group adopted new accounting policies for financial assets. As permitted by the transition provisions in IFRS 9, the Group elected not to restate comparative period results. Accordingly, the 2017 comparative information on financial assets is presented in accordance with IAS 39 – Financial Instruments – Recognition and Measurement. Adjustments to the carrying amounts of financial instruments as of January 1, 2018 were recognised in the statement of changes in equity.

Further, as allowed, on adoption of IFRS 15 – Revenue from Contracts with Customers, on January 1, 2018, comparative figures in prior years, have not been adjusted. On January 1, 2019, the Group adopted IFRS 16 – Leases using the modified retrospective method with no restatement of comparative information as allowed by the standard.

Exchange ratio

On December 5, 2019 Sagicor and Alignvest announced they had completed the business combination involving the transfer of all issued and outstanding shares in Sagicor to Alignvest. As a result of the completion of the transaction, all issued and outstanding shares in Sagicor were transferred to Alignvest, with former shareholders of Sagicor receiving cash or shares in Alignvest, which was renamed Sagicor Financial Company Ltd. Under the Alignvest transaction, Sagicor Financial Corporation Limited common shares (other than those purchased for cash), were exchanged for common shares of Sagicor Financial Company Ltd. on an exchange ratio of one Sagicor Financial Company Ltd. common share for 4.328 of Sagicor Financial Corporation Limited common shares ("Exchange Ratio"). This exchange ratio has been used to convert the 2019 outstanding shares to the Sagicor Financial Company Ltd. equivalent. All per share ratios for 2017 to 2019 have been adjusted to reflect the Exchange Ratio.

18 Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

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Acronyms

Certain acronyms have been used throughout the financial statements and notes thereto to substitute phrases.

The more frequent acronyms and associated phrases are set out below.

Acronym	Phrase
AA	Appointed Actuary
EAD	Exposure at Default
ECL	Expected Credit Losses
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit and Loss
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Commitee
IFRS	International Financial Reporting Standards
IFRS 9	International Financial Reporting Standard No.9 – Financial Instruments
IFRS 16	International Financial Reporting Standard No.16 – Leases
LGD	Loss Given Default
MCCSR	Minimum Continuing Capital and Surplus Requirement
OCI	Other Comprehensive Income
PD	Probability of Default
POCI	Purchased or Originated Credit-Impaired
SICR	Significant Increase in Credit Risk
SPPI	Solely Payments of Principal and Interest

Actuary's Report

ECKLER

Sagicor

SAGICOR FINANCIAL COMPANY LTD.

APPOINTED ACTUARY'S

2020 & 2021 REPORT TO THE SHAREHOLDERS AND POLICYHOLDERS

I have performed or reviewed the valuation of the consolidated policy liabilities of Sagicor Financial Company Ltd. (Sagicor) which includes the policy liabilities of its life insurance subsidiaries, namely

- A – Sagicor Life Inc. (Barbados) (SLI).
- B – Capital Life Insurance Company Bahamas Limited (Bahamas) (CLIC).
- C – Sagicor Life Aruba NV (Aruba).
- D – Sagicor Panamá SA (Panama).
- E – Nationwide Insurance Company Limited (Trinidad & Tobago).
- F – Sagicor Life (Eastern Caribbean) Inc. (SLECI) *.
- G – Sagicor Life Jamaica Limited (Jamaica) *.
- H – Sagicor Life of the Cayman Islands Limited (Cayman Islands) *, and
- I – Sagicor Life Insurance Company (USA) *.

for the balance sheets, at 31st December 2020 and at 31st December 2021, and their change in the respective consolidated statement of operations, for the years then ended, for each organization and on a consolidated basis in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods.

The valuation of Sagicor and its Life Insurance Subsidiaries was conducted by myself, or other actuaries (indicated by a "*" above), using either the Policy Premium Method (PPM) or the Canadian Asset Liability Method (CALM) where appropriate, assuming best-estimate assumptions together with margins for adverse deviations in accordance with the Standards of Practice (Life) of the Canadian Institute of Actuaries. For those where other actuaries completed the valuation, I have reviewed and accepted their respective valuation, and I have relied on their work in order to issue this certificate.

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

Sylvain Goulet, FCIA, FSA, MAAA
Affiliate Member of the Institute and Faculty of Actuaries
Member of the Caribbean Actuarial Association
Appointed Actuary for Sagicor Financial Company Ltd., and the above Life Subsidiaries A to E

11th March 2022

Auditor's Report

pwc

Independent auditor's report

To the Shareholders of Sagicor Financial Company Ltd.

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sagicor Financial Company Ltd. (the Company) and its subsidiaries (together 'the Group') as of December 31, 2021 and December 31, 2020, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

Sagicor Financial Company Ltd.'s consolidated financial statements comprise:

- the consolidated statements of financial position as of December 31, 2021 and December 31, 2020;
- the consolidated statements of income for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Actuarial methodologies and assumptions used in the valuation of actuarial liabilities *Refer to Note 3 Critical accounting estimates and judgements, and Note 13 Actuarial liabilities, to the consolidated financial statements.* The Group's total actuarial liabilities was $4.8 billion as of December 31, 2021 and is the most significant liability on the Group's statement of financial position. We focused on this area as it involves significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of long-term policyholder liabilities. Economic assumptions, such as investment return, associated discount rates and borrowing rates, policy expenses, and operating assumptions such as mortality, morbidity and persistency are the key inputs used by management to estimate these long-term liabilities. Management uses qualified internal actuaries and an independent external actuary to assist in determining these assumptions and in valuing the actuarial liabilities. Based on management's continued assessment, COVID-19 did not have a significant impact on the actuarial assumptions of the Group.	Our approach to addressing the matter involved the following procedures, amongst others: • updated our understanding for any changes impacting the assumptions, specifically, investment returns, associated discount rates and borrowing rates, policy expenses and operating assumptions such as mortality, morbidity and persistency, including continued consideration of the impact of COVID-19. • assessed the competence and capability of management's actuarial experts. • evaluated the methodologies and assumptions utilized by management's actuaries, considering published industry studies, market data and component specific facts and circumstances with the assistance of our actuarial experts. • tested the accuracy and completeness of the transfer of data from policy administration systems to the actuarial valuation systems. • tested a sample of contracts to assess whether contract features corresponded to the data in the actuarial valuation systems.

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Key audit matter	How our audit addressed the key audit matter
Expected Credit Loss (ECL) - Probabilities of Default & Forward-Looking Assumptions of financial investments *Refer to Note 3 Critical accounting estimates and judgements and Note 40.2 Credit risk exposure, to the consolidated financial statements.* The Group's total financial investments subject to credit risk was $7.5 billion as of December 31, 2021 and the related reversal of credit impairment losses in relation to those financial investments was $4.3 million for the year ended December 31, 2021. We have focused on the following areas because there are a number of significant management determined judgements within the ECL model, including the following: • Probabilities of default (PD): These represent the likelihood of a borrower defaulting on its obligation over the next twelve months or over the remaining lifetime of the obligation. PDs are developed with reference to external data collated by international credit rating agencies, with specific adjustments for industries and country specific risks, where necessary. • Use of multiple forward looking economic scenarios. Management performed regression analysis to determine the impact of future economic conditions on probabilities of default in the countries and industries where the Group has investment securities. A macroeconomic indicator is determined, which is statistically linked to the credit risk of the sovereign exposure and/or corporate exposure. The Group has selected economic scenarios that reflect current views on the future economic impact of the COVID-19 pandemic. Management engaged a credit modeller expert to assist in the more complex aspects of the design of the expected credit loss model.	Our approach to addressing the matter, with the assistance of our valuation experts, involved the following procedures, amongst others: • updated our understanding of management's ECL model including any changes to source data, assumptions and tested the mathematical integrity of the model. • evaluated the design and tested the operating effectiveness of the relevant controls for the forward-looking information in the ECL determination, by inspection of the review and approval of key assumptions, judgements and forward-looking assumptions prior to being incorporated within the ECL model. • on a sample basis, tested the critical data fields used in the ECL model for the PD determination, such as the credit rating, date of default (if any), and type of debt security by tracing back to source documents including external public information where available. • evaluated the appropriateness of management's judgements pertaining to forward looking information, including macroeconomic factors, which is the basis of the multiple economic scenarios used. Sensitised the various inputs and assumptions as part of our reasonability tests. This evaluation considered the impact of COVID-19 on credit risk.

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Other information

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

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

PricewaterhouseCoopers SRL

PricewaterhouseCoopers SRL
Bridgetown, Barbados
March 18, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021 and December 31, 2020

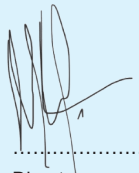
SAGICOR FINANCIAL COMPANY Ltd.

Amounts expressed in US $000

	Note	2021	2020
ASSETS			
Investment property	5	75,954	78,295
Property, plant and equipment	7	266,781	266,569
Associates and joint ventures	6	55,261	165,791
Intangible assets	8	89,101	95,872
Financial investments	9	7,889,752	6,626,839
Financial investments repledged	9	608,343	611,730
Reinsurance assets	10	630,717	715,739
Income tax assets	11	47,161	26,330
Miscellaneous assets and receivables	12	276,752	239,538
Cash		359,975	359,972
Restricted cash		78,135	79,638
Total assets		**10,377,932**	**9,266,313**

	Note	2021	2020
LIABILITIES			
Actuarial liabilities	13	4,792,627	4,152,701
Other policy liabilities	14	341,441	292,676
Investment contract liabilities	15	468,094	437,604
Total policy liabilities		5,602,162	4,882,981
Notes and loans payable	16	683,388	471,622
Lease liabilities	47	32,836	39,609
Deposit and security liabilities	17	1,996,373	1,826,759
Other liabilities / retirement benefit liabilities	18	81,513	66,542
Income tax liabilities	19	61,926	65,128
Accounts payable and accrued liabilities	20	253,521	255,462
Total liabilities		**8,711,719**	**7,608,103**
EQUITY			
Share capital	21	1,431	1,463
Share premium	21	737,114	753,490
Reserves	22	(60,472)	(14,868)
Retained earnings		455,897	369,695
Total shareholders' equity		1,133,970	1,109,780
Participating accounts	23	581	1,607
Non-controlling interests	4.4	531,662	546,823
Total equity		**1,666,213**	**1,658,210**
Total liabilities and equity		**10,377,932**	**9,266,313**

These financial statements have been approved for issue by the Board of Directors on March 18, 2022.



Director

Director

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31, 2021 and December 31, 2020

SAGICOR FINANCIAL COMPANY Ltd.

Amounts expressed in US $000

	Note	2021	2020
REVENUE			
Premium revenue	24	1,817,497	1,501,952
Reinsurance premium expense	24	(104,347)	(98,525)
Net premium revenue		1,713,150	1,403,427
Gain on derecognition of amortised cost investments		23,177	8,889
Gain on derecognition of assets carried at FVOCI		22,778	20,169
Interest income earned from financial assets measured at amortised cost and FVOCI	26	337,414	314,759
Other investment income	26	92,383	16,144
Credit impairment losses		4,328	(23,997)
Fees and other revenue	27	165,864	138,976
Total revenue, net		**2,359,094**	**1,878,367**
BENEFITS			
Policy benefits and change in actuarial liabilities	25	1,499,804	1,269,184
Policy benefits and change in actuarial liabilities reinsured	25	(11,070)	(90,418)
Net policy benefits and change in actuarial liabilities		1,488,734	1,178,766
Interest costs	28.1	42,673	42,893
Total benefits		**1,531,407**	**1,221,659**
EXPENSES			
Administrative expenses		349,787	340,567
Commissions and related compensation		135,998	121,158
Premium and asset taxes		17,524	14,914
Finance costs	28.2	45,054	44,885
Depreciation and amortisation		32,701	39,559
Total expenses		**581,064**	**561,083**

	Note	2021	2020
OTHER			
Gain / (loss) arising on business combinations, acquisitions and divestitures	37	10,706	(1,262)
Share of operating income / (loss) of associates and joint ventures	6.1	7,404	(34,957)
Loss on impairment of investment in associates and joint ventures	6.1	-	(31,804)
Total other income / (loss)		**18,110**	**(68,023)**
INCOME BEFORE TAXES		264,733	27,602
Income taxes	32	(68,257)	(42,732)
NET INCOME / (LOSS) FOR THE YEAR		**196,476**	**(15,130)**
Net income / (loss) is attributable to:			
Common shareholders		133,179	(3,605)
Participating policyholders		(622)	1,359
Non-controlling interests	4.1	63,919	(12,884)
		196,476	(15,130)
Earnings per common share:	34		
Basic earnings per common share		91.9 cents	(2.4) cents
Fully diluted earnings per common share		90.7 cents	(2.4) cents

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31, 2021 and December 31, 2020

SAGICOR FINANCIAL COMPANY Ltd.

Amounts expressed in US $000

OTHER COMPREHENSIVE INCOME	Note	2021	2020
Items net of tax that may be reclassified subsequently to income:	35		
Financial assets measured at FVOCI:			
(Losses) / gains on revaluation		(40,514)	97,266
Gains transferred to income		(19,599)	(16,567)
Net change in actuarial liabilities		16,168	(51,973)
Cash flow hedges		3,448	(753)
Retranslation of foreign currency operations		(71,841)	(38,195)
Other reserves		-	(20)
		(112,338)	(10,242)
Items net of tax that will not be reclassified subsequently to income:	35		
Gains / (losses) on revaluation of owner-occupied and owner-managed property		12,176	(14,880)
Losses on equity securities designated as FVOCI		-	(149)
(Losses) / gains on defined benefit plans		(15,628)	3,474
		(3,452)	(11,555)
OTHER COMPREHENSIVE LOSS		**(115,790)**	**(21,797)**

TOTAL COMPREHENSIVE INCOME	2021	2020
Net income / (loss)	196,476	(15,130)
Other comprehensive loss	(115,790)	(21,797)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**80,686**	**(36,927)**
Total comprehensive income / (loss) is attributable to:		
Common shareholders	72,946	(3,045)
Participating policyholders	(841)	577
Non-controlling interests	8,581	(34,459)
	80,686	(36,927)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2021 and December 31, 2020

SAGICOR FINANCIAL COMPANY Ltd.

Amounts expressed in US $000

	Share Capital (note 21)	Share Premium (note 21)	Reserves (note 22)	Retained Earnings	Total Shareholders' Equity	Participating Accounts (note 23)	Non-controlling Interests	Total Equity
2021								
Balance, December 31, 2020	1,463	753,490	(14,868)	369,695	1,109,780	1,607	546,823	1,658,210
Total comprehensive income	-	-	(51,300)	124,246	72,946	(841)	8,581	80,686
Transactions with holders of equity instruments:								
Allotment of common shares	8	4,162	-	-	4,170	-	-	4,170
Repurchase of shares (note 21)	(40)	(20,539)	-	600	(19,979)	-	-	(19,979)
Movement in treasury shares	-	1	-	-	1	-	-	1
Changes in reserve for equity compensation benefits	-	-	(606)	8	(598)	-	35	(563)
Dividends declared (note 21)	-	-	-	(32,539)	(32,539)	-	(19,132)	(51,671)
Changes in ownership interest in subsidiaries	-	-	-	(2)	(2)	-	(22)	(24)
Disposal of interest in subsidiaries	-	-	-	(13)	(13)	-	(3,181)	(3,194)
Transfers and other movements	-	-	6,302	(6,098)	204	(185)	(1,442)	(1,423)
Balance, December 31, 2021	**1,431**	**737,114**	**(60,472)**	**455,897**	**1,133,970**	**581**	**531,662**	**1,666,213**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2021 and December 31, 2020

SAGICOR FINANCIAL COMPANY Ltd.

Amounts expressed in US $000

	Share Capital (note 21)	Share Premium (note 21)	Reserves (note 22)	Retained Earnings	Total Shareholders' Equity	Participating Accounts (note 23)	Non-controlling Interests	Total Equity
2020								
Balance, December 31, 2019	1,477	762,015	(9,023)	399,582	1,154,051	1,223	594,506	1,749,780
Total comprehensive income	-	-	(2,779)	(266)	(3,045)	577	(34,459)	(36,927)
Transactions with holders of equity instruments:								
Allotment of common shares	15	6,848	-	-	6,863	-	-	6,863
Repurchase of shares (note 21)	(29)	(15,367)	-	2,095	(13,301)	-	-	(13,301)
Movement in treasury shares	-	(6)	-	-	(6)	-	-	(6)
Changes in reserve for equity compensation benefits	-	-	(3,921)	42	(3,879)	-	64	(3,815)
Dividends declared (note 21)	-	-	-	(33,243)	(33,243)	-	(13,664)	(46,907)
Changes in ownership interest in subsidiaries	-	-	-	(70)	(70)	-	(251)	(321)
Acquisition/disposal of subsidiary and insurance business	-	-	-	-	-	-	(108)	(108)
Transfers and other movements	-	-	855	1,555	2,410	(193)	735	2,952
Balance, December 31, 2020	**1,463**	**753,490**	**(14,868)**	**369,695**	**1,109,780**	**1,607**	**546,823**	**1,658,210**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31, 2021 and December 31, 2020

SAGICOR FINANCIAL COMPANY Ltd.

Amounts expressed in US $000

	Note	2021	2020
OPERATING ACTIVITIES			
Income before taxes		264,733	27,602
Adjustments for non-cash items, interest and dividends	36.1	396,330	371,057
Interest and dividends received		389,798	329,337
Interest paid		(90,633)	(84,672)
Income taxes paid		(66,276)	(39,610)
Net change in investments and operating assets	36.1	(1,084,876)	(876,462)
Net change in operating liabilities	36.1	315,806	173,640
Net cash flows - operating activities		**124,882**	**(99,108)**
INVESTING ACTIVITIES			
Property, plant and equipment, net	36.2	(10,638)	(14,993)
Associates and joint ventures		50,068	(5,951)
Dividends received from associates and joint ventures		1,060	708
Purchase of intangible assets		(4,312)	(3,840)
Changes in subsidiary holdings, net of cash and cash equivalents		(23)	(320)
Net cash flows - investing activities		**36,155**	**(24,396)**

	Note	2021	2020
FINANCING ACTIVITIES			
Repurchase of common shares		(19,979)	(13,301)
Movement of treasury shares		1	(6)
Redemption of preference shares		-	(6)
Shares (purchased from) / issued to non-controlling interests		(1,551)	455
Issuance of notes and loans payable	36.3	552,304	68,245
Repayments on notes and loans payable	36.3	(330,777)	(109,514)
Lease liability principal paid	36.4	(7,845)	(5,697)
Dividends paid to common shareholders		(32,548)	(33,279)
Dividends paid to preference shareholders		-	(1)
Dividends paid to non-controlling interests		(19,132)	(5,746)
Net cash flows - financing activities		**140,473**	**(98,850)**
Effects of exchange rate changes		(11,927)	(5,782)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**289,583**	**(228,136)**
Cash and cash equivalents, beginning of year		547,208	775,344
CASH AND CASH EQUIVALENTS, END OF YEAR	36.5	**836,791**	**547,208**

1 GENERAL INFORMATION

Sagicor Financial Company Ltd. (TSX: SFC, "Sagicor" or the "Company") is a leading financial services provider in the Caribbean, with over 180 years of history. SFC's registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda, with its principal office located at Cecil F De Caires Building, Wildey, St. Michael, Barbados.

On November 27, 2018, Sagicor Financial Corporation Limited ("SFCL") entered into a definitive arrangement agreement as amended on January 28, 2019 with Alignvest Acquisition II Corporation ("Alignvest"), a special purpose acquisition company ("SPAC"), pursuant to which on December 5, 2019, Alignvest acquired all of the issued and outstanding shares of SFCL by way of an Ontario court approved plan of arrangement and a Bermuda court approved scheme of arrangement (the "Arrangement"). On closing, Alignvest changed its name to Sagicor Financial Company Ltd., whose operations continue as SFC, and owns 100% of the shares in the capital of SFCL.

The Company now trades on the Toronto Stock Exchange under the new symbols "SFC" and "SFC.WT". With a listing on the Toronto Stock Exchange, Sagicor Financial Corporation Limited's common shares, formerly listed on the London and Trinidad and Tobago Stock Exchanges, have ceased trading and have been delisted from the London and the Trinidad and Tobago Stock Exchanges. The former listing on the Barbados Stock Exchange has ceased trading.

1 GENERAL INFORMATION (continued)

Sagicor and its subsidiaries ("the Group") operate across the Caribbean and in the United States of America (USA). Details of Sagicor's holdings and operations are set out in note 4.

The principal activities of the Sagicor Group are as follows:

- Life and health insurance,
- Annuities and pension administration services,
- Banking and investment management services,

and its principal operating companies are as follows:

- Sagicor Life Inc (Barbados and Trinidad & Tobago),
- Sagicor Life Jamaica Limited (Jamaica),
- Sagicor Bank Jamaica Limited (Jamaica),
- Sagicor Life Insurance Company (USA).

The Group also underwrites property and casualty insurance and provides hospitality services.

For ease of reference, when the term "insurer" is used in the following notes, it refers to either one or more Group subsidiaries that engages in insurance activities.

These consolidated financial statements for the year ended December 31, 2021 have been approved by the Board of Directors on March 18, 2022. Neither the Company's owners nor others have the power to amend the financial statements after issue.

2 ACCOUNTING POLICIES

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

2.1 Basis of preparation

These consolidated financial statements are prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS).

The Group has adopted accounting policies for the computation of actuarial liabilities of life insurance and annuity contracts using approaches consistent with the principles of the Canadian standards of practice. As no specific guidance is provided by IFRS for computing actuarial liabilities, management has judged that the Canadian standards of practice should continue to be applied. The adoption of IFRS 4 – Insurance Contracts, permits the Group to continue with this accounting policy, with the modification required by IFRS 4 that rights under reinsurance contracts are measured separately.

The consolidated financial statements are prepared under the historical cost convention except as modified by the revaluation of investment property, owner-occupied property, financial assets carried at fair value through other comprehensive income, financial asset and liabilities held at fair value through income, actuarial liabilities and associated reinsurance assets.

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. The areas involving a higher degree of judgement or complexity, or areas when assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

All amounts in these financial statements are shown in thousands of United States dollars, unless otherwise stated.

2.1 Basis of preparation (continued)

The Group has adopted the amendments to IFRS and IAS set out in the following tables.

Amendments to existing IFRS effective periods beginning on or after June 30, 2020

Standard	Description of amendment
IFRS 16 – Leases; COVID-19 related rent concessions	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On May 28, 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. See note 2.27 for amendment effective April 1, 2022. This standard has no material effect on the Group.

Amendments to existing IFRS and IAS effective January 1, 2021

Standard	Description of amendment
IFRS 17 and IFRS 4 – Insurance contracts; deferral of IFRS 9	These amendments defer the date of application of IFRS 17 by two years to January 1, 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9 – Financial Instruments, until January 1, 2023. The effect of these standards on the Group follows in note 2.27 in the section, "IFRS 17 – Insurance Contracts, effective January 1, 2023".

2.1 Basis of preparation (continued)

Amendments to existing IFRS and IAS effective January 1, 2021 (continued)

Standard	Description of amendment
IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform, Phase 2	The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. This standard has no material effect on the Group.

IFRIC clarification on Cloud Computing – Software as a Service configuration and customisation costs

In April 2021, following its decision in March 2021, the IFRIC published its position on accounting for configuration and customisation costs in a Software as a Service (SaaS) arrangement, which was ratified by the IASB. The IASB expects entities to assess if any changes are needed and to implement any changes which are required to align with IAS 38, which requires that such costs should be expensed when the service is received.

As at December 31, 2021, the Group's treatment of these costs is in line with the IFRIC and IASB positions and therefore there is no material effect on the Group.

2.2 Basis of consolidation

(a) Subsidiaries

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

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

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

The excess of the cost of the acquisition, the non-controlling interest recognised and the fair value of any previously held equity interest in the acquiree, over the fair value of the net identifiable assets acquired is recorded as goodwill. If there is no excess and there is a shortfall, the Group reassesses the net identifiable assets acquired. If after reassessment, a shortfall remains, the acquisition is deemed to be a bargain purchase and the shortfall is recognised in income as a gain on acquisition.

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

2.2 Basis of consolidation (continued)

Non-controlling interest balances represent the equity in a subsidiary not attributable to Sagicor's interest.

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

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

(b) Sale of subsidiaries

On the sale of or loss of control of a subsidiary, the Group derecognises the related assets, liabilities, non-controlling interest and associated goodwill of the subsidiary. The Group reclassifies its share of balances of the subsidiary previously recognised in other comprehensive income either to income or to retained earnings as appropriate. The gain (or loss) on sale recorded in income is the excess (or shortfall) of the fair value of the consideration received over the derecognised and reclassified balances.

2.2 Basis of consolidation (continued)

(c) 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 companies are accounted for as associates in instances when significant influence exists even though the shareholding may be less than 20%.

Investments in associate and joint venture companies are originally recorded at cost and include intangible assets identified on acquisition.

Accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Assets of certain associates include significant proportions of investment property and financial instruments invested in investment property which are carried at fair value in accordance with the valuation procedures outlined in note 2.5.

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 and joint ventures are eliminated to the extent of the Group's interest.

The Group recognises in other comprehensive income, its share of post-acquisition other comprehensive income. The Group recognises an impairment of its net investment in an associate or a joint venture when there is objective evidence that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the associate's or joint venture's fair value less costs to sell and its value in use.

2.2 Basis of consolidation (continued)

(d) Pension and investment funds

Insurers have issued deposit administration and unit linked contracts in which the 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 segregated pension funds, mutual funds and unit trusts. These funds are segregated and investment returns on these funds accrue directly to unitholders. Consequently, the assets, liabilities and activity of these funds are not included in these consolidated financial statements unless the Group has a significant holding in the fund. Where a significant holding exists, the Group either consolidates the assets, liabilities and activity of the fund and accounts for any non-controlling interest as a financial liability or accounts for the fund as an associate.

(e) Employees share ownership plan (ESOP)

The Company has established an ESOP Trust, which either acquires Company shares on the open market, or is allotted new shares by the Company. The Trust holds the shares on behalf of employees until the employees' retirement or termination from the Group. Until distribution to employees, shares held by the Trust are accounted for as treasury shares. All dividends received by the Trust are applied towards the future purchase of Company shares.

2.3 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each reporting unit of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). A reporting unit may be an individual subsidiary, a branch of a subsidiary or an intermediate holding company group of subsidiaries.

The consolidated financial statements are presented in thousands of United States dollars, which is the Group's presentational currency.

(b) Reporting units

The results and financial position of reporting units that have a functional currency other than the Group's presentational currency are translated as follows:

(i) Income, other comprehensive income, movements in equity and cash flows are translated at average exchange rates for the year.
(ii) Assets and liabilities are translated at the exchange rates ruling on December 31.
(iii) Resulting exchange differences are recognised in other comprehensive income.

Currencies which are pegged to the United States dollar are converted at the pegged rates. Currencies which float are converted to the United States dollar by reference to the average of buying and selling rates quoted by the respective central banks. Exchange rates of the other principal operating currencies to the United States dollar are set out in the following table.

	2021 closing	2021 average	2020 closing	2020 average
Barbados dollar	2.0000	2.0000	2.0000	2.0000
Eastern Caribbean dollar	2.7000	2.7000	2.7000	2.7000
Jamaica dollar	153.9200	149.7042	142.4534	141.7506
Trinidad & Tobago dollar	6.7626	6.7426	6.7612	6.7462

2.3 Foreign currency translation (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recorded in other comprehensive income. On the disposal or loss of control of a foreign entity, such exchange differences are transferred to income.

Goodwill and other intangible assets recognised on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the rate ruling on December 31.

(c) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses, which result from the settlement of foreign currency transactions and from the retranslation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary assets and liabilities, primarily deferred policy acquisition costs and unearned premiums, are maintained at the transaction rates of exchange.

The foregoing exchange gains and losses which are recognised in the income statement are included in other revenue.

Exchange differences on the retranslation of the fair value of non-monetary items such as equities held at fair value through income are reported as part of the fair value gain or loss. Exchange differences on the retranslation of the fair value of non-monetary items such as equities held as FVOCI are reported as part of the fair value gain or loss in other comprehensive income.

2.4 Segments

Reportable operating segments have been defined in accordance with performance and resource allocation decisions of the Group's Chief Executive Officer.

2.5 Investment property

Investment property consists of freehold lands 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 as determined by independent valuation, with the appreciation or depreciation in value being taken to investment income. Fair value represents the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at the valuation date. Fair values are derived using the market value approach and the income capitalisation approach, which reference market-based evidence, using comparable prices adjusted for specific factors such as nature, location and condition of property.

Investment property includes property partially owned by the Group and held under joint operations with third parties for which the Group recognises its share of the joint operation's assets, liabilities, revenues, expenses and cash flows.

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 2.6.

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 property.

Rental income is recognised in accordance with note 2.10(a).

2.6 Property, plant and equipment

Property, plant and equipment are recorded initially at cost. Subsequent expenditure is capitalised when it will result in future economic benefits to the Group.

2.6 Property, plant and equipment (continued)

Owner-occupied properties and owner-managed hotel properties are re-valued at least every three years to their fair value as determined by independent valuation. Fair value represents the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at valuation date. Revaluation of a property may be conducted more frequently if circumstances indicate that a significant change in fair value has occurred. Movements in fair value are reported in other comprehensive income, unless there is a cumulative depreciation in respect of an individual property, which is then recorded in income. Accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset.

Owner-occupied properties include property held under joint operations with third parties for which the Group recognises its share of the joint operation's assets, liabilities, revenues, expenses and cash flows. On the disposal of the property, the amount included in the fair value reserve is transferred to retained earnings.

The Group, as lessor, enters into operating leases with third parties to lease certain property, plant and equipment. Income from these activities is recognised in accordance with note 2.10(a) in accordance with IFRS 16 - Leases.

Depreciation is calculated on the straight-line method to write down the cost or fair value of property, plant and equipment to residual value over the estimated useful life. Estimated useful lives are reviewed annually and are as follows:

Asset	Estimated useful life
Owner-occupied buildings	40 to 50 years
Owner-managed hotel buildings	40 to 50 years
Furnishings and leasehold improvements	2 to 10 years, or lease term
Computer and office equipment	1 to 10 years
Vehicles	4 to 5 years
Right-of-use assets	1.5 to 12 years

Lands are not depreciated.

2.6 Property, plant and equipment (continued)

An impairment loss is recognised for the amount by which an 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 its value in use.

Gains or losses recognised in income on the disposal of property, plant and equipment are determined by comparing the net sale proceeds to the carrying value.

2.7 Intangible assets

(a) Goodwill

Goodwill (defined in note 2.2(a)) arising from an acquisition of a subsidiary or insurance business is allocated to appropriate cash generating units which are defined by the Group's operating segments. Goodwill arising in a reportable operating segment is allocated to that segment. Goodwill arising in a Group entity, which is not within a reportable operating segment, is allocated to that entity's own operations, or, if that entity is managed in conjunction with another Group entity, to their combined operations.

Goodwill arising from an investment in an associate is included in the carrying value of the investment.

Goodwill is tested annually for impairment and whenever there is an indication of impairment. Goodwill is carried at cost less accumulated impairment. An impairment loss is recognised for the amount by which the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is the higher of an operating segment's (or operation's) fair value less costs to sell and its value in use.

On the disposal of a subsidiary or insurance business, the associated goodwill is derecognised and is included in the gain or loss on disposal. On the disposal of a subsidiary or insurance business forming part of a reportable operating segment, the proportion of goodwill disposed is the proportion of the fair value of the asset disposed to the total fair value of the operating segment.

2.7 Intangible assets (continued)

(b) Other intangible assets

Other intangible assets identified on acquisition are recognised only if future economic benefits attributable to the asset will flow to the Group and if the fair value of the asset can be measured reliably. In addition, for the purposes of recognition, the intangible asset must be separable from the business being acquired or must arise from contractual or legal rights. Intangible assets acquired in a business combination are initially recognised at their fair value.

Other intangible assets, which have been acquired directly, are recorded initially at cost.

On acquisition, the useful life of the asset is estimated. If the estimated useful life is definite, then the cost of the asset is amortised over its life, and the asset is tested for impairment when there is evidence of same. If the estimated useful life is indefinite, the asset is tested annually for impairment. 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 its value in use. The estimated useful lives of recognised intangible assets are as follows:

Class of intangible asset	Asset	Estimated useful life
Customer-related	Customer relationships	5 - 20 years
	Broker relationships	10 years
	Trade names	10 years
Contract-based	Licences	15 years
Technology-based	Software	2 – 5 years

2.8 Real estate developed or held for resale

Lands being made ready for resale along with the cost of infrastructural works are classified as real estate held for resale and are stated at the lower of carrying value and fair value less costs to sell. Real estate acquired through foreclosure is classified as real estate held for resale and is stated at the lower of carrying value and fair value less costs to sell.

Gains and losses realised on the sale of real estate are included in revenue at the time of sale.

2.9 Financial investments

(a) Classification of financial assets

The Group utilises a principles-based approach to the classification of financial assets. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortised cost based on the nature of the cash flows of these assets and the Group's business model. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to profit or loss.

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

(b) Classification of debt instruments

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories.

Measured at amortised cost

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

2.9 Financial investments (continued)

Measured at fair value through other comprehensive income (FVOCI)

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

Measured at fair value through profit and loss (FVTPL)

Debt instruments are classified in this category if they meet one or more of the criteria set out below and are so designated irrevocably at inception:

- the use of the designation removes or significantly reduces an accounting mismatch;
- when the performance of a group of financial assets is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;
- when the debt instruments are held for trading and are acquired principally for the purpose of selling in the short-term or if they form part of a portfolio of financial assets in which there is evidence of short-term profit-taking.

Business model assessment

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

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

2.9 Financial investments (continued)

Solely payments of principal and interest ("SPPI")

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

(c) Unit linked funds fair value model

The Group's liabilities include unit linked funds which are components of insurance contracts issued or unit linked investment contracts issued with terms that the full investment return earned on the backing assets accrue to the contract-holders. Where these liabilities are accounted for at FVTPL, the financial investments backing these liabilities are consequently classified as and measured at FVTPL. This is to eliminate any accounting mismatch.

(d) Impairment of financial assets measured at amortised cost and FVOCI

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

2.9 Financial investments (continued)

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

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

(e) Purchased or originated credit-impaired assets (POCI)

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. These financial assets are credit-impaired on initial recognition. The Group calculates the credit-adjusted effective interest rate, which is calculated based on the fair value origination of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. The ECL of these assets is always measured on a lifetime basis.

At each reporting date, the Group shall recognise in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss. The Group will recognise favourable changes in lifetime expected credit losses as an impairment gain, the gain occurs when the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

2.9 Financial investments (continued)

(f) Definition of default

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

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

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

(g) Write-off

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

(h) The general approach to recognising and measuring ECL

The measurement of ECL reflects:

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

2.9 Financial investments (continued)

Measurement

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

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience; but given that IFRS 9 requirements have only been applied since January 1, 2018, the historical period for such review is limited. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions, remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling, and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, and particularly to changes in economic and credit conditions across wide geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD. Stage 3 estimates will continue to leverage pre-January 1, 2018 processes for estimating losses on impaired loans; however, these processes will be updated as experience develops, including the requirement to consider multiple forward-looking scenarios. An expected credit loss estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating expected credit losses.

2.9 Financial investments (continued)

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

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

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

Forward-looking information

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

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

2.9 Financial investments (continued)

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

(i) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Group assesses whether the new terms are substantially different from the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit-share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency in which the loan is denominated.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial investment and recognises a new investment at fair value and recalculates the new effective interest rate for the investment. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk.

(j) Reclassified balances

The Group reclassifies debt securities when and only where its business model for managing those investments changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

2.9 Financial investments (continued)

(k) Classification of equity instruments

The Group classifies and subsequently measures all equity investments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

(l) Embedded derivatives

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

(m) Presentation in the statements of income and other comprehensive income (OCI)

Financial instruments measured at FVTPL

Realised changes in fair value, unrealised changes in fair value, interest income and dividend income are included in other investment income.

Financial instruments at amortised cost

- Interest income is included in interest income earned from financial assets measured at amortised cost in the consolidated statement of income.
- Credit impairment losses are included in the consolidated statement of income.
- Gain or loss on derecognition of debt securities is presented in the consolidated statement of income.

Financial instruments measured at FVOCI

- Interest income is included in interest income earned from financial assets measured at FVOCI in the consolidated statement of income.
- Credit impairment losses are included in the consolidated statement of income.
- Unrealised gains and losses arising from changes in fair value are presented in OCI.
- On derecognition, the cumulative fair value gain or loss is transferred from OCI and is presented in the consolidated statement of income.

2.9 Financial investments (continued)

Equity securities measured at FVOCI

- Dividend income is included in other investment income.
- Unrealised changes in fair value presented in OCI. Any impairment losses are included with fair value changes.
- On derecognition, the cumulative gain or loss in OCI remains in the fair value reserve for FVOCI assets.

2.10 Leases

(a) Leases held as lessor

The Group holds finance leases with third parties to lease assets. Finance leases are leases in which the Group has transferred substantially the risks of ownership to the lessee. The finance lease, net of unearned finance income, is recorded as a receivable and the finance income is recognised over the term of the lease using the effective yield method. Impairment of finance lease receivables is measured in accordance with the requirements for amortised cost debt instruments.

The Group holds operating leases primarily for the rental of investment property and certain owner-occupied property. The Group recognises revenue from these activities on a straight-line basis or on another systematic basis if that basis is more representative of the pattern of use of the underlying asset.

(b) Leases held as lessee

At the inception of a rental contract for office space or a contract for the use of an asset, the Group assesses whether the contract contains a lease. A contract is, or contains, a lease if it conveys to the Group the right to control the use of the office space or asset for a time period in exchange for consideration. The Group has elected to use the exemption for lease periods with a term of 12 months or less, or those leases for which the underlying asset has a low value, in which case the lease payments are recognised in administrative expenses. Low value assets comprise IT equipment and small items of office furniture.

2.10 Leases (continued)

For a contract that contains a lease, the Group may account for the lease component separately from the non-lease component. As a practical expedient, the Group elected, by class of underlying asset, not to separate the non-lease and lease components, and instead account for the contract as a lease.

As of the date the asset is available for use by the Group (the commencement date), a right-of-use asset and a corresponding lease liability are recognised.

The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the Group; and
(d) restoration costs.

The Group recognises the costs described in paragraph (d) as part of the cost of the right-of-use asset when it incurs an obligation for those costs.

Right-of-use assets are presented within property, plant and equipment and are subsequently measured at cost less depreciation. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

At the commencement date, the Group measures the lease liability as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2.10 Leases (continued)

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments, less any lease incentives receivable;
(b) amounts expected to be payable by the lessee under residual value guarantees;
(c) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options need to be approved by the lessor. There are no variable lease payments and there were no residual value guarantees on leases.

Lease payments are allocated between principal and finance cost. The Group recognises interest on the lease liability in each accounting period during the lease term, which is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

After the commencement date, the lease liability is measured by:

(a) increasing the carrying amount to reflect interest on the lease liability;
(b) reducing the carrying amount to reflect the principal portion of lease payments made; and
(c) remeasuring the carrying amount to reflect reassessment or lease modifications, or to reflect revised fixed lease payments.

Lease liabilities are included in lease liabilities in the statement of financial position. The associated interest is included in finance costs in the statement of income. Leases give rise to lease liability principal elements and interest elements in the statement of cash flows.

2.11 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.

Classification

Financial liabilities are measured at initial recognition at fair value and are classified as and subsequently measured either at amortised cost, or at fair value through profit and loss (FVTPL). Financial liabilities are recognised when the Group becomes a party to the contractual provision of the instrument.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The financial liabilities described under the unit linked fair value model (note 2.9 (c)) are classified and measured at FVTPL as the Group is obligated to provide investment returns to the unit holder in direct proportion to the investment returns on a specific portfolio of assets, which are also carried at FVTPL. Derivative financial liabilities are carried at FVTPL (note 2.12). All other financial liabilities are carried at amortised cost. It is noted that the financial liabilities measured at FVTPL do not have a cumulative own credit adjustment gain or loss.

The recognition and measurement of the Group's principal types of financial liabilities are disclosed in note 2.14(b) (vii) and in the following paragraphs.

(a) Securities sold for repurchase

Securities sold for repurchase are treated as collateralised financing transactions and are recorded at the amount at which the securities were sold. Securities sold subject to repurchase are not derecognised but are treated as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The difference between the sale and repurchase price is treated as interest and is accrued over the life of the agreements using the effective yield method.

The liability is extinguished when the obligation specified in the contract is discharged, assigned, cancelled or has expired.

2.11 Financial liabilities (continued)

(b) Deposit liabilities

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

(c) Loans and other debt obligations

Loans and other debt obligations are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, obligations are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the loan obligations using the effective yield method.

Obligations undertaken for the purposes of financing operations and capital support are classified as notes or loans payable. Loan obligations undertaken for the purposes of providing funds for on-lending, leasing or portfolio investments are classified as deposit and security liabilities.

(d) Fair value

Fair value amounts represent the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at valuation date.

(e) Presentation in the statement of income

For notes and loans payable measured at amortised cost, the associated interest is included in finance costs.

For deposit and security liabilities measured at amortised cost, the associated interest expense is included within interest costs.

For financial liabilities measured at FVTPL, the associated interest and fair value changes are included within interest costs.

2.12 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 financial statement date. 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. 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 strategies for undertaking various hedging transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedges, gains and losses relating to the effective portion of changes in the fair value of derivatives are initially recognised in other comprehensive income; and are transferred to the statement of income when the forecast cash flows affect income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of income.

Gains and losses from changes in the fair value of derivatives that do not qualify for hedge accounting are included in net investment income or interest expense.

2.13 Offsetting financial instruments

Financial assets and financial 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 realise the asset and settle the liability simultaneously.

2.14 Policy contracts

(a) Classification

The Group issues policy contracts that transfer insurance risk and/or financial risk from the policyholder.

The Group defines insurance risk as an insured event that could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transaction.

Insurance contracts transfer insurance risk and may also transfer financial risk. Once a contract has been classified as an insurance contract, it remains an insurance contract for its duration, even if the insurance risk reduces significantly over time. Investment contracts transfer financial risk and no significant insurance risk. Financial risk includes credit risk, liquidity risk and market risk.

A reinsurance contract is an insurance contract in which an insurance entity cedes assumed risks to another insurance entity.

2.14 Policy contracts (continued)

Certain insurance contracts contain a discretionary participation feature. A discretionary participation feature entitles the holder to receive, supplementary to the main benefit, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- for which the amount or timing is contractually at the discretion of management; and
- that are contractually based on:
    - the performance of a specified pool of contracts;
    - investment returns on a specified pool of assets held by the insurer; or
    - the profit or loss of a fund or insurer issuing the contract.

Policy bonuses and policy dividends constitute discretionary participation features which the Group classifies as liabilities.

Residual gains in the participating accounts constitute discretionary participation features which the Group classifies as equity (see also note 2.21).

(b) Recognition and measurement

(i) Property and casualty insurance contracts

Property and casualty insurance contracts are generally one-year renewable contracts issued by the insurer covering insurance risks over property, motor, accident and liability.

Property insurance contracts provide coverage for the risk of property damage or of loss of property. Commercial property, homeowners' property, motor and certain marine property are common types of risks covered. For commercial policyholders, insurance may include coverage for loss of earnings arising from the inability to use property which has been damaged or lost.

Casualty insurance contracts provide coverage for the risk of causing physical harm or financial loss to third parties. Personal accident, employers' liability, public liability, product liability and professional indemnity are common types of casualty insurance.

2.14 Policy contracts (continued)

Premium revenue is recognised as earned on a pro-rated basis over the term of the respective policy coverage. If alternative insurance risk exposure patterns have been established over the term of the policy coverage, then premium revenue is recognised in accordance with the risk exposure. The provision for unearned premiums represents the portion of premiums written relating to the unexpired terms of coverage.

Claims and loss adjustment expenses are recorded as incurred. Claim reserves are established for both reported and unreported claims. Claim reserves represent estimates of future payments of claims and related expenses less anticipated recoveries with respect to insured events that have occurred up to the date of the financial statements.

An insurer may obtain reinsurance coverage for its property and casualty insurance risks. The reinsurance ceded premium is expensed on a pro-rata basis over the term of the respective policy coverage or of the reinsurance contract as appropriate. Reinsurance claim recoveries are established at the time of the recording of the claim liability and are computed on a basis which is consistent with the computation of the claim liability. Profit-sharing commission due to the Group is accrued as commission income when there is reasonable certainty of earned profit.

Commissions and premium taxes payable are recognised on the same basis as premiums earned. At the date of the financial statements, commissions and premium taxes attributable to unearned premiums are recorded as deferred policy acquisition costs. Profit-sharing commission payable by the Group arises from contracts between an insurer and a broker; it is accrued on an individual contract basis and recognised when the reinsurance premium is recorded.

(ii) Health insurance contracts

Health insurance contracts are generally one-year renewable contracts issued by the insurer covering insurance risks for medical expenses of insured persons.

Premium revenue is accrued when due for contracts where the premium is billed monthly. For contracts where the premium is billed annually or semi-annually, premium revenue is recognised as earned on a pro-rata basis over the term of the respective policy coverage. The provision for unearned premiums represents the portion of premiums written relating to the unexpired terms of coverage.

2.14 Policy contracts (continued)

Claims are recorded on settlement. Reserves are recorded as described in note 2.15.

An insurer may obtain reinsurance coverage for its health insurance risks. The reinsurance ceded premium is expensed on a pro-rata basis over the term of the respective policy coverage or of the reinsurance contract as appropriate.

Commissions and premium taxes payable are recognised on the same basis as premiums earned.

(iii) Long-term traditional insurance contracts

Long-term traditional insurance contracts are generally issued for fixed terms of five years or more, or for the remaining life of the insured. Benefits are typically a death, disability or critical illness benefit, a cash value on termination and/or a monthly annuity. Annuities are generally payable until the death of the beneficiaries with a proviso for a minimum number of payments. Some of these contracts have a discretionary participation feature in the form of regular bonuses or dividends. Other benefits such as disability and waiver of premium on disability may also be included in these contracts. Some contracts may allow for the advance of policy loans to the policyholder and may also allow for dividend withdrawals by the policyholder during the life of the contract.

Premium revenue is recognised when due. Typically, premiums are fixed and are required to be paid within the due period for payment. If premiums are unpaid, either the contract may terminate, an automatic premium loan may settle the premium, or the contract may continue at a reduced value.

Policy benefits are recognised on the notification of death, disability or critical illness, on the termination or maturity date of the contract, on the declaration of a cash bonus or dividend, or on the annuity payment date. Policy loans advanced are recorded as loans and receivables in the financial statements and are secured by the cash values of the respective policies. Policy bonuses may be “non-cash” and utilised to purchase additional amounts of insurance coverage. Accumulated cash bonuses and dividends are recorded as interest-bearing policy balances.

Reserves for future policy liabilities are recorded as described in note 2.15.

2.14 Policy contracts (continued)

An insurer may obtain reinsurance coverage for death benefit insurance risks. Typically, coverage is obtained for individual coverage exceeding prescribed limits. The reinsurance premium is expensed when due, which generally coincides with when the policy premium is due. Reinsurance claim recoveries are established at the time of claim notification.

Commissions and premium taxes payable are recognised on the same basis as earned premiums.

(iv) Long-term universal life and unit linked insurance contracts

Universal life and unit linked insurance contracts are generally issued for fixed terms or for the remaining life of the insured. Benefits are typically a death, disability or critical illness benefit, a cash value on termination and/or a monthly annuity. Annuities are generally payable until the death of the beneficiaries with a proviso for a minimum number of payments. Benefits may include amounts for disability or waiver of premium on disability.

Universal life and unit linked contracts have either an interest-bearing investment account or unit linked investment accounts. Either gross premiums or gross premiums net of allowances are deposited to the investment accounts. Investment returns which are credited to the investment accounts and expenses, not included in the afore-mentioned allowances, are debited to the investment accounts. Interest-bearing investment accounts may include provisions for minimum guaranteed returns or returns based on specified investment indices. Allowances and expense charges are in respect of applicable commissions, cost of insurance, administrative expenses and premium taxes. Fund withdrawals may be permitted.

Premium revenue is recognised when received and consists of all monies received from the policyholders. Typically, premiums are fixed at the inception of the contract or periodically thereafter, but additional non-recurring premiums may be paid.

Policy benefits are recognised on the notification of death, disability or critical illness, on the receipt of a withdrawal request, on the termination or maturity date of the contract, or on the annuity payment date. Reserves for future policy liabilities are recorded as described in note 2.15.

2.14 Policy contracts (continued)

An insurer may obtain reinsurance coverage for death benefit insurance risks. Typically, coverage is obtained for individual coverage exceeding prescribed limits. The reinsurance premium is expensed when due, which generally coincides with when the policy premium is due. Reinsurance claims recoveries are established at the time of claim notification.

Commissions and premium taxes payable are generally recognised only on settlement of premiums.

(v) Reinsurance contracts assumed

Reinsurance contracts assumed by an insurer are accounted for in a similar manner as if the insurer has assumed the risk directly from a policyholder.

Reinsurance contracts assumed include blocks of life and annuity policies assumed from third party insurers. In some instances, the Group also administers these policies.

(vi) Reinsurance contracts held

As noted in sections (i) to (iv) above, an insurer may obtain reinsurance coverage for insurance risks underwritten. The Group cedes insurance premiums and risk in the normal course of business in order to limit the potential for losses arising from its exposures. Reinsurance does not relieve the originating insurer of its liability.

Reinsurance contracts held by an insurer are recognised and measured in a similar manner to the originating insurance contracts and in accordance with the contract terms. Reinsurance premium ceded and reinsurance recoveries on claims are offset against premium revenue and policy benefits in the income statement.

The benefits to which an insurer is entitled under its reinsurance contracts held are recognised as reinsurance assets or receivables. Reinsurance assets and receivables are assessed for impairment. If there is evidence that the asset or receivable is impaired, the impairment is recorded in the statement of income. The obligations of an insurer under reinsurance contracts held are included in accounts payable and accrued liabilities and in actuarial liabilities.

Reinsurance balances are measured consistently with the insurance liabilities to which they relate.

2.14 Policy contracts (continued)

(vii) *Deposit administration and other investment contracts*

Deposit administration contracts are issued by an insurer to registered pension schemes for the deposit of pension plan assets with the insurer.

Deposit administration liabilities are recognised initially at fair value and are subsequently stated at:

- amortised cost where the insurer is obligated to provide investment returns to the pension scheme in the form of interest;
- fair value through profit and loss (FVTPL) where the insurer is obligated to provide investment returns to the pension scheme in direct proportion to the investment returns on specified blocks of assets.

Deposit administration contributions are recorded directly as liabilities. Withdrawals are deducted directly from the liability. The interest or investment return provided is recorded as an interest expense.

In addition, the Group may provide pension administration services to the pension schemes. The Group earns fee income for both pension administration and investment services.

Other investment contracts are recognised initially at fair value and are subsequently stated at amortised cost and are accounted for in the same manner as deposit administration contracts which are similarly classified.

(c) Embedded derivatives

Certain insurance contracts contain embedded derivatives which are options for which value may vary in response to changes in interest rates or other market variables.

The Group does not separately measure embedded derivatives that are closely related to the host insurance contract or that meet the definition of an insurance contract. Options to surrender an insurance contract for a fixed amount are also not measured separately. In these cases, the entire contract liability is measured as set out in note 2.15.

2.14 Policy contracts (continued)

(d) Liability adequacy tests

At the date of the financial statements, liability adequacy tests are performed by each insurer to ensure the adequacy of insurance 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.

2.15 Actuarial liabilities

(a) Life insurance and annuity contracts

The determination of actuarial liabilities of long-term insurance contracts has been done using approaches consistent with the principles of the Canadian standards of practice. These liabilities consist of the amounts that, together with future premiums and investment income, are required to provide for future policy benefits, expenses and taxes on insurance and annuity contracts. Canadian standards may change from time to time, but infrequently.

The process of calculating life insurance and annuity actuarial liabilities for future policy benefits necessarily involves the use of estimates concerning such factors as mortality and morbidity rates, future investment yields, future expense levels and persistency, including reasonable margins for adverse deviations. As experience unfolds, these resulting provisions for adverse deviations will be included in future income to the extent they are released when they are no longer required to cover adverse experience. Assumptions used to project benefits, expenses and taxes are based on insurer and industry experience and are updated annually.

2.15 Actuarial liabilities (continued)

Net insurance contract liabilities represent the amount which, together with estimated future premiums and net investment income, will be sufficient to pay projected future benefits, policyholder dividends and refunds, taxes (other than income taxes) and expenses on policies in-force net of reinsurance premiums and recoveries.

The determination of net insurance liabilities is based on an explicit projection of cash flows using current assumptions plus a margin for adverse deviation for each material cash flow item. Investment returns are projected using the current asset portfolios and projected reinvestment yields. The period used for the projection of cash flows is the policy lifetime for most individual insurance contracts.

The Group segments assets to support liabilities by major product segment and geographic market and establishes investment strategies for each liability segment. Projected net cash flows from these assets and the policy liabilities being supported by these assets are combined with projected cash flows from future asset purchases to determine expected rates of return on these assets for future years. Investment strategies are based on the target investment policies for each segment and the reinvestment returns are derived from current and projected market rates for fixed income investments. Investment return assumptions for each asset class make provision for expected future asset credit losses, expected investment management expenses and a margin for adverse deviation.

Under this methodology, assets of each insurer are selected to back its actuarial liabilities. Changes in the carrying value of these assets may generate corresponding changes in the carrying amount of the associated actuarial liabilities. These assets include financial investments, for which unrealised gains or losses in fair value are recorded in other comprehensive income. The fair value reserve for actuarial liabilities has been established in the statement of changes in equity for the accumulation of changes in actuarial liabilities which are recorded in other comprehensive income and which arise from recognised unrealised gains or losses in FVOCI.

2.15 Actuarial liabilities (continued)

Certain life insurance policies issued by the insurer contain equity-linked policy side funds. The investment returns on these unitised funds accrue directly to the policies with the insurer assuming no credit risk. Investments held in these side funds are accounted for as financial assets at fair value through profit and loss and unit values of each fund are determined by dividing the value of the assets in the fund at the date of the financial statements by the number of units in the fund. The resulting liability is included in actuarial liabilities.

(b) Health insurance contracts

The actuarial liabilities of health insurance policies are estimated in respect of claims that have been incurred but not yet reported or settled.

2.16 Presentation of current and non-current assets and liabilities

In note 40.5, the maturity profiles of financial and insurance assets and liabilities are identified. For other assets and liabilities, balances presented in notes 5 to 8, 10 to 12, 14, 18, 19 and 33 are non-current unless otherwise stated in those notes.

2.17 Employee benefits

(a) Pension benefits

Group companies have various pension schemes in place for their employees. Some schemes are defined benefit plans and others are defined contribution plans.

The liability in respect of defined benefit plans is the present value of the defined benefit obligation at December 31 less the fair value of plan assets. The defined benefit obligation is computed using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using appropriate interest rates on government bonds for the maturity dates and currency of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income and retained earnings or non-controlling interest in the period in which they arise. Past service costs are charged to income in the period in which they arise.

For defined contribution plans, the Group pays contributions to the pension schemes on a mandatory or contractual basis. Once paid, the Group has no further payment obligations. Contributions are recognised in income in the period in which they are due.

Where a minimum funding requirement exists, the Group assesses the obligation, to determine whether the additional contributions would affect the measurement of the defined benefit asset or liability.

(b) Other retirement benefits

Certain Group subsidiaries provide supplementary health 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 an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income and retained earnings or non-controlling interest in the period in which they arise.

2.17 Employee benefits (continued)

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on various profit and other objectives of the Group or of individual subsidiaries. An accrual is recognised where there are contractual obligations or where past practice has created a constructive obligation.

(d) Equity compensation benefits

The Group has a number of share-based compensation plans in place for administrative, sales and managerial staff.

(i) Equity-settled share-based transactions with staff

The services received in an equity-settled transaction with staff are measured at the fair value of the equity instruments granted. The fair value of those equity instruments is measured at grant date.

If the equity instruments granted vest immediately and the individual is not required to complete a further period of service before becoming entitled to those instruments, the services received are recognised in full on grant date in the income statement for the period, with a corresponding increase in equity.

Where the equity instruments do not vest until the individual has completed a further period of service, the services received are expensed in the income statement during the vesting period, with a corresponding increase in the reserve for equity compensation benefits or in non-controlling interest.

Non-market vesting conditions are included in assumptions about the number of instruments that are expected to vest. At each reporting financial statement date, the Group revises its estimates of the number of instruments that are expected to vest based on the non-marketing vesting conditions and adjusts the expense accordingly.

Amounts held in the reserve for equity compensation benefits are transferred to share capital or non-controlling interest either on the distribution of share grants or on the exercise of share options.

2.17 Employee benefits (continued)

The grant by the Company of its equity instruments to employees of Group subsidiaries is treated as a capital contribution in the financial statements of the subsidiary. The full expense relating to the grant is recorded in the subsidiary's income statement.

(ii) Cash-settled share-based transactions with staff

The services received in a cash-settled transaction with staff and the liability to pay for those services, are recognised at fair value as the individual renders service. Until the liability is settled, the fair value of the liability is re-measured at the date of the financial statements and at the date of settlement, with any changes in fair value recognised in income during that period.

(iii) Measurement of the fair value of equity instruments granted

The equity instruments granted consist either of grants of, or options to purchase, common shares of listed entities within the Group. For common shares granted, the listed price prevailing on the grant date determines the fair value. For options granted, the fair value is determined by reference to the Black-Scholes valuation model, which incorporates factors and assumptions that knowledgeable, willing market participants would consider in setting the price of the equity instruments.

(e) 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 redundancy. Benefits falling due more than twelve months after the date of the financial statements are discounted to present value.

2.18 Taxes

(a) Premium taxes

Insurers are subject to tax on premium revenues generated in certain jurisdictions. The principal rates of tax are summarised in the following table.

Premium tax rates	Life insurance and non-registered annuities	Health insurance	Property and casualty insurance
Barbados	3% - 6%	4%	3% - 5%
Jamaica	Nil	Nil	Nil
Trinidad and Tobago	Nil	Nil	Nil
United States of America	0.75% - 3.5%	Nil	Nil

Premium tax is recognised gross in the statement of income.

(b) Asset tax

The Group is subject to an asset tax in Jamaica and Barbados. In Jamaica, the asset tax is levied on insurance, securities dealers and deposit-taking institutions, and is 0.25% of adjusted assets held at the end of the year. In Barbados, the asset tax is levied on insurance, deposit-taking institutions and credit unions and is 0.35% of adjusted assets held at the end of a period. Taxes are accrued monthly.

(c) Income taxes

The Group is subject to taxes on income in the jurisdictions in which business operations are conducted. Rates of taxation in the principal jurisdictions for the current year are set out in the next table.

2.18 Taxes (continued)

Income tax rates	Life insurance and non-registered annuities	Registered annuities	Other lines of business
Barbados	2% of profit before tax	2% of profit before tax	2% of profit before tax
Jamaica	25% of profit before tax	Nil	25% - 33.33% of profit before tax
Trinidad and Tobago	15% (deductions granted only in respect of expenses pertaining to long-term business investment income)	Nil	30% of net income
United States of America	21% of net income	Nil	Nil

(i) Current income taxes

Current tax is the expected tax payable on the taxable income for the year, using the tax rates in effect for the year. Adjustments to tax payable from prior years are also included in current tax.

(ii) Deferred income taxes

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are computed at tax rates that are enacted or substantially enacted by the end of the reporting period. Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the asset may be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to do so and they relate to the same entity. Deferred tax, related to fair value re-measurement of FVOCI investments and cash flow hedges which are recorded in other comprehensive income, is recorded in other comprehensive income and is subsequently recognised in income together with the deferred gain or loss.

2.19 Other liabilities / Retirement benefit liabilities

Liabilities are recognised when the Group has a 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.

2.20 Common shares

In exchange for consideration received, the Company has issued common shares that are classified as equity. Incremental costs directly attributable to the issue of common shares are recorded in share capital as a deduction from the share issue proceeds.

Where a Group entity purchases the Company's common shares, the consideration paid, including any directly attributable cost, is deducted from share capital and is recorded as treasury shares. Where such shares are subsequently sold to a third party, the deduction from share capital is reversed, and any difference with net consideration received is recorded in retained earnings.

On the declaration by the Company's directors of common share dividends payable, the total value of the dividend is recorded as an appropriation of retained earnings.

2.21 Participating accounts

(a) "Closed" participating account

For participating policies of Sagicor Life Inc in force at de-mutualisation, Sagicor Life Inc established a closed participating account in order to protect the guaranteed benefits and future policy dividends, bonuses and other non-guaranteed benefits of the afore-mentioned policies. The rules of this account require that premiums, benefits, actuarial reserve movements, investment returns, expenses and taxes, attributable to the said policies, are recorded in a closed participating fund. Policy dividends and bonuses of the said policies are paid from the participating fund on a basis substantially the same as prior to de-mutualisation.

2.21 Participating accounts (continued)

Distributable profits of the closed participating account are distributed to the participating policies in the form of declared bonuses and dividends. Undistributed profits remain in the participating account for the benefit of participating policyholders.

The participating account also includes an ancillary fund comprising the required provisions for adverse deviations as determined in the computation of actuarial liabilities of the said policies. Changes in the ancillary fund are not recorded in the participating account, but are borne by the general operations of Sagicor Life Inc.

(b) "Open" participating account

Sagicor Life Inc also established an open participating account for participating policies it issues after de-mutualisation. The rules of this account require that premiums, benefits, actuarial reserve movements, investment returns, expenses and taxes, attributable to the said policies are recorded in an open participating account.

The open participating account was established at de-mutualisation. On February 1, 2005, Sagicor Life Inc amalgamated with Life of Barbados Limited, and participating policies of the latter were transferred to the open participating account. Accordingly, the liabilities of these participating policies and matching assets were transferred to the open participating account. The liabilities transferred included an ancillary fund comprising the provisions for adverse deviations on the transferred policies. Changes in the ancillary fund are not recorded in the participating account, but are borne by the general operations of Sagicor Life Inc.

Additional assets to support the profit distribution to shareholders (see below) were also transferred to the account.

Distributable profits of the open participating account are shared between participating policies and shareholders in a ratio of 90:10. Profits are distributed to the participating policies in the form of declared bonuses and dividends. Profits which are distributed to shareholders are included in the allocation of Group net income to shareholders. Undistributed profits / (losses) remain in the participating account in equity.

2.21 Participating accounts (continued)

(c) Financial statement presentation

The assets and liabilities of the participating accounts are included but not presented separately in the financial statements. The revenues, benefits and expenses of the participating accounts are also included but not presented separately in the financial statements. However, the overall surplus of assets held in the participating funds over the associated liabilities is presented in equity as the participating accounts. The overall net income and other comprehensive income that are attributable to the participating funds are disclosed as allocations.

The initial allocation of additional assets to the participating funds is recognised in equity as a transfer from retained earnings to the participating accounts. Returns of additional assets from the participating funds are accounted for similarly.

2.22 Statutory reserves

Statutory reserves are established when regulatory accounting requirements result in lower distributable profits or when an appropriation of retained earnings is required or permitted by law to protect policyholders, insurance beneficiaries or depositors.

2.23 Premium / (discount) paid on repurchase of shares

The premium / (discount) paid on repurchase of shares is recorded directly in retained earnings.

2.24 Interest income and interest expense

Interest income (expense) is computed by applying the effective interest rate to the gross carrying amount of a financial asset (liability), except for financial assets that are purchased, originated or subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (i.e. after deduction of the loss allowance). Interest includes coupon interest and accrued discount and premium on financial instruments. Dividend income is recorded when declared.

2.25 Fees and other revenue

The Group earns fee income from:

- the management and administration of third-party investment funds, pension plans and insurance benefit plans (managed funds or administrative service only (ASO) benefit plans);
- hotel revenue from room services, and food and beverage sales;
- certain of its insurance and investment contracts;
- the provision of corporate finance, stockbroking, trust and related services.

Other revenue includes:

- commission income on insurance contracts;
- hotel revenue from other services and sale of goods;
- rental income from owner-occupied property;
- foreign exchange gains / (losses).

Service contract revenue

Revenues from service contracts include management and administrative fees and hotel revenue from guest reservations. These service contracts generally impose single-performance obligations, each consisting of a series of similar related services to the customer. The Group's performance obligations within these service arrangements are generally satisfied over time as the customers simultaneously receive and consume contracted benefits.

Revenue from service contracts with customers is recognised when or as the Group satisfies the performance obligation. For obligations satisfied over time, revenue is recognised monthly or over the applicable period. For performance obligations satisfied at a point in time, service contract revenue is recognised at that point in time.

2.26 Cash flows

The following classifications apply to the cash flow statement.

Cash flows from operating activities consist of cash flows arising from revenues, benefits, expenses, taxes, operating assets and operating liabilities. Cash flows from investing activities consist of cash flows arising from long-term tangible and intangible assets to be utilised in the business and in respect of changes in subsidiary holdings, insurance businesses, and associated company and joint venture investments. Cash flows from financing activities consist of cash flows arising from the issue, redemption and exchange of equity instruments and notes and loans payable and from equity dividends payable to holders of such instruments.

Cash and cash equivalents comprise:

- cash balances,
- call deposits,
- money market funds,
- other liquid balances with maturities of three months or less from the acquisition date,
- less bank overdrafts which are repayable on demand.

Cash equivalents are subject to an insignificant risk of change in value and exclude restricted cash.

2.27 Future accounting developments and reporting changes

Certain new standards and amendments to existing standards have been issued but are not effective for the periods covered by these financial statements. The changes in standards and interpretations which may have a significant effect on future presentation, measurement or disclosure of the Group's financial statements are summarised in the following tables.

Amendment to IFRS 16 – Leases; COVID-19 related rent concessions, effective April 1, 2021
Subject / Comments
In March 2021, the IASB issued this amendment which extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. See note 2.1. This standard will have no material effect on the Group.

Amendments to IAS 1 – Liabilities as current or non-current, now effective January 1, 2024 (originally effective January 1, 2022)
Subject / Comments
In January 2020, the IASB made amendments to IAS 1 'Presentation of financial statements' to clarify the criteria for classifying a liability as non-current. These are to be applied retroactively. The impact of this standard on the Group is currently being analysed.

Amendments to IFRS 3 – Business combinations, effective January 1, 2022
Subject / Comments
These amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. This standard will have no material effect on the Group.

2.27 Future accounting developments and reporting changes (continued)

Amendments to IAS 16 – Property, plant and equipment, effective January 1, 2022
Subject / Comments
These amendments prohibit a company from deducting from the cost of property, plant and equipment, amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. This standard will have no material effect on the Group.

Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets, effective January 1, 2022
Subject / Comments
These amendments specify which costs a company includes when assessing whether a contract will be loss-making. This standard will have no material effect on the Group.

Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction, effective January 1, 2023
Subject / Comments
In May 2021, these amendments were issued to clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. This standard will have no material effect on the Group.

2.27 Future accounting developments and reporting changes (continued)

Amendments to IAS 8 – Definition of accounting estimates, effective January 1, 2023
Subject / Comments
In February 2021, this amendment was issued to assist entities in distinguishing between accounting policies and accounting estimates. This standard will have no material effect on the Group.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies, effective January 1, 2023
Subject / Comments
In February 2021, this amendment was issued to assist preparers of financial statements in making decisions related to which accounting policies to disclose in financial statements. This standard will have no material effect on the Group.

IFRS 17 – Insurance Contracts, effective January 1, 2023
Subject / Comments
IFRS 17 was issued in May 2017 as replacement for IFRS 4 - Insurance Contracts. A further exposure draft (ED) was issued in June 2019 and final amendments were published in June 2020. The amendments aim to help companies implement the standard and to make explanation of financial performance easier. The standard requires a current measurement model where estimates are re-measured each reporting period.

2.27 Future accounting developments and reporting changes (continued)

IFRS 17 – Insurance Contracts, effective January 1, 2023 (continued)
Subject / Comments
Contracts are measured using the building blocks of: • discounted probability-weighted cash flows, • an explicit risk adjustment, and • a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period. It allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. Sagicor has established a group-wide project for the implementation of this standard and has allocated substantial resources to this exercise. Project activities involve the establishment of various technical and oversight teams, and the evaluation and assessment of the Group's business. The Group is carrying out internal training programmes, workshops and assessments of all areas affected by the standard as it works towards implementation. Project work is ongoing in all areas.

2.27 Future accounting developments and reporting changes (continued)

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies, effective January 1, 2023
Subject / Comments
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 that are intended to help preparers with the decision of which accounting policies to disclose in the financial statements. This standard will have no material effect on the Group.

Annual Improvements to Standards	**Description of amendment**
IFRS 1 - First-time Adoption of International Financial Reporting Standards	To simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter of IFRSs after its parent company has already adopted them. The amendment relates to the measurement of cumulative translation differences.
IFRS 9 - Financial Instruments	To clarify the fees a company includes in assessing the terms of a new or modified financial liability to determine whether to derecognise a financial liability.
Illustrative Examples accompanying IFRS 16 Leases	To remove the potential for confusion regarding lease incentives by amending an Illustrative Example accompanying IFRS 16.
IAS 41 - Agriculture	To align the fair value measurement in IAS 41 with those in other IFRSs.
The annual improvements are effective January 1, 2022 and have not yet been applied. None of these amendments will have a material effect on the Group.	

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Group's reported assets, liabilities, income and other comprehensive income. The items which may have the most effect on the Group's financial statements are set out below.

3.1 Impairment of financial assets

In determining ECL (defined in note 2.9(d)), management is required to exercise judgement in defining what is considered a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the judgements involved is included in note 2.9 under sections 'Measurement' and 'Forward-looking information'.

(a) Establishing staging for debt securities and deposits

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

3.1 Impairment of financial assets (continued)

The scale is set out in the following table:

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

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

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

3.1 Impairment of financial assets (continued)

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

(b) Establishing staging for other assets measured at amortised cost, finance lease receivables, loan commitments and financial guarantee contracts

Exposures are considered to have resulted in a significant increase in credit risk and are moved to stage 2 when:

Qualitative test

- accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

Backstop criteria

- accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into stage 2.

(c) Forward-looking information

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

3.2 Fair value of securities not quoted in an active market

The fair value of securities 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 on the 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.

3.3 Recognition and measurement of intangible assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination involve the utilisation of valuation techniques which may be very sensitive to the underlying assumptions utilised. These intangibles may be marketing-related, customer-related, contract-based or technology-based.

For significant amounts of intangibles arising from a business combination, the Group utilises independent professional advisors to assist management in determining the recognition and measurement of these assets.

3.4 Impairment of intangible assets

(a) Goodwill

The assessment of goodwill impairment involves the determination of the value of the cash-generating business units to which the goodwill has been allocated. Determination of the value involves the estimation of future cash flows or of income after tax of these business units and the expected returns to providers of capital to the business units and/or to the Group as a whole. For the Sagicor Life reporting segment, the Group uses the value in use methodology for testing goodwill impairment. For the Sagicor Jamaica operating segment, the Group uses the fair value less cost to sell methodology, and for Sagicor General Insurance Inc, the value in use methodology.

The Group updates its business unit financial projections annually and applies discounted cash flow or earnings multiple models to these projections to determine if there is any impairment of goodwill. The assessment of whether goodwill is impaired can be highly sensitive to the inputs of cash flows, income after tax, discount rate, growth rate or capital multiple, which are used in the computation. Further details of the inputs used are set out in note 8.2.

(b) Other intangible assets

The assessment of impairment of other intangible assets involves the determination of the intangible'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's value in use, estimates are required of future cash flows generated as a result of holding the asset.

3.5 Valuation of actuarial liabilities

(a) Canadian Actuarial Standards

The objective of the valuation of policy liabilities is to determine the amount of the insurer's assets that, in the opinion of the Appointed Actuary (AA) and taking into account the other pertinent items in the financial statements, will be sufficient without being excessive to provide for the policy liabilities over their respective terms. The amounts set aside for future benefits are dependent on the timing of future asset and liability cash flows.

3.5 Valuation of actuarial liabilities (continued)

The actuarial liabilities are determined as the present value of liability cash flows discounted at effective interest rates, resulting in a value equivalent to the market value of assets supporting these policy liabilities under an adverse economic scenario to which margins for adverse deviations are added.

The AA identifies a conservative economic scenario forecast, and together with the existing investment portfolio as at the date of the actuarial valuation and assumed reinvestment of net asset and policy liability cash flows, calculates the actuarial liabilities required at the date of valuation to ensure that sufficient monies are available to meet the liabilities as they become due in future years.

The methodology produces the total reserve requirement for each policy group fund. In general, the methodology is used to determine the net overall actuarial liabilities required by the insurer. Actuarial liabilities are computed by major group of policies and are used to determine the amount of reinsurance balances in the reserve, the distribution of the total reserve by country and the distribution of the reserve by policy, and other individual components in the actuarial liabilities.

Further details of the inputs used are set out in note 42.

(b) Best estimate reserve assumptions & provisions for adverse deviations

Actuarial liabilities include two major components: a best estimate reserve and a provision for adverse deviations. The latter provision is established in recognition of the uncertainty in computing best estimate reserves, to allow for possible deterioration in experience and to provide greater comfort that reserves are adequate to pay future benefits.

For the respective reserve assumptions for mortality and morbidity, lapse, future investment yields, operating expenses and taxes, best estimate reserve assumptions are determined where appropriate. The assumption for operating expenses and taxes is in some instances split by universal life and unit linked business.

Provisions for adverse deviations are established in accordance with the risk profiles of the business, and are, as far as is practicable, standardised across geographical areas. Provisions are determined within a specific range established by Canadian Standards of Practice.

The principal assumptions and margins used in the determination of actuarial liabilities are summarised in note 13.3. However, the liability resulting from the application of these assumptions can never be definitive as to the ultimate timing or the amount of benefits payable and is therefore subject to future reassessment.

3.6 Investment in associate

As at October 1, 2018, Sagicor Group Jamaica (SGJ) had a shareholding in Playa of 15%, which increased to 16% on June 15, 2020 (see note 37.1). From an accounting perspective, IAS 28 (Investments in Associate and Joint Ventures) paragraph 5, 6 and 8 guidance was considered as follows:

Where an entity holds 20% or more of the voting power (directly or through subsidiaries) in an investee, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant influence unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in the policy-making process, including participation in decisions about dividends or other distributions;
- material transactions between the entity and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

In assessing whether potential voting rights contribute to significant influence, the entity examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential rights, except the intentions of management and the financial ability to exercise or convert those potential rights.

Management had previously concluded, given its participation in the policy-making decisions, significant involvement in, and influence over strategic financial and operational decision-making of Playa, that it had significant influence over Playa and as such was of the view that SGJ's strategic investment in Playa should be treated as an investment in associate in accordance with IAS 28, even though Sagicor owned less than 20% of Playa's shares.

During the year, SGJ sold a portion of its investment as part of Playa's secondary public offering and transferred the remaining shares to SFCL (see note 37.1). This resulted in the investment being designated as a FVTPL investment. Management had concluded that the investment in Playa did not meet the definition of held for sale as at December 31, 2020.

4 SEGMENTS

The management structure of the Group consists of the parent company Board of Directors, the Group Chief Executive Officer (CEO), subsidiary company Boards of Directors and subsidiary company CEOs. For the parent company and principal subsidiaries, there are executive management committees made up of senior management who advise the respective CEOs. The principal subsidiaries have a full management governance structure, a consequence of them being regulated insurance and financial services entities, and of the range and diversity of their products and services.

The Group CEO serves as Board Chairman or as a Board Member of the principal subsidiaries and is the Group's Chief Operating decision-maker. Through subsidiary company reporting, the Group CEO obtains details of Group performance and of resource allocation needs. Summarisation of planning and results and prioritisation of resource allocation is done at the parent company level where strategic decisions are taken.

In accordance with the relevant financial reporting standard, the Group has determined that there are three principal subsidiary Groups which represent the reportable operating segments of Sagicor. These segments and other Group companies are set out in the following sections.

(a) Sagicor Life

This group comprises Sagicor Life Inc, its branches and associates, and certain of its subsidiaries in Barbados, Trinidad & Tobago, Eastern Caribbean, Dutch Caribbean, Bahamas and Central America.

The companies comprising this segment are set out in the following table.

4 SEGMENTS (continued)

Sagicor Life Segment Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Life Inc	Life and health insurance, annuities and pension administration services	Barbados	100%
Sagicor Life (Eastern Caribbean) Inc.[1]	Life and health insurance, annuities and pension administration services	St. Lucia	100%
Sagicor Life Aruba NV	Life and health insurance, annuities and pension administration services	Aruba	100%
Capital Life Insurance Company Bahamas Limited	Life insurance	The Bahamas	100%
Sagicor Panamá, SA	Life and health insurance	Panamá	100%
Nationwide Insurance Company Limited	Life insurance	Trinidad & Tobago	100%
Sagicor International Management Services Inc	Investment management	USA	100%
(1) Sagicor Life (Eastern Caribbean) Inc. became a subsidiary of Sagicor Life Inc on December 31, 2021 when ownership was transferred from Sagicor Financial Corporation Limited.			
Associates			
FamGuard Corporation Limited	Investment holding company	The Bahamas	20%
Principal operating company: Family Guardian Insurance Company Limited	Life and health insurance and annuities	The Bahamas	20%
RGM Limited	Property ownership and management	Trinidad & Tobago	33%
Primo Holding Limited	Property investment	Barbados	38%

4 SEGMENTS (continued)

(b) Sagicor Jamaica

This segment comprises the Sagicor Jamaica Group of companies, which conduct life, health, annuity, property and casualty insurance business, pension administration services, banking and financial services, hospitality and real estate investment services in Jamaica, Cayman Islands, Costa Rica and USA. The companies comprising this segment are as follows:

Sagicor Jamaica Segment Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Group Jamaica Limited	Group holding company	Jamaica	49.11%
Sagicor Life Jamaica Limited	Life and health insurance and annuities	Jamaica	49.11%
Sagicor Cayman Limited	Holding company	The Cayman Islands	49.11%
Sagicor Life of the Cayman Islands Ltd.	Life insurance	The Cayman Islands	49.11%
Sagicor Investments Cayman Ltd.	Investment services	The Cayman Islands	49.11%
Sagicor Pooled Investment Funds Limited	Pension fund management	Jamaica	49.11%
Employee Benefits Administrator Limited	Pension administration services	Jamaica	49.11%
Sagicor Re Insurance Limited	Property and casualty insurance	The Cayman Islands	49.11%
Sagicor Insurance Brokers Limited	Insurance brokerage	Jamaica	49.11%
Sagicor International Administrators Limited	Group insurance administration	Jamaica	49.11%

4 SEGMENTS (continued)

Sagicor Jamaica Segment Companies (continued)	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Insurance Managers Limited	Captive insurance management services	The Cayman Islands	49.11%
Sagicor Property Services Limited	Property management	Jamaica	49.11%
Sagicor Investments Jamaica Limited	Investment banking	Jamaica	49.11%
Sagicor Bank Jamaica Limited	Commercial banking	Jamaica	49.11%
LOJ Holdings Limited	Insurance holding company	Jamaica	100%
Sagicor Securities Jamaica Limited[1]	Securities trading	Jamaica	49.11%
Travel Cash Jamaica Limited	Microfinance	Jamaica	25.05%
Sagicor Real Estate X-Fund Limited	Investment in real estate activities	St. Lucia	14.39%
X Fund Properties Limited	Hospitality and real estate investment	Jamaica	14.39%
X Fund Properties LLC	Hospitality	USA	14.39%
Jamziv MoBay Jamaica Portfolio Limited	Holding company	Jamaica	8.75%
Phoenix Equity Holdings Limited	Holding company	Barbados	49.11%
Advantage General Insurance Co. Limited	Property and casualty insurance	Jamaica	29.47%
Bailey Williams Limited	Real estate development	Jamaica	34.38%
Joint venture			
Sagicor Costa Rica, S.A.	Life insurance	Costa Rica	24.56%

(1) On May 1, 2021, Sagicor Securities Jamaica Limited, a wholly-owned subsidiary of Sagicor Group Jamaica Limited, was wound up.

4 SEGMENTS (continued)

(b) Sagicor Jamaica (continued)

Control of Sagicor Group Jamaica Limited is established through the following:

- The Group's effective shareholder's interest gives it the power to appoint the directors of the company and thereby direct relevant activities.
- The Group is exposed to the variable returns from its effective shareholder's interest.
- The Group has the ability to use the power to affect the amount of investor's returns.

(c) Sagicor Life USA

This segment comprises Sagicor's life insurance operations in the USA and comprises the following:

Sagicor Life USA Segment Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Life Insurance Company	Life insurance and annuities	USA - Texas	100%
Sagicor USA Inc	Insurance holding company	USA - Delaware	100%
Sage Distribution, LLC	Life insurance and annuities	USA - Delaware	100%
Sage Partners, LLC	Life insurance and annuities	USA - Delaware	100%
Sagicor Financial Partners, LLC	Life insurance and annuities	USA - Delaware	51%

4 SEGMENTS (continued)

(d) Head office function and other operating companies

Head office and other Group Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Financial Company Ltd.	Group parent company	Bermuda	100%
Sagicor Financial Corporation Limited	Holding company	Bermuda	100%
Sagicor General Insurance Inc	Property and casualty insurance	Barbados	99.30%
Sagicor Finance Inc	Loan and lease financing, and deposit-taking	St. Lucia	70%
Sagicor Investments Trinidad & Tobago Limited	Investment management	Trinidad & Tobago	100%
Sagicor Asset Management Inc.	Investment management	Barbados	100%
Sagicor Asset Management (Eastern Caribbean) Limited	Investment management	Barbados	100%
Sagicor Special Opportunity Funds[1]	Investment management	Barbados	100%
Sagicor Bank (Barbados) Limited[2]	Commercial banking	Barbados	100%
Barbados Farms Limited	Farming and real estate development	Barbados	77%
Sagicor Funds Incorporated	Mutual fund holding company	Barbados	100%
Sagicor Finance Limited	Group financing vehicle	The Cayman Islands	100%
Sagicor Finance (2015) Limited	Group financing vehicle	The Cayman Islands	100%

(1) Sagicor Special Opportunity Funds was formed during 2020 but is not yet operational.

(2) In April 2021, Sagicor Bank (Barbados) Limited was incorporated and was made a wholly-owned subsidiary of Sagicor Financial Company Ltd. in November 2021.

4 SEGMENTS (continued)

(d) Head office function and other operating companies

Head office and other Group Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Reinsurance Bermuda Limited [1]	Reinsurance	Bermuda	100%
1222948 B.C. Ltd.	Corporate management	Canada	100%
The Estates Group Holdings Limited	Holding company	Barbados	100%
The Estates (Senior Care Services) Limited	Retirement Community	Barbados	100%
The Estates (Senior Care Properties) Limited	Retirement Community	Barbados	100%
The Estates (Residential Properties) Limited	Retirement Community	Barbados	100%
The Estates (Management Services) Limited	Retirement Community	Barbados	100%

[1] Sagicor Reinsurance Bermuda Limited ("SRBL") became a subsidiary of Sagicor Financial Corporation Limited on October 4, 2017 and a subsidiary of the Group on October 4, 2017. In 2020, SRBL executed a reinsurance arrangement with Sagicor Life Insurance Company ("SLIC") through a segregated account of SRBL (see note 38 (c)).

4.1 Statement of income by segment

2021	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjustments	Total
Net premium revenue	370,537	352,592	953,306	36,715	-	1,713,150
Gain / (loss) on derecognition of amortised cost investments	1,443	21,992	3	(261)	-	23,177
Gain on derecognition of assets carried at FVOCI	2,966	17,793	1,345	674	-	22,778
Interest income earned from financial assets measured at amortised cost and FVOCI	82,532	157,655	88,662	8,565	-	337,414
Other investment income	11,220	24,398	28,870	27,995	(100)	92,383
Credit impairment losses	1,469	(1,639)	4,027	471	-	4,328
Fees and other revenue	9,378	145,719	(8,521)	19,856	(568)	165,864
Inter-segment revenue	25,142	-	-	34,332	(59,474)	-
Total revenue, net	**504,687**	**718,510**	**1,067,692**	**128,347**	**(60,142)**	**2,359,094**
Net policy benefits	270,049	234,150	190,036	13,584	-	707,819
Net change in actuarial liabilities	43,560	25,345	712,010	-	-	780,915
Interest costs	13,792	28,008	(1,577)	2,450	-	42,673
Administrative expenses	70,058	183,884	43,782	51,457	606	349,787
Commissions and premium and asset taxes	46,815	56,026	40,679	10,002	-	153,522
Finance costs	75	5,154	353	39,472	-	45,054
Depreciation and amortisation	7,330	18,155	4,704	2,512	-	32,701
Inter-segment expenses	5,396	1,998	5091	24,093	(36,578)	-
Total benefits and expenses	**457,075**	**552,720**	**995,078**	**143,570**	**(35,972)**	**2,112,471**
(Loss) / gain arising on business combinations, acquisitions and divestitures	-	(1,557)	-	12,263	-	10,706
Share of operating income / (loss) of associates and joint ventures	3,344	4,060	-	-	-	7,404
Segment income / (loss) before taxes	**50,956**	**168,293**	**72,614**	**(2,960)**	**(24,170)**	**264,733**
Income taxes	(7,720)	(43,727)	(15,018)	(1,764)	(28)	(68,257)
Segment net income / (loss)	**43,236**	**124,566**	**57,596**	**(4,724)**	**(24,198)**	**196,476**
Net income / (loss) attributable to non-controlling interests	-	64,202	-	(283)	-	63,919
Total comprehensive income / (loss) attributable to shareholders	38,359	16,940	50,340	(8,906)	(23,787)	72,946

4.1 Statement of income by segment

2020	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjustments	Total
Net premium revenue	414,240	355,406	597,068	36,713	-	1,403,427
Gain / (loss) on derecognition of amortised cost investments	623	8,271	(5)	-	-	8,889
Gain / (loss) on derecognition of assets carried at FVOCI	2,847	21,704	(4,204)	(178)	-	20,169
Interest income earned from financial assets measured at amortised cost and FVOCI	74,828	160,472	74,820	4,639	-	314,759
Other investment income	4,148	(14,266)	18,903	7,469	(110)	16,144
Credit impairment losses	(7,450)	(12,083)	(4,002)	(462)	-	(23,997)
Fees and other revenue	11,374	112,446	(3,639)	19,344	(549)	138,976
Inter-segment revenue	22,713	-	-	7,668	(30,381)	-
Total revenue, net	**523,323**	**631,950**	**678,941**	**75,193**	**(31,040)**	**1,878,367**
Net policy benefits	220,707	231,006	177,244	15,643	-	644,600
Net change in actuarial liabilities	97,026	(26,298)	463,438	-	-	534,166
Interest costs	12,663	27,239	2,463	528	-	42,893
Administrative expenses	80,732	166,594	33,981	57,634	1,626	340,567
Commissions and premium and asset taxes	44,843	54,100	27,617	9,512	-	136,072
Finance costs	70	7,886	322	36,607	-	44,885
Depreciation and amortisation	8,945	20,249	4,247	6,118	-	39,559
Inter-segment expenses	4,118	2,072	4,271	21,822	(32,283)	-
Total benefits and expenses	**469,104**	**482,848**	**713,583**	**147,864**	**(30,657)**	**1,782,742**
Loss arising on business combinations, acquisitions and divestitures	-	(1,262)	-	-	-	(1,262)
Loss on impairment of associates and joint ventures	-	(31,804)	-	-	-	(31,804)
Share of operating income / (loss) of associates and joint ventures	3,250	(38,207)	-	-	-	(34,957)
Segment income / (loss) before taxes	**57,469**	**77,829**	**(34,642)**	**(72,671)**	**(383)**	**27,602**
Income taxes	(8,386)	(40,034)	7,517	(1,426)	(403)	(42,732)
Segment net income / (loss)	**49,083**	**37,795**	**(27,125)**	**(74,097)**	**(786)**	**(15,130)**
Net loss attributable to non-controlling interests	-	(12,726)	-	(158)	-	(12,884)
Total comprehensive income / (loss) attributable to shareholders	56,749	41,327	(25,664)	(74,337)	(1,120)	(3,045)

4.2 Variations in segment income

Variations in segment income may arise from non-recurring or other significant factors. The most common factors contributing to variations in segment income are as follows:

(i) Credit impairment losses - financial investments

The determination of ECL involves judgement in establishing various assumptions based on economic conditions and historical trends. Changes in assumptions will impact the ECL allowances recorded in the income statement.

Significant changes in borrowers classified as Stage 3 will be triggered by changes affecting individual borrowers or groups of borrowers, leading to significant variations in losses recorded in the income statement.

(ii) Fair value gains / (losses) of financial investments

Significant gains and losses may be triggered by changes in market prices of assets carried at fair value.

For FVOCI investments, management may be able to time the disposal of such investments and consequently, impact the quantum of the realised gain or loss recognised in the statement of income.

For FVTPL investments, management may also be able to time the disposal of such investments. However, since the majority of these assets fund unit linked liabilities, the impact to Group net income is mitigated by any increased return due to the holders of the unit linked liabilities.

4.2 Variations in segment income (continued)

(iii) Gains on acquisitions and divestitures

On acquisition of a business or portfolio, if the fair value of the net assets acquired exceeds the total consideration transferred, the difference is recognised directly in the statement of income. Similarly, on sale if the consideration received exceeds the carrying value of the business or portfolio a gain is recognised in the statement of income. As acquisitions and disposals occur infrequently and with no consistent trend, the gain or loss recorded in the income statement may vary significantly from year to year.

(iv) Foreign exchange gains and losses

Movements in foreign exchange rates may generate significant exchange gains or losses when the foreign currency denominated monetary assets and liabilities are retranslated to the relevant functional currency at the date of the financial statements.

(v) Movements in actuarial liabilities arising from changes in assumptions

The change in actuarial liabilities for the year includes the effects arising from changes in assumptions. The principal assumptions in computing the actuarial liabilities on life and annuity contracts relate to mortality and morbidity, lapse, investment yields, asset default and operating expenses and taxes. As the process of changes in assumptions is applied to all affected insurance contracts, changes in assumptions may have a significant effect in the period in which they are recorded.

(vi) Impairment of investments in associates and joint ventures

Losses on impairment of investments in associates and joint ventures may result when impairment assessments indicate that impairment of investments in associates and joint ventures has occurred. An impairment assessment is performed when an investment's value, based on quoted market prices, is lower than its carrying value recorded by the Group, or when conditions impacting the associate or joint venture suggest that the Group's investment in associate or joint venture may be impaired.

4.2 Variations in segment income (continued)

The table below summarises by segment the individual line items within income which are impacted by the foregoing factors.

Variations in income by segment	2021					2020				
	Sagicor Life Inc	Sagicor Jamaica	Sagicor Life USA	Head Office and Other	Total	Sagicor Life Inc	Sagicor Jamaica	Sagicor Life USA	Head Office and Other	Total
Credit impairment losses	1,469	(1,639)	4,027	471	4,328	(7,450)	(12,083)	(4,002)	(462)	(23,997)
Gain / (loss) on derecognition of assets carried at FVOCI	2,966	17,793	1,345	674	22,778	2,847	21,704	(4,204)	(178)	20,169
Foreign exchange gains / (losses)	(1,172)	7,508	-	3,052	9,388	(410)	1,296	-	3,192	4,078
Gains / (losses) on acquisitions / divestitures	-	(1,557)	-	12,263	10,706	-	(2,761)	-	1,499	(1,262)
Loss on impairment of investment in associates and joint ventures	-	-	-	-	-	-	(31,804)	-	-	(31,804)
Decrease / (increase) in actuarial liabilities from changes in assumptions	30,811	23,949	24,395	-	79,155	30,133	43,807	(83,858)	-	(9,918)

4.3 Other comprehensive income

Variations in other comprehensive income may arise also from non-recurring or other significant factors. The most common are as follows:

(i) *Unrealised investment gains and losses*
Fair value investment gains and losses are recognised on the revaluation of debt and equity securities classified as FVOCI. Therefore, significant gains and losses may be triggered by changes in market prices.

(ii) *Changes in actuarial liabilities*
Changes in unrealised investment gains identified in *(i)* above may also generate significant, but off-setting, changes in actuarial liabilities as a result of the use of asset liability matching in the liability estimation process.

4.3 Other comprehensive income (continued)

(iii) *Foreign exchange gains and losses*
Movements in foreign exchange rates may generate significant exchange gains or losses on the retranslation of the financial statements of foreign currency reporting units.

(iv) *Defined benefit plans' gains and losses*
Experience adjustments and changes in actuarial assumptions gives rise to gains or losses on defined benefit plans.

The table below summarises by segment the individual line items within other comprehensive income which are impacted by the foregoing factors.

	Variations in other comprehensive income by segment					
	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office	Adjustments	Total
2021						
Unrealised investment losses	(6,927)	(15,497)	(16,166)	(1,924)	-	(40,514)
Changes in actuarial liabilities	4,586	814	10,768	-	-	16,168
Retranslation of foreign currency operations	37	(71,399)	-	(84)	(395)	(71,841)
Losses on defined benefit plans	(1,266)	(12,920)	-	(1,442)	-	(15,628)
2020						
Unrealised investment gains	5,536	44,399	46,841	490	-	97,266
Changes in actuarial liabilities	2,421	(5,236)	(49,158)	-	-	(51,973)
Retranslation of foreign currency operations	(235)	(37,703)	-	(57)	(200)	(38,195)
Gains / (losses) on defined benefit plans	3,204	516	-	(246)	-	3,474

4.4 Statement of financial position by segment

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjustments	Total
2021						
Financial investments	1,623,497	2,776,290	3,569,298	529,010	-	8,498,095
Other external assets	348,825	654,237	664,938	211,837	-	1,879,837
Inter-segment assets	416,768	12,147	50,081	193,378	(672,374)	-
Total assets	2,389,090	3,442,674	4,284,317	934,225	(672,374)	10,377,932
Policy liabilities	1,560,576	830,180	3,137,460	73,946	-	5,602,162
Other external liabilities	84,616	1,695,864	532,595	796,482	-	3,109,557
Inter-segment liabilities	115,834	1,832	168,163	386,545	(672,374)	-
Total liabilities	1,761,026	2,527,876	3,838,218	1,256,973	(672,374)	8,711,719
Net assets	628,064	914,798	446,099	(322,748)	-	1,666,213
Net assets attributable to non-controlling interests	-	518,569	-	13,093	-	531,662
2020						
Financial investments	1,551,028	2,714,543	2,556,319	416,679	-	7,238,569
Other external assets	337,603	730,018	767,817	192,306	-	2,027,744
Inter-segment assets	390,589	10,572	58,950	185,232	(645,343)	-
Total assets	2,279,220	3,455,133	3,383,086	794,217	(645,343)	9,266,313
Policy liabilities	1,477,944	824,538	2,507,838	72,661	-	4,882,981
Other external liabilities	82,757	1,690,379	452,582	499,404	-	2,725,122
Inter-segment liabilities	126,407	12,943	152,797	353,196	(645,343)	-
Total liabilities	1,687,108	2,527,860	3,113,217	925,261	(645,343)	7,608,103
Net assets	592,112	927,273	269,869	(131,044)	-	1,658,210
Net assets attributable to non-controlling interests	-	530,284	-	16,539	-	546,823

4.5 Segment cash flows

(a) Additions to non-current assets by segment

Segment operations include certain non-current assets comprising investment property, property, plant and equipment, investment in associated companies and joint ventures, and intangible assets. Additions to these categories for the year are as follows:

	2021	2020
Sagicor Life	7,713	8,139
Sagicor Jamaica	9,324	16,933
Sagicor Life USA	1,719	14,829
Head office and other	861	2,792
	19,617	42,693

(b) Summarised cash flows of the Sagicor Jamaica segment

Set out below are the summarised cash flows of the Sagicor Jamaica segment which has material non-controlling interests.

	2021	2020
Net cash flows:		
Operating activities	54,057	184,274
Investing activities	84,946	(8,552)
Financing activities	(52,201)	(39,223)
Effects of exchange rate changes	(11,108)	(4,930)
Net change in cash and cash equivalents for the year	75,694	131,569
Cash and cash equivalents, beginning of year	261,391	129,822
Cash and cash equivalents, end of year	337,085	261,391

4.6 Products and services

Total external revenues relating to the Group's products and services are summarised as follows:

	2021	2020
Life, health and annuity insurance contracts issued to individuals	1,687,410	1,270,678
Life, health and annuity insurance and pension administration contracts issued to groups	306,762	304,785
Property and casualty insurance	79,336	82,276
Banking, investment management and other financial services	189,137	171,192
Hospitality services	37,149	14,251
Unallocated revenues	59,300	35,185
	2,359,094	1,878,367

4.7 Geographical areas

The Group operates in certain geographical areas which are determined by the location of the subsidiary or branch initiating the business. Group operations in geographical areas include certain non-current assets comprising investment property, property, plant and equipment, associates and joint ventures, and intangible assets. Total external revenues and non-current assets by geographical area are summarised below.

	External revenue		Non-current assets	
	2021	2020	2021	2020
Barbados	211,355	185,631	172,063	171,889
Jamaica	648,637	576,118	99,412	111,902
Trinidad & Tobago	226,334	255,861	66,909	66,999
Other Caribbean	175,658	164,800	32,519	28,476
USA	1,097,110	695,957	116,194	227,261
	2,359,094	1,878,367	487,097	606,527

4.8 Revenues from fees recognised

The following table discloses revenue from fees recognised by reportable segment.

Year ended December 31, 2021	Fees recognised		
	- at a point in time	- over time	Total
Sagicor Life	-	8,396	8,396
Sagicor Jamaica	45,786	64,219	110,005
Sagicor USA	138	-	138
Head office and other	-	3,062	3,062
	45,924	75,677	121,601

Year ended December 31, 2020	Fees recognised		
	- at a point in time	- over time	Total
Sagicor Life	-	8,159	8,159
Sagicor Jamaica	40,680	50,086	90,766
Sagicor USA	148	-	148
Head office and other	-	2,976	2,976
	40,828	61,221	102,049

5 INVESTMENT PROPERTY

The movement in investment property for the year is as follows:

	2021	2020
Balance, beginning of year	78,295	95,577
Additions at cost	1,290	266
Disposals	(2,873)	(15,256)
Fair value changes recorded in net investment income	(60)	(598)
Effects of exchange rate changes	(698)	(1,694)
Balance, end of year	75,954	78,295

Investment property includes $8,532 (2020 - $8,646) which represents the Group's proportionate interest in joint operations summarised in the following table.

Country	Description of property	Percentage ownership recognised
Barbados	Freehold lands	50%
	Freehold office buildings	33%
Trinidad & Tobago	Freehold office building	60%

Pension Funds managed by the Group own the remaining 50% interest in freehold lands in Barbados, and a 33% interest in a freehold office building in Barbados.

6 ASSOCIATES AND JOINT VENTURES

6.1 Interests in Associates and Joint Ventures

Name of Entity	Country of Incorporation	% interest recognised		Nature of relationship	Measurement Method	Carrying Amount	
		2021	2020			2021	2020
RGM Limited	Trinidad & Tobago	33%	33%	Associate	Equity Method	26,854	26,092
FamGuard Corporation Limited (1)	Bahamas	20%	20%	Associate	Equity Method	19,462	17,837
Primo Holding Limited	Barbados	38%	38%	Associate	Equity Method	305	312
Sagicor Costa Rica SCR, S.A.	Costa Rica	50%	50%	Joint Venture	Equity Method	8,640	4,795
Playa Hotels and Resorts N.V. (2)	United States	-	16%	Associate	Equity Method	-	116,755
						55,261	165,791

(1) FamGuard Corporation Limited is listed on the Bahamas International Securities Exchange. The proportionate share of market value calculated on the basis of the year-end closing rate of $10.01 per share was $20,020 (2020 – $16,800).

(2) During the year, SGJ disposed of its interest in Playa. As a result, the Group's remaining investment in Playa has been designated as a FVTPL investment at year end. See note 37.1.

6.1 Interests in Associates and Joint Ventures (continued)

The reconciliation of carrying amounts for the year of the investment in associates and joint ventures is as follows:

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A.		Playa Hotels and Resort N.V.	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Investment, beginning of year	26,092	25,315	17,837	16,703	312	318	4,795	3,293	116,755	184,929
Additions	-	-	-	-	-	-	-	-	-	5,951
Negative goodwill arising on acquisition	-	-	-	-	-	-	-	-	-	1,499
Dividends received	(300)	(148)	(760)	(560)	-	-	-	-	-	-
Share of income / (loss)	1,378	1,441	1,973	1,815	(7)	(6)	4,060	2,193	-	(40,400)
Loss on impairment of investment in associates and joint ventures	-	-	-	-	-	-	-	-	-	(31,804)
Share of amortisation or impairment of intangible assets which were identified on acquisition	-	-	(10)	(10)	-	-	-	-	-	-
Share of income taxes	(301)	(515)	-	-	-	-	-	-	-	-
Share of OCI	-	-	422	(111)	-	-	259	(453)	-	(2,840)
Disposal / redesignation of interest	-	-	-	-	-	-	-	-	(111,372)	(3,112)
Effects of exchange rate changes	(15)	(1)	-	-	-	-	(474)	(238)	(5,383)	2,532
Investment, end of year	26,854	26,092	19,462	17,837	305	312	8,640	4,795	-	116,755

6.1 Interests in Associates and Joint Ventures (continued)

The reconciliation of the share of net assets based on the summarised financial information to carrying amounts of the investment in associates and joint ventures is as follows:

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A.		Playa Hotels and Resort N.V.	
	2021	2020	2021	2020	2021	2020	2021	2020	2021[1]	2020
Net Assets	80,581	78,276	97,168	93,992	804	823	17,279	9,591	n/a	560,864
% Interest	33%	33%	20%	20%	38%	38%	50%	50%	n/a	16%
Share of net assets	26,854	26,092	19,434	18,799	305	312	8,640	4,795	n/a	89,664
Goodwill arising from investment in associate	-	-	28	38	-	-	-	-	-	47,511
Goodwill arising from associate's investment	-	-	-	-	-	-	-	-	-	(12,402)
Movement in treasury shares	-	-	-	-	-	-	-	-	-	(4,976)
Fair value adjustment on consolidation	-	-	-	-	-	-	-	-	-	(3,042)
Preference shares	-	-	-	(1,000)	-	-	-	-	-	-
Investment, end of year	26,854	26,092	19,462	17,837	305	312	8,640	4,795	-	116,755

(1) The interest in Playa has been designated as a FVTPL investment as at December 31, 2021 (see note 37.1).

6.2 Impairment

Interest in FamGuard Corporation Limited.

In 2020, an impairment assessment of FamGuard Corporation Limited ("FamGuard") was performed at the end of the year as its value based on quoted market prices was lower than its carrying value recorded by the Group.

In conducting the impairment assessment, management determined a recoverable value for FamGuard, using the value in use method. To determine the value in use, management used an actuarial embedded value technique which incorporated appropriate discount rates and solvency capital requirements to determine the present value of future distributable profits. Management's value in use calculations did not identify any impairment.

As at December 31, 2021, the value based on quoted market prices exceeded the carrying value.

Interest in Playa Hotels and Resorts N.V.

Following the emergence of COVID-19 coronavirus, which was declared a global pandemic by the World Health organisation on March 11, 2020, the Group considered that travel restrictions, the impact on tour and holiday bookings and cancellations have resulted in a downturn in revenues and profits which negatively impacted the carrying value of this asset for the year ended December 31, 2020.

In assessing the carrying value of this investment, a recoverable value was determined using the value-in-use method which is a discounted cash flow technique that utilises a significant amount of judgement in estimating key variables such as earnings before interest, taxes, depreciation and amortisation (EBITDA), terminal growth rates and a discount factor. Value-in-use calculations are very sensitive to changes in these estimates. In arriving at its estimates for EBITDA, management also considered the impact of the uncertainty surrounding the COVID-19 coronavirus and its impact on the tourism sector going forward. As a result of this exercise, the investment was written down by US$31.8 million as at December 31, 2020.

As a result of the disposal of SGJ's interest in Playa during the year, the Group's remaining investment in Playa has been reflected as a FVTPL investment (see note 37.1).

6.3 Commitments and contingent liabilities

Other commitments at the year-end if called are $163 (2020 – $304) and contingent liabilities exist of $50 (2020 – $50).

6.4 Summarised Financial Information

Summarised financial information from the financial statements of associates and joint ventures is set out in the three tables which follow.

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A.		Playa Hotels and Resorts N.V.	
	2021	2020	2021	2020	2021	2020	2021	2020	2021[1]	2020
ASSETS										
Property, plant and equipment	897	751	36,912	36,911	-	-	313	452	n/a	1,722,434
Financial investments	-	-	310,083	288,970	-	-	23,158	14,987	n/a	-
Cash resources	7,883	6,132	13,142	18,832	-	-	1,158	3,979	n/a	171,957
Other investments and assets	120,710	122,309	15,139	15,531	1,000	1,000	14,803	12,352	n/a	221,872
Total assets	129,490	129,192	375,276	360,244	1,000	1,000	39,432	31,770	n/a	2,116,263
LIABILITIES										
Policy liabilities	-	-	267,366	254,553	-	-	11,590	9,249	n/a	-
Notes and loans payable	-	-	-	-	-	-	4,096	5,800	n/a	1,244,728
Other liabilities	48,909	50,916	10,742	11,699	196	177	6,467	7,130	n/a	310,671
Total liabilities	48,909	50,916	278,108	266,252	196	177	22,153	22,179	n/a	1,555,399
Net assets	80,581	78,276	97,168	93,992	804	823	17,279	9,591	n/a	560,864

(1) The interest in Playa has been designated as a FVTPL investment as at December 31, 2021 (see note 37.1).

6.4 Summarised Financial Information (continued)

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A.		Playa Hotels and Resorts N.V.	
	2021	2020	2021	2020	2021	2020	2021	2020	2021[1]	2020
WORKING CAPITAL										
Current assets	12,922	10,651	27,662	33,814	-	-	23,272	22,539	n/a	254,265
Current liabilities	4,227	5,351	10,085	11,286	44	44	18,499	17,084	n/a	246,835
Net current assets / (liabilities)	8,695	5,300	17,577	22,528	(44)	(44)	4,773	5,455	n/a	7,430
Cash and cash equivalents included in current assets	7,883	6,132	13,142	18,832	-	-	1,158	3,979	n/a	146,151
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	882	2,415	656	549	-	-	6,909	1,908	n/a	111,604
NON-CURRENT ASSETS / LIABILITIES										
Non-current assets	116,568	118,541	347,614	326,430	1,000	1,000	16,160	9,231	n/a	1,861,998
Non-current liabilities	44,682	45,565	268,023	254,966	152	133	3,654	5,095	n/a	1,308,564
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	44,682	45,565	267,366	254,553	-	-	3,654	5,093	n/a	1,179,222

(1) The interest in Playa has been designated as a FVTPL investment as at December 31, 2021 (see note 37.1).

6.4 Summarised Financial Information (continued)

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A.		Playa Hotels and Resort N.V.	
	2021	2020	2021	2020	2021	2020	2021	2020	2021[1]	2020
REVENUE										
Net premium revenue	-	-	101,274	99,506	-	-	33,621	22,567	n/a	-
Hotel revenue	-	-	-	-	-	-	-	-	n/a	346,499
Net investment and other income	25,022	25,607	35,357	26,353	-	-	3,263	1,956	n/a	-
Total revenue	25,022	25,607	136,631	125,859	-	-	36,884	24,523	n/a	346,499
					-					
BENEFITS AND EXPENSES					-					
Benefits	-	-	84,843	76,586	-	-	2,943	5,229	n/a	-
Hotel expenses	-	-	-	-	-	-	-	-	n/a	509,896
Finance costs	3,677	3,808	-	-	-	-	339	396	n/a	81,625
Depreciation and amortisation	242	233	3,827	2,269	-	-	-	133	n/a	92
Other expenses	17,294	17,276	37,947	36,296	19	16	21,961	12,957	n/a	261
Total benefits and expenses	21,213	21,317	126,617	115,151	19	16	25,243	18,715	n/a	591,874
INCOME BEFORE TAXES	3,809	4,290	10,014	10,708	(19)	(16)	11,641	5,808	n/a	(245,375)
Income taxes	(901)	(1,544)	-	-	-	-	(3,522)	(1,424)	n/a	627
NET INCOME FOR THE YEAR	2,908	2,746	10,014	10,708	(19)	(16)	8,119	4,384	n/a	(244,748)
Other comprehensive income	-	-	678	(1,102)	-	-	(579)	(1,410)	n/a	(6,321)
Total comprehensive income	2,908	2,746	10,692	9,606	(19)	(16)	7,540	2,974	n/a	(251,069)
Interest income	-	-	15,902	13,475	-	-	1,088	713	n/a	-
Interest expense	3,808	3,808	-	-	-	-	339	-	n/a	-

[1] The interest in Playa has been designated as a FVTPL investment as at December 31, 2021 (see note 37.1).

7 PROPERTY, PLANT AND EQUIPMENT

	2021					2020				
	Owner-occupied properties	Owner - managed hotel properties	Office furnishings, equipment & vehicles	Right-of-use assets	Total	Owner-occupied properties	Owner-managed hotel properties	Office furnishings, equipment & vehicles	Right-of-use assets	Total
Net book value, beginning of year	108,738	76,024	50,856	30,951	266,569	110,172	96,608	53,721	29,369	289,870
Additions at cost	69	160	10,690	3,096	14,015	270	176	17,984	14,206	32,636
Transfer to intangible assets (note 8)	-	-	(1,820)	-	(1,820)	-	-	(3,388)	-	(3,388)
Other transfers	1,325	-	(1,313)	(12)	-	-	-	-	(81)	(81)
Disposals and divestures	(46)	(84)	(326)	(666)	(1,122)	-	-	(1,907)	(4,879)	(6,786)
Fair value changes recorded in OCI	1,463	13,579	-	-	15,042	1,818	(18,963)	-	-	(17,145)
Depreciation charge	(1,595)	(2,136)	(13,366)	(5,655)	(22,752)	(2,206)	(2,386)	(14,379)	(6,150)	(25,121)
Effects of exchange rate changes	(1,474)	692	(1,131)	(1,238)	(3,151)	(1,316)	589	(1,175)	(1,514)	(3,416)
Net book value, end of year	108,480	88,235	43,590	26,476	266,781	108,738	76,024	50,856	30,951	266,569
Represented by:										
Cost or valuation	111,412	95,807	164,905	42,976	415,100	111,073	85,957	161,705	42,582	401,317
Accumulated depreciation	(2,932)	(7,572)	(121,315)	(16,500)	(148,319)	(2,335)	(9,933)	(110,849)	(11,631)	(134,748)
	108,480	88,235	43,590	26,476	266,781	108,738	76,024	50,856	30,951	266,569

Owner-occupied properties consist mainly of commercial offices but include lands of $35,049 (2020 – $35,245) utilised largely in farming operations.

Owner-occupied properties, equipment & vehicles include operating leases held as lessor.

8 INTANGIBLE ASSETS

8.1 Analysis of intangible assets and changes for the year

	2021					2020				
	Goodwill	Customer & broker relationships	Trade names	Software	Total	Goodwill	Customer & broker relationships	Trade names	Software	Total
Net book value, beginning of year	58,387	13,172	2,970	21,343	95,872	63,325	16,331	3,320	23,888	106,864
Additions at cost	-	-	-	4,312	4,312	-	-	-	3,840	3,840
Transfer from property, plant and equipment (note 7)	-	-	-	1,820	1,820	-	-	-	3,388	3,388
Identified on acquisition:										
Advantage General Insurance Company Ltd	-	-	-	-	-	163	-	-	-	163
Subsidiary acquisitions and disposals	-	-	-	-	-	-	-	-	(2)	(2)
Amortisation/impairment charges	-	(1,869)	(113)	(7,957)	(9,939)	(3,000)	(2,118)	(119)	(9,191)	(14,428)
Effects of exchange rate changes	(1,391)	(871)	(219)	(483)	(2,964)	(2,101)	(1,041)	(231)	(580)	(3,953)
Net book value, end of year	56,996	10,432	2,638	19,035	89,101	58,387	13,172	2,970	21,343	95,872
Represented by:										
Cost or valuation	59,996	34,256	6,045	93,155	193,452	61,387	36,874	6,532	89,320	194,113
Accumulated depreciation and impairments	(3,000)	(23,824)	(3,407)	(74,120)	(104,351)	(3,000)	(23,702)	(3,562)	(67,977)	(98,241)
	56,996	10,432	2,638	19,035	89,101	58,387	13,172	2,970	21,343	95,872

8.2 Impairment of intangible assets

Goodwill arises from past acquisitions and is allocated to cash-generating units (CGUs). Goodwill is tested annually for impairment. The recoverable amount of a CGU is determined as the higher of its value in use or its fair value less costs to sell.

For those CGU's where the fair value less costs of disposal methodology is used, financial projections are used as inputs to determine maintainable earnings over time to which is applied an appropriate earnings' multiple. For those CGU's where the value in use methodology is used, cash flows are extracted from financial projections to which are applied appropriate discount factors and residual growth rates, or alternatively, the cash flows from the financial projections are extended to 50 years using an actuarial appraisal value technique which incorporates appropriate discount rates and solvency capital requirements. As disclosed in note 2.7(a), goodwill is allocated to the Group's reportable operating segments.

The Group obtains independent professional advice in order to select the relevant discount factors, residual growth rates and earnings multiples.

The carrying values of goodwill and the impairment test factors used are considered in the following sections.

(a) Sagicor Life operating segment

	2021	2020
Carrying value of goodwill	26,552	26,554

8.2 Impairment of intangible assets (continued)

(i) Years ended December 31, 2021 & 2020

An actuarial appraisal value technique was adopted to test goodwill impairment. The principal assumptions included the following:

- Discount rates of 10% (2020, 10%) for individual life and annuity in force business;
- New individual life and annuity business was included for the seven-year period 2022 to 2028, (seven year period 2021 to 2027);
- Annual growth rate for new individual life and annuity business were -27% to 4.0% for 2022 and 5.0% to 21.0 % from 2023 to 2028 (2020 - 8.0% to 51.0% for the year 2021 and 4.0% to 10.0 % from 2022 to 2027);
- Discount rates of 14% (2020, 14%) for new individual life and annuity business;
- Required Minimum Continuing Capital and Surplus Ratio (MCCSR) of 175% (2020 – 175%).

Sensitivity

The excess of the appraisal value over carrying value of the operating segment was also tested by varying the discount rates and capital ratios. The results are set out in the following tables.

Sagicor Life Inc Segment			MCCSR target ratio		
			Low	Mid	High
Discount rate	**Inforce**	**New business**	150%	175%	200%
Low	8%	12%	260,937	253,310	245,497
Mid	10%	14%	78,941	66,492	53,745
High	12%	16%	(56,793)	(72,410)	(88,365)

8.2 Impairment of intangible assets (continued)

(b) Sagicor Jamaica operating segment

	2021	2020
Carrying value of goodwill	27,763	29,152

The fair value less costs of disposal methodology was adopted to test goodwill impairment in both years. The after-tax multiple used for the segment 11.0 (2020 – 11.0) was derived from a pre-tax factor of 8.0 (2020 – 8.1) using an iterative method.

Sensitivity

The possible impairment of goodwill is sensitive to changes in earnings multiples and after-tax earnings. This is illustrated in the following table.

	2021 test		
	Scenario 1	Scenario 2	Scenario 3
After-tax earnings multiples	11.0	9.4	6.6
Reduction in forecast earnings	n/a	10%	10%
Excess of recoverable amount (of 49.11% interest)	170,960	72,727	n/a
Impairment (of 49.11% interest)	Nil	Nil	(60,451)

8.2 Impairment of intangible assets (continued)

(c) Sagicor General Insurance Inc

	2021	2020
Carrying value of goodwill	2,681	2,681

The value in use methodology has been used to test goodwill impairment in both years. The pre-tax discount factor was 17.5% (2020 – 18.9%) which was derived from an after-tax factor of 14.0% (2020 – 15.0%) using an iterative method. The residual growth rate was 2.0% (2020 – 2.0%).

During 2020, goodwill of US$3.0 million was impaired relating to Sagicor General Insurance Inc. This amount is included within Depreciation and amortisation in the consolidated statement of income.

Sensitivity

The possible impairment of goodwill is sensitive to changes in the after-tax discount factor and residual growth rate. This is illustrated in the following table.

	2021 test		
	Scenario 1	Scenario 2	Scenario 3
After-tax discount factor	14.0	13.5	15.5
Residual growth rate	2.0	2.0	1.0
Excess of recoverable amount	1,522	2,972	Nil
Impairment	Nil	Nil	(1,578)

9 FINANCIAL INVESTMENTS

9.1 Analysis of financial investments

	2021		2020	
	Carrying value	Fair value	Carrying value	Fair value
Investments at FVOCI:				
Debt securities and money market funds	4,481,319	4,481,319	3,611,917	3,611,917
Equity securities	520	520	1,054	1,054
	4,481,839	4,481,839	3,612,971	3,612,971
Investments at FVTPL:				
Debt securities	283,534	283,534	348,874	348,874
Equity securities	889,619	889,619	659,519	659,519
Derivative financial instruments	26,246	26,246	37,188	37,188
Mortgage loans	24,375	24,375	26,065	26,065
	1,223,774	1,223,774	1,071,646	1,071,646
Investments at amortised cost:				
Debt securities (note 40.5 (d))	1,399,703	1,556,181	1,269,486	1,490,099
Mortgage loans	425,548	421,650	393,214	390,938
Policy loans	153,839	177,483	151,038	177,813
Finance loans	533,460	536,741	555,384	560,543
Securities purchased for resale	68,007	68,007	57,110	57,110
Deposits	211,925	211,925	127,720	127,720
	2,792,482	2,971,987	2,553,952	2,804,223
Total financial investments	8,498,095	8,677,600	7,238,569	7,488,840

9.1 Analysis of financial investments (continued)

Non-derivative investments at FVTPL	FVTPL mandatory designation	FVTPL designation by election	Total
2021			
Equity securities	721,559	168,060	889,619
Debt securities	145,042	138,492	283,534
Mortgage loans	23	24,352	24,375
	866,624	330,904	1,197,528
2020			
Equity securities	580,919	78,600	659,519
Debt securities	201,797	147,077	348,874
Mortgage loans	34	26,031	26,065
	782,750	251,708	1,034,458

	2021	2020
Debt securities:		
Government and government-guaranteed debt securities	2,219,016	2,084,812
Collateralised mortgage obligations	692,581	545,411
Corporate debt securities	2,859,523	2,433,389
Money market funds and other securities	393,436	166,665
	6,164,556	5,230,277
Included in financial investments are:		
Exchange-traded funds included in equity securities	446,294	301,732
Debt securities issued by associates	22,941	24,135
Mutual funds managed by the Group	152,816	175,704

9.2 Financial investments repledged

Debt securities are pledged as collateral under repurchase agreements with customers and other financial institutions and for security relating to overdraft and other facilities with other financial institutions. 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 repledge the collateral.

	2021	2020
Financial investments repledged	608,343	611,730
Statement of financial position presentation		
Financial investments	7,889,752	6,626,839
Financial investments repledged	608,343	611,730
	8,498,095	7,238,569

Analysis of financial investments repledged

	2021	2020
	Pledged value	Pledged value
Investments at FVOCI:		
Debt securities and money market funds	604,581	610,684
Investments at FVTPL:		
Debt securities	760	-
Investments at amortised cost :		
Debt securities	585	632
Securities purchased for resale	37	37
Deposits	2,380	377
	3,002	1,046
Financial investments repledged	608,343	611,730

9.3 Collateral assets

Debt and equity securities include $9,543 (2020 - $2,806) as collateral for loans payable and other funding instruments.

Collateral for the obligation to the Federal Home Loan Bank of Dallas (FHLB) which is included in other funding instruments (note 17), consists of an equity holding in the FHLB with a market value of $12,156 (2020 - $17,261), and mortgages and mortgage backed securities having a total market value of $474,381 (2020 - $365,714).

9.4 Financial investments held under the unit linked fair value model

Financial investments include the following amounts for which the full income and capital returns accrue to the holders of unit linked insurance and investment contracts. These investments are measured at FVTPL and amortised cost for mortgages.

	2021	2020
Debt securities	176,067	157,187
Equity securities	200,849	186,069
Mortgage loans	50,778	53,417
	427,694	396,673

10 REINSURANCE ASSETS

	2021	2020
Reinsurers' share of:		
Actuarial liabilities (note 13.1)	545,196	639,797
Policy benefits payable (note 14.2)	39,894	34,708
Provision for unearned premiums (note 14.3) (i)	28,632	26,860
Other items	16,995	14,374
	630,717	715,739

(i) Amount is expected to be realised within one year.

11 INCOME TAX ASSETS

	2021	2020
Deferred income tax assets (note 33)	12,982	7,050
Income and withholding taxes recoverable	34,179	19,280
	47,161	26,330

Income and withholding taxes recoverable are expected to be recovered within one year of the financial statements' date.

12 MISCELLANEOUS ASSETS AND RECEIVABLES

	2021	2020
Net defined benefit assets (note 31)	23,738	16,728
Real estate developed or held for resale	81,198	46,456
Prepaid and deferred expenses (i)	37,411	37,055
Premiums receivable	59,168	59,780
Legal claim (note 20)	1,180	1,126
Finance leases	880	822
Other assets and accounts receivable	73,177	77,571
	276,752	239,538
Amounts due from managed funds included in receivables	5,402	2,938
Amounts expected to be realised within one year included in real estate developed or held for resale	44,367	21,502

(i) Amounts are expected to be realised within one year.

13 ACTUARIAL LIABILITIES

13.1 Analysis of actuarial liabilities

	Gross liability		Reinsurers' share	
	2021	2020	2021	2020
Contracts issued to individuals:				
Life insurance - participating policies	187,862	192,866	56	76
Life insurance and annuity - non-participating policies	3,770,866	3,160,834	532,183	626,361
Health insurance	11,947	8,741	125	192
Unit linked funds	272,307	253,229	-	-
Reinsurance contracts held	43,948	40,767	-	-
	4,286,930	3,656,437	532,364	626,629
Contracts issued to groups:				
Life insurance	27,311	27,541	74	104
Annuities	442,815	436,590	12,610	12,900
Health insurance	35,571	32,133	148	164
	505,697	496,264	12,832	13,168
Total actuarial liabilities	4,792,627	4,152,701	545,196	639,797

The following notes are in respect of the foregoing table:

- Life insurance includes coverage for disability and critical illness.
- Actuarial liabilities include $72,877 (2020 - $80,331) in assumed reinsurance.
- The liability for reinsurance contracts held occurs because the reinsurance premium costs exceed the mortality costs assumed in determining the gross liability of a policy contract.

13.2 Movement in actuarial liabilities

	Gross liability		Reinsurers' share	
	2021	2020	2021	2020
Balance, beginning of year	4,152,701	3,604,653	639,797	661,811
Changes in actuarial liabilities:				
Recorded in income (note 25)	686,329	512,140	(94,586)	(22,026)
Recorded in OCI	(19,030)	65,039	-	-
Other movements	(53)	(1,057)	(6)	5
Effect of exchange rate changes	(27,320)	(28,074)	(9)	7
Balance, end of year	4,792,627	4,152,701	545,196	639,797
Analysis of changes in actuarial liabilities				
Arising from increments and decrements of inforce policies and from the issuance of new policies	750,742	589,905	(96,016)	(23,881)
Arising from changes in assumptions for mortality, lapse, expenses, partial withdrawal, universal life premium persistency and indexation, critical illness plan benefit modelling, investment yields and asset default	(79,155)	9,918	1,986	187
Other changes:				
Actuarial modelling, refinements and improvements	(5,593)	5,221	(556)	1,664
Changes in margins for adverse deviations	(19,056)	-	-	-
Arising from fair value changes of Segregated Funds	32,311	(15,471)	-	-
Other items	(11,950)	(12,394)	-	4
Total	667,299	577,179	(94,586)	(22,026)

13.3 Assumptions – life insurance and annuity contracts

(a) Process used to set actuarial assumptions and margins for adverse deviations

At each date for valuation of actuarial liabilities, the Appointed Actuary (AA) of each insurer reviews the assumptions made at the last valuation date. The AA reviews the validity of each assumption by referencing current data, and where appropriate, changes the assumptions for the current valuation. A similar process of review and assessment is conducted in the determination of margins for adverse deviations.

Any changes in actuarial standards and practice are also incorporated in the current valuation.

(b) Assumptions for mortality and morbidity

Mortality rates are related to the incidence of death in the insured population. Morbidity rates are related to the incidence of sickness and disability in the insured population.

Annually, insurers update studies of recent mortality experience. The resulting experience is compared to external mortality studies including tables from the Canadian Institute of Actuaries. Appropriate modification factors are selected and applied to underwritten and non-underwritten business respectively. Annuitant mortality is determined by reference to CIA tables or to other established scales.

Assumptions for morbidity are determined after reflecting insurer and industry experience.

(c) Assumptions for lapse

Policyholders may allow their policies to lapse prior to the maturity date either by choosing not to pay premiums or by surrendering their policy for its cash value. Lapse studies are updated annually by insurers to determine the persistency of the most recent period. Assumptions for lapse experience are generally based on moving averages.

13.3 Assumptions – life insurance and annuity contracts (continued)

(d) Assumptions for investment yields

Returns on existing variable rate securities, shares, investment property and policy loans are linked to the current economic scenario. Yields on reinvested assets are also tied to the current economic scenario. Returns are however assumed to decrease over time, and it is assumed that at the end of twenty years from the valuation date, all investments, except policy loans, are reinvested in long-term, default-free government bonds.

The ultimate rate of return is the assumed rate that will ultimately be earned on long-term government bonds. It is established for each geographic area and is summarised in the following table.

Ultimate rate of return	2021	2020
Barbados	7.50%	7.50%
Jamaica	5.50%	5.50%
Trinidad & Tobago	5.00%	5.00%
Other Caribbean	4.50% - 7.50%	4.50% - 7.50%
USA	0.80% - 3.35%	0.80% - 3.55%

(e) Assumptions for operating expenses and taxes

Policy acquisition and policy maintenance expense costs for the long-term business of each insurer are measured and monitored using internal expense studies. Policy maintenance expense costs are reflected in the actuarial valuation after adjusting for expected inflation. Costs are updated annually and are applied on a per policy basis.

Taxes reflect assumptions for future premium taxes and income taxes levied directly on investment income. For income taxes levied on net income, actuarial liabilities are adjusted for policy-related recognised deferred tax assets and liabilities.

13.3 Assumptions – life insurance and annuity contracts (continued)

(f) Asset defaults

The AA of each insurer includes a provision for asset default in the modelling of the cash flows. The provision is based on industry and Group experience and includes specific margins, where appropriate, for assets backing the actuarial liabilities, e.g. for investment property, equity securities, debt securities, mortgage loans and deposits.

(g) Margins for adverse deviations

Margins for adverse deviations are determined for the assumptions in the actuarial valuations. The application of these margins result in provisions for adverse deviations being included in the actuarial liabilities as set out in the following table.

Provisions for adverse deviations	2021	2020
Mortality and morbidity	110,436	97,305
Lapse	102,739	90,733
Investment yields and asset default	66,061	69,887
Operating expenses and taxes	9,804	10,495
Other	16,409	14,949
	305,449	283,369

13.4 Assumptions – 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 significant claim settlements are anticipated after one year from the date of the financial statements.

14 OTHER POLICY LIABILITIES

14.1 Analysis of other policy liabilities

	2021	2020
Dividends on deposit and other policy balances	60,609	60,236
Policy benefits payable	220,177	174,375
Provision for unearned premiums	60,655	58,065
	341,441	292,676

14.2 Policy benefits payable

	Gross liability		Reinsurers' share	
	2021	2020	2021	2020
Analysis of policy benefits payable:				
Life insurance and annuity benefits	158,380	111,231	24,291	17,415
Health claims	3,643	4,260	3,282	6,251
Property and casualty claims	58,154	58,884	12,321	11,042
	220,177	174,375	39,894	34,708

14.2 Policy benefits payable (continued)

	Gross liability		Reinsurers' share	
	2021	2020	2021	2020
Movement for the year:				
Balance, beginning of year	174,375	166,350	34,708	28,700
Subsidiary and insurance portfolio acquisitions	-	(1,771)	-	-
Policy benefits incurred	824,753	761,510	119,291	118,824
Policy benefits paid	(774,991)	(748,079)	(113,373)	(112,420)
Effect of exchange rate changes	(3,960)	(3,635)	(732)	(396)
Balance, end of year	220,177	174,375	39,894	34,708

14.3 Provision for unearned premiums

	Gross liability		Reinsurers' share	
	2021	2020	2021	2020
Analysis of the provision:				
Property and casualty insurance	58,435	56,119	28,632	26,860
Health insurance	2,220	1,946	-	-
	60,655	58,065	28,632	26,860

The provision for unearned premiums is expected to mature within a year of the financial statements' date.

14.3 Provision for unearned premiums (continued)

	Gross liability		Reinsurers' share	
	2021	2020	2021	2020
Movement for the year:				
Balance, beginning of year	58,065	59,092	26,860	24,828
Premiums written	131,705	128,027	70,952	65,917
Premium revenue	(127,671)	(127,661)	(68,327)	(63,210)
Effect of exchange rate changes	(1,444)	(1,393)	(853)	(675)
Balance, end of year	60,655	58,065	28,632	26,860

15 INVESTMENT CONTRACT LIABILITIES

	2021		2020	
	Carrying value	Fair value	Carrying Value	Fair value
Liabilities at amortised cost:				
Deposit administration liabilities	117,287	117,287	117,046	117,046
Other investment contracts	191,304	190,031	166,116	169,002
	308,591	307,318	283,162	286,048
Liabilities at FVTPL:				
Unit linked deposit administration liabilities	159,503	159,503	154,442	154,442
	468,094	466,821	437,604	440,490

16 NOTES AND LOANS PAYABLE

The following table presents the carrying values and estimated fair values of notes and loans payable.

Amounts in US$000	2021		2020	
	Carrying value	Fair value	Carrying value	Fair Value
Liabilities at amortised cost:				
8.875% senior notes due 2022 (a)	-	-	315,938	324,704
5.30% senior notes due 2028 (b)	532,162	570,306	-	-
5.50% unsecured bond due 2022 (c)	32,079	32,362	31,957	32,790
6.25% unsecured bond due 2022 (c) & (d)	25,130	28,667	27,000	28,530
6.75% notes due 2024 (e)	14,284	14,956	15,434	16,275
Bank loans and other funding instruments (f)	33,696	33,696	21,686	21,686
Mortgage loans (g)	46,037	48,950	59,607	60,767
	683,388	728,937	471,622	484,752

(a) Senior Notes Due 2022

In May 2021, the Group made a cash tender offer for the senior unsecured notes (the "Notes") and cash tenders totalling US$130 million were accepted. On August 11, 2021, the Company redeemed all of the remaining US$188 million principal amount of the 2022 notes at an aggregate redemption price of US$188 million, pursuant to the following terms of the note indenture governing the 2022 Notes:

Optional Redemption with an Applicable Premium - At any time on or after August 11, 2019, the Group may redeem the Notes in whole or in part at specified redemption prices, plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable date of redemption.

16 NOTES AND LOANS PAYABLE (continued)

(b) Senior notes due 2028

On May 13, 2021, Sagicor Financial Company Ltd. issued US$400 million of senior notes due 2028 (the "New Notes"). The Company used partial proceeds of the transaction to repurchase the US$318 million principal amount of the 8.875% Notes due 2022 which were issued by its subsidiary, Sagicor Finance 2015 Limited (see (a) above). The New Notes are due May 13, 2028 and bear interest at an annual rate of 5.30%.

On December 15, 2021, the Group issued an additional US$150 million principal amount of the New Notes. These New Notes are also due May 13, 2028 and bear interest at an annual rate of 5.30%.

The Group had, in total, US$550 million principal amount of the New Notes outstanding at the year end.

Pursuant to the terms of the New Notes, the Group may redeem the New Notes under the scenario as summarised below:

Optional Redemption with an Applicable Premium - At any time on or after May 13, 2024, the Group may redeem the New Notes in whole or in part at specified redemption prices, plus accrued and unpaid interest, if any, on the New Notes redeemed, to the applicable date of redemption.

The Group has estimated the fair value of the optional redemption embedded derivative at US$11.3 million as at December 31, 2021.

(c) On September 18 and 26, 2019, Sagicor Financial Corporation Limited issued US$30.6 million and US$3.4 million notes respectively, carrying an annual rate of 5.10%. The notes matured October 26, 2020.

Also on September 26, 2019, Sagicor Financial Corporation Limited issued a Jamaican dollar bond in the amount of J$5,731,140,000 carrying an annual interest rate of 5.95% per annum. The bond matured October 26, 2020.

16 NOTES AND LOANS PAYABLE (continued)

On October 27, 2020, Sagicor Financial Corporation Limited refinanced the above facilities with the issue of a bond in two Tranches, Tranche A up to J$5,737,140,000 and Tranche B up to US$31,807,000, carrying annual interest rates of 6.25% and 5.50% respectively. Interest is payable quarterly commencing January 27, 2021. The Tranches mature on April 26, 2022, with an option for further extension.

(d) At December 31, 2021, Sagicor Investments Jamaica Limited held an investment of US$12.5 million in Tranche A.

(e) On August 16, 2019, Sagicor Investments Jamaica Limited issued J$4.4 billion notes in two Tranches, Tranche A J$2.22 billion and Tranche B J$2.18 billion, carrying annual rates of 5.00% and 6.75% respectively. Tranche A matured on September 16, 2020 and Tranche B has a maturity date of August 16, 2024.

(f) Bank loans and other funding instruments include the following:

(i) On May 24, 2019, Sagicor General Insurance Inc entered into a US$12 million loan agreement. The interest rate is 3.50% per annum and the loan matures on July 31, 2024.

(ii) On October 1, 2020, The Estates (Residential Properties) Limited issued cumulative preference shares in the amount of US$9 million. Dividends accrue at a rate of 6.75% per annum and are payable semi-annually. The preference shares are redeemable on September 30, 2027.

(iii) On May 3, 2021, The Estates (Residential Properties) Limited entered into a US$17 million construction loan agreement with First Caribbean International Bank (Barbados) Limited. The interest rate is 3.50% per annum and the loan is repayable 2 years from the date of issuance, maturing on June 11, 2023. The facility is available in multiple drawdowns over this period.

16 NOTES AND LOANS PAYABLE (continued)

(g) Mortgage Loans

	Issuer / mortgagor	2021	2020
4.90% USD mortgage notes due 2025	X Fund Properties LLC	45,137	45,822
4.75% USD mortgage notes due 2021	Sagicor X-Fund Real Estate Limited	-	2,188
9.00% JMD mortgage notes due 2048	X Fund Properties Limited	-	3,356
8.00% JMD mortgage notes due 2021	X Fund Properties Limited	-	3,134
10.00% JMD mortgage notes due 2026	X Fund Properties Limited	-	3,220
3.26% / 3.61% mortgage notes due 2026	X Fund Properties Limited	-	934
Development loan [1]	X Fund Properties Limited	900	953
		46,037	59,607

[1] This note is interest-free with annual forgiveness of debt over ten years, if certain conditions are met.

X Fund Properties LLC

The 4.90% USD mortgage note is secured by the investment in hotel property. Interest on the mortgage note is paid monthly through to maturity, upon which the outstanding principal is due and payable. The Group may prepay the mortgage note prior to the maturity date only in conjunction with the sale of a property or as a result of casualty or condemnation. The note is payable on October 6, 2025 and attracts a fixed rate interest of 4.90%.

Sagicor X-Fund Real Estate Limited

This mortgage note was issued in three tranches (A,B,C). Tranches A and B have previously matured while Tranche C matured on May 16, 2021.

16 NOTES AND LOANS PAYABLE (continued)

X Fund Properties Limited

The 8.00% JMD mortgage note matured on February 28, 2021.

During the quarter ended December 31, 2021, the mortgage notes due 2026 and 2048 were settled.

Movement for the year to December 31,	2021	2020
Balance, beginning of year	471,622	517,732
Valuation of call option embedded derivative	(5,390)	(3,082)
Additions:		
Gross principal	563,408	68,660
less Expenses	(11,104)	(415)
	552,304	68,245
Repayments:		
Principal	(330,777)	(109,514)
Interest	(43,768)	(37,414)
	(374,545)	(146,928)
Amortisation during the year	5,685	3,588
Accrued Interest	37,201	38,838
Effects of exchange rate changes	(3,489)	(6,771)
Balance, end of the year	683,388	471,622

17 DEPOSIT AND SECURITY LIABILITIES

	2021		2020	
	Carrying value	Fair value	Carrying value	Fair value
Liabilities at amortised cost:				
Other funding instruments	511,453	511,598	388,523	387,206
Customer deposits	881,434	883,673	861,652	867,317
Securities sold for repurchase	598,272	598,272	575,604	575,604
Bank overdrafts	761	761	980	980
	1,991,920	1,994,304	1,826,759	1,831,107
Liabilities at FVTPL:				
Structured products	4,344	4,344	-	-
Derivative financial instruments (note 40.9)	109	109	-	-
	4,453	4,453	-	-
	1,996,373	1,998,757	1,826,759	1,831,107

Other funding instruments consist of loans from banks and other financial institutions and include balances of $449,781 (2020 - $348,559) due to the Federal Home Loan Bank of Dallas (FHLB). The Group participates in the FHLB programme in which funds received from the Bank are invested in mortgages and mortgage-backed securities.

Structured products are offered by a banking subsidiary. A structured product is a pre-packaged investment strategy created to meet specific needs that cannot be met from the standardised financial instruments available in the market. Structured products can be used as an alternative to a direct investment, as part of the asset allocation process to reduce risk exposure of a portfolio, or to capitalise on current market trends.

Collateral for other funding instruments and securities sold under agreements to resell is set out in note 9.2.

18 OTHER LIABILITIES / RETIREMENT BENEFIT LIABILITIES

	2021	2020
Net defined benefit liabilities (note 31)	81,256	66,342
Other provisions	257	200
	81,513	66,542

19 INCOME TAX LIABILITIES

	2021	2020
Deferred income tax liabilities (note 33)	51,707	48,873
Income taxes payable	10,219	16,255
	61,926	65,128

Income taxes payable are expected to be settled within a year of the financial statements' date.

20 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Suspense and other amounts due	50,333	44,078
Amounts due to reinsurers	21,943	28,461
Legal claim (i)	1,180	1,126
Other accounts payable and accrued liabilities	180,065	181,797
	253,521	255,462

(i) 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 ("the Bank"), (formerly RBC Royal Bank Jamaica Limited). This claim pre-dated the acquisition of the Bank by Sagicor Group Jamaica Limited, and pre-dated the acquisition of control of the Bank by RBTT from Finsac Limited ("Finsac") in 2001.

By virtue of the Share Sale Agreement between Finsac, RBTT Financial Holdings Limited and RBTT International Limited, Finsac agreed to fully indemnify RBTT International Limited against any loss the bank may suffer in this matter. As the current owner of Sagicor Bank Jamaica Limited, Sagicor Group is the current beneficiary of the Indemnity. The Indemnity from Finsac is further supported by a Government of Jamaica Guarantee on a full indemnity basis.

Sagicor appealed the Supreme Court decision and judgment was delivered on July 31, 2018, which ruled that the award previously made to the Claimant be reduced with costs to the Claimant, subject to an accounting exercise to determine the apportionment of costs between the parties. This reduced award took into account lower interest rates, applying simple interest rather than compounding interest. The issue of costs remains to be determined by the courts following a subsequent application to amend the judgment which was delivered in January 2019. The amount previously awarded to the Claimant has been recorded as payable to the claimant, plus accrued interest, and a corresponding receivable from Finsac/Government of Jamaica has been recorded (note 12).

20 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

(i) On July 1, 2019, the Claimant filed an application for conditional leave to appeal to the Privy Council on the issue of costs, with final leave being granted on October 26, 2020.

The reproduced record of appeal for the Privy Council was finalised on June 3, 2021 and our external counsel is awaiting a Statement of Facts and Issues to be agreed. The Privy Counsel has set the appeal matter for hearing in May 2022.

21 COMMON SHARES

The authorised share capital of the Company is US$200,000,000 divided into 10,000,000,000 common shares of US$0.01 each and 10,000,000,000 preference shares of US$0.01 each.
The common shares issued are as follows:

	2021				2020			
	Number in 000's	Share capital	Share premium	Total	Number in 000's	Share capital	Share premium	Total
Issued and fully paid:								
Balance, beginning of year	146,381	1,464	753,771	755,235	147,839	1,478	762,290	763,768
Repurchase of shares (note 21.1)	(3,988)	(40)	(20,539)	(20,579)	(2,974)	(29)	(15,367)	(15,396)
	142,393	1,424	733,232	734,656	144,865	1,449	746,923	748,372
Allotments arising from:								
Common shares	791	8	4,162	4,170	1,516	15	6,848	6,863
Balance, end of year	143,184	1,432	737,394	738,826	146,381	1,464	753,771	755,235
Treasury shares:								
Shares held for LTI and ESOP, end of year (note 30.1)	(50)	(1)	(275)	(276)	(50)	(1)	(275)	(276)
Shares repurchased but not cancelled	(1)	-	(5)	(5)	(1)	-	(6)	(6)
Total	143,133	1,431	737,114	738,545	146,330	1,463	753,490	754,953

21.1 Share buyback programme

In 2020, the board of directors of SFC authorised a share buyback programme that allows the Company to repurchase its common shares (the "NCIB Shares"). The Toronto Stock Exchange (the "TSX") accepted the Company's notice of intention to make a normal course issuer bid ("NCIB") through which the Company may purchase the NCIB Shares during the 12-month period commencing June 22, 2020 and ending June 21, 2021. The Company was initially authorised to repurchase up to 3,000,000 of its common shares under the programme, however, the NCIB was subsequently amended to increase the number of shares that may be repurchased to 8,000,000 common shares. Under the NCIB, purchases may be made on the open market through the facilities of the TSX and/or alternative Canadian trading systems at the market price at the time of acquisition, as well as by other means as may be permitted by TSX rules and applicable securities laws.

21 COMMON SHARES (continued)

21.1 Share buyback programme (continued)

During the year, the Company repurchased 3,988,221 (2020 – 2,942,500) shares, at a total cost of US$20.0 million (2020 – US$13.1 million), which were subsequently cancelled. Share capital and share premium in equity have been reduced by the cost of the shares repurchased and commission paid on the transactions. The premium or discount arising on the repurchase of shares has been recorded directly in retained earnings.

The cost of shares totalling US$0.005 million (2020 – US$0.006 million), which were repurchased at the year end date but not cancelled, has been reflected in treasury shares.

21.2 Common share dividends

Common share dividends declared and paid are set out in the following table.

	2021		2020	
	Per share	Total	Per share	Total
Dividends declared and paid during the year:				
Three-month period ended:				
– March 31	5.625¢	8,234	5.625¢	8,353
– June 30	5.625¢	8,192	5.625¢	8,387
– September 30	5.625¢	8,061	5.625¢	8,262
– December 31	5.625¢	8,052	5.625¢	8,241
Total		32,539		33,243

22 RESERVES

	Fair value reserves							
	Owner-occupied and owner-managed property	FVOCI assets	Actuarial liabilities	Cash flow hedges	Currency translation reserves	Warrant reserve[1]	Other reserves	Total reserves
2021								
Balance, December 31, 2020	22,889	162,691	(128,584)	(274)	(143,939)	20,062	52,287	(14,868)
Total comprehensive income	2,528	(42,952)	14,200	239	(25,315)	-	-	(51,300)
Transactions with holders of equity instruments:								
Allocated to reserve for equity compensation benefits	-	-	-	-	-	-	5,295	5,295
Eliminated from reserve for equity compensation benefits	-	-	-	-	-	-	(5,901)	(5,901)
Transfers to retained earnings and other movements	52	-	-	-	-	-	6,250	6,302
Balance, December 31, 2021	25,469	119,739	(114,384)	(35)	(169,254)	20,062	57,931	(60,472)

[1] The Group has 34,774,993 (2020 - 34,774,993) warrants outstanding which have an exercise price of CDN $11.50 per share. These warrants expire on December 5, 2024. The warrants are listed on the Toronto Stock Exchange.

22 RESERVES (continued)

	Fair value reserves							
	Owner-occupied and owner-managed property	FVOCI assets	Actuarial liabilities	Cash flow hedges	Currency translation reserves	Warrant reserve	Other reserves	Total reserves
2020								
Balance, December 31, 2019	25,151	94,270	(78,707)	(270)	(124,421)	20,062	54,892	(9,023)
Total comprehensive income	(1,753)	68,375	(49,877)	(4)	(19,518)	-	(2)	(2,779)
Transactions with holders of equity instruments:								
Allocated to reserve for equity compensation benefits	-	-	-	-	-	-	6,978	6,978
Eliminated from reserve for equity compensation benefits	-	-	-	-	-	-	(10,899)	(10,899)
Transfers to retained earnings and other movements	(509)	46	-	-	-	-	1,318	855
Balance, December 31, 2020	22,889	162,691	(128,584)	(274)	(143,939)	20,062	52,287	(14,868)

23 PARTICIPATING ACCOUNTS

The movements in the participating accounts during the year and the amounts in the financial statements relating to participating accounts were as follows:

	Closed participating account		Open participating account	
	2021	2020	2021	2020
Movement for the year:				
Balance, beginning of year	289	902	1,318	321
Total comprehensive income / (loss)	112	(613)	(953)	1,190
Return of transfer to support profit distribution, to shareholders	-	-	(185)	(193)
Balance, end of year	401	289	180	1,318
Financial statement amounts:				
Assets	61,829	63,075	149,880	152,294
Liabilities	61,428	62,786	149,700	150,976
Revenues	5,513	4,589	16,254	16,023
Benefits	5,228	4,599	15,776	12,999
Expenses	320	264	988	1,178
Income taxes	34	54	43	159

24 PREMIUM REVENUE

	Gross premium		Ceded to reinsurers	
	2021	2020	2021	2020
Life insurance	505,442	470,363	29,229	30,094
Annuity	1,024,821	736,620	460	132
Health insurance	168,460	176,622	6,331	5,089
Property and casualty insurance	118,774	118,347	68,327	63,210
	1,817,497	1,501,952	104,347	98,525

25 POLICY BENEFITS AND CHANGE IN ACTUARIAL LIABILITIES

	Gross benefit		Ceded to reinsurers	
	2021	2020	2021	2020
Life insurance benefits	293,642	263,130	22,759	24,440
Annuity benefits	345,480	324,994	70,052	77,391
Health insurance claims	139,730	133,185	2,856	3,115
Property and casualty claims	34,623	35,735	9,989	7,498
Total policy benefits	813,475	757,044	105,656	112,444
Change in actuarial liabilities (note 13.2)	686,329	512,140	(94,586)	(22,026)
Total policy benefits and change in actuarial liabilities	1,499,804	1,269,184	11,070	90,418

26 NET INVESTMENT INCOME

	2021	2020
Investment income		
Interest income (amortised cost assets):		
Debt securities	94,190	83,907
Mortgage loans	24,609	21,052
Policy loans	10,699	10,881
Finance loans	53,626	61,171
Securities purchased for resale	940	804
Deposits, cash and other items	1,171	951
	185,235	178,766
Interest income (FVOCI assets):		
Debt securities and money market funds	152,179	135,993
Interest income earned from financial assets measured at amortised cost and FVOCI	337,414	314,759

26 NET INVESTMENT INCOME (continued)

	2021	2020
Interest income earned from financial assets measured at amortised cost and FVOCI	337,414	314,759
Fair value changes, dividend income and interest income (FVTPL assets):		
Debt securities	11,135	16,636
Equity securities[1]	54,760	(9,229)
Mortgage loans	1,340	553
Derivative financial instruments	25,311	10,759
Other items	1	2
	92,547	18,721
Investment income:		
Other income on financial investments	482	477
Investment property – rental income	4,186	5,406
Investment property – realised gains / (losses)	87	(2,987)
Investment property – unrealised losses	(588)	(598)
Other investment income	260	1,724
	4,427	4,022
Investment expenses:		
Direct operating expenses of investment property that generated rental income	2,155	4,060
Other direct investment expenses	2,436	2,539
	4,591	6,599
Other investment income	92,383	16,144
Net investment income	429,797	330,903

(1) Included in fair value changes on equity securities is a gain of $21,601 relating to the FVTPL investment in Playa post acquisition (see note 37.1).

27 FEES AND OTHER REVENUE

	Fees Recognised		Other Revenue	Total
	at a point in time	over time		
2021				
Service contract revenue	29,832	45,442	-	75,274
Fee income – assets under administration	-	3,068	-	3,068
Commission income on reinsurance contracts	-	-	13,506	13,506
Other fees and commission income	11,038	5,165	11,523	27,726
Finance lease income	-	-	87	87
Foreign exchange gains	-	-	9,388	9,388
Hotel revenue	4,916	21,338	3,263	29,517
Other operating and miscellaneous income	138	664	6,496	7,298
	45,924	75,677	44,263	165,864
2020				
Service contract revenue	26,008	43,889	-	69,897
Fee income – assets under administration	-	2,976	-	2,976
Commission income on reinsurance contracts	-	4	15,647	15,651
Other fees and commission income	11,585	2,188	10,792	24,565
Finance lease income	-	-	75	75
Foreign exchange losses	-	-	4,078	4,078
Hotel revenue	3,076	12,164	1,885	17,125
Other operating and miscellaneous income	159	-	4,450	4,609
	40,828	61,221	36,927	138,976

28 INTEREST AND FINANCE COSTS

28.1 Interest costs

	2021	2020
Interest expense (amortised cost liabilities):		
Investment contracts	5,909	8,464
Other funding instruments	3,787	3,511
Customer deposits	8,399	9,767
Securities sold for repurchase	13,899	12,449
Insurance contracts and other items	1,718	1,604
	33,712	35,795
Fair value changes and interest expense (FVTPL liabilities)	8,961	7,098
Total interest costs	42,673	42,893

28.2 Finance costs

	2021	2020
8.875% senior notes due 2022	19,933	30,740
5.30% senior notes due 2028	14,463	-
5.50% unsecured bond due 2022	1,876	333
6.25% unsecured bond due 2022	1,746	311
5.10% unsecured bond due 2020	-	1,744
5.95% unsecured bond due 2020	-	2,385
5.00% notes due 2020	-	556
6.75% notes due 2024	983	1,041
Mortgage Loans	3,744	5,020
Lease liabilities[1]	1,787	2,184
Bank loans & other funding instruments	522	571
	45,054	44,885

[1] Interest expense arising from lease liabilities recognised in conformity with IFRS 16.

29 EMPLOYEE COSTS

Included in administrative expenses, commissions and related compensation are the following:

	2021	2020
Administrative and hotel staff salaries, directors' fees and short-term benefits	135,840	145,860
Social security and defined contribution retirement costs	11,939	11,852
Equity-settled compensation benefits (note 30.1 to 30.2)	7,487	9,375
Cash-settled compensation benefits	(124)	-
Defined benefit expense (note 31 (b))	7,616	12,491
	162,758	179,578

30 EQUITY COMPENSATION BENEFITS

30.1 Sagicor Financial Company Ltd.

Effective December 31, 2005, SFCL introduced the LTI plan and the ESOP. A total of 26,555,274 common shares of SFCL (or 10% of shares then in issue) has been set aside for the purposes of the long-term incentive (LTI) plan and the Employee Share Ownership Plan (ESOP).

In 2017, the shareholders of SFCL approved the increase in the number of SFCL's shares reserved for the LTI and ESOP from 26,555,274 common shares to 40,400,000 common shares.

On December 5, 2019, concurrent with the closing of the transaction between Alignvest Acquisition II Corporation ("Alignvest") and Sagicor Financial Corporation Limited ("SFCL"), restricted share grants, share options and ESOP awards were exchanged for grants, options and awards in SFC using an exchange ratio of one Sagicor share for 4.328 of SFCL common shares for SFCL common shares not purchased for cash. 3,680,687 restricted share grants were exchanged for 850,276 restricted share grants and 2,297,517 ESOP awards were exchanged for 526,831 ESOP awards in SFC (the "Replacement Grants"). 20,250,604 options were exchanged for 4,678,152 options to purchase common shares of Sagicor Financial Company Ltd. (the "Replacement Options"). The Replacement Options provide an optionee the ability to purchase common shares of Sagicor Financial Company Ltd. at a price per share linked to the award year (as adjusted by the exchange ratio), and the terms and conditions of the Replacement Options have remained the same as the initial terms and conditions. The terms of the Replacement Grants remain unchanged. Since these modifications did not increase the total fair value of the Replacement Options or the Replacement Grants, the Group continues to account for the cost of compensation services received as consideration for the equity instruments granted as if the replacement had not occurred.

The fair value of stock options granted is estimated at the date of grant using the Black-Scholes option pricing model as disclosed in section (b) below.

30.1 Sagicor Financial Company Ltd. (continued)

(a) LTI plan (2005) – restricted share grants

Restricted share grants have been granted to designated key management of the Group. Share grants may vest over a four-year period beginning at the grant date. The vesting of share grants is conditional upon the relative profitability of the Group as compared to a number of peer companies. Relative profitability is measured with reference to the financial year preceding the vesting date.

The movement in restricted share grants during the year is as follows:

	2021		2020	
	Number of grants '000	Weighted average price	Number of grants '000	Weighted average price
Balance, beginning of year	701	US$5.02	856	US$4.50
Grants issued	517	US$4.66	779	US$4.74
Grants vested	(285)	US$4.83	(910)	US$4.94
Grants lapsed/forfeited	(141)	US$5.12	(24)	US$4.98
Balance, end of year	792	US$4.83	701	US$5.02

30.1 Sagicor Financial Company Ltd. (continued)

(a) LTI plan (2005) – restricted share grants (continued)

Grants issued may be satisfied out of new shares issued by Sagicor Financial Company Ltd. or by shares acquired in the market. No shares were utilised during the year. Shares acquired in the market were as follows:

	2021		2020	
	Number in 000's	$000	Number in 000's	$000
Balance, beginning of year and end of year	40	206	40	206

(b) LTI plan – share options

No share options have been granted to designated key management of the Group during the year. Options were granted at the fair market price of SFCL shares prevailing one year before the option is granted. Options vest over four years, 25% each on the first four anniversaries of the grant date. Options are exercisable up to 10 years from the grant date.

30.1 Sagicor Financial Company Ltd. (continued)

(b) LTI plan – share options (continued)

The movement in share options for the year and details of the share options and assumptions used in determining their pricing are as follows:

	2021		2020	
	Number of options '000	Weighted average exercise price	Number of options '000	Weighted average exercise price
Balance, beginning of year	2,021	US$4.61	4,673	US$4.85
Options exercised	(656)	US$4.53	(2,615)	US$5.09
Options lapsed/forfeited	-	-	(37)	US$4.72
Balance, end of year	1,365	US$4.65	2,021	US$4.61
Exercisable at the end of the year	813	US$4.57	931	US$4.46
Share price at grant date	US$3.72 - 10.82		US$3.72 – 10.82	
Fair value of options at grant date	US$0.67 – 2.99		US$0.67 – 2.99	
Expected volatility	18.3% - 35.8%		18.3% - 35.8%	
Expected life	7.0 years		7.0 years	
Expected dividend yield	2.6% - 4.7%		2.6% - 4.7%	
Risk-free interest rate	4.5% - 6.8%		4.5% - 6.8%	

The expected volatility of options is based on statistical analysis of monthly share prices over the 7 years prior to grant date.

30.1 Sagicor Financial Company Ltd. (continued)

(c) LTI plan (2019) – restricted share grants

On December 5, 2019, also concurrent with the closing of the transaction between Alignvest Acquisition II Corporation and Sagicor Financial Corporation Limited, the Company introduced a replacement award for years 2020, 2021 and 2022 under a Sagicor Financial Company Ltd. equity-based plan, in lieu of the foregoing award of restricted share units of the LTI plan introduced for certain executives in December 31, 2005.

Under the plan, certain executives are awarded a number of restrictive share units of Sagicor Financial Company Ltd. which will vest in accordance with the conditions noted below:

(a) Subject to the executives' continued employment on the first, second and third anniversary dates of the vesting commencement date;

(b) Subject to the Company achieving its return on equity target for the relevant year, as laid out in the Company's strategic plan or executive award agreement approved by the Company.

(c) Subject to the shares of the Company trading above Canadian $12.00 per share for 20 out of any 30-day consecutive trading days prior to December 31, 2024.

The movement in these restricted share grants during the year is as follows:

	2021		2020	
	Number of grants '000	Weighted average price	Number of grants '000	Weighted average price
Balance, beginning of year	195	US$5.92	-	-
Grants issued	412	US$4.75	545	US$5.92
Grants vested	(201)	US$4.86	(350)	US$5.92
Balance, end of year	406	US$5.25	195	US$5.92

30.1 Sagicor Financial Company Ltd. (continued)

(d) ESOP

From 2006, SFCL approved awards under the ESOP in respect of permanent administrative employees and sales agents of SFCL and certain subsidiaries. The ESOP is administered by the Company and the amount awarded is used to acquire Sagicor Financial Company Ltd. shares. Shares vest over a four-year period in equal tranches, and are issued as they vest. No shares were utilised during the year. Shares acquired by the Company were as follows:

	2021		2020	
	Number in 000's	$000	Number in 000's	$000
Balance, beginning of year and end of year	10	70	10	70

30.2 Sagicor Group Jamaica Limited

(a) Long-term incentive plan

Sagicor Group Jamaica Limited 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 instalments beginning the first December 31 following the grant date and for the next three December 31 dates thereafter (25% per year).

30.2 Sagicor Group Jamaica Limited (continued)

(a) Long-term incentive plan (continued)

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 March 31 of the measurement year. The exercise price of the options is the closing bid price on March 31 of the measurement year.

Details of the share options outstanding are set out in the following table. J$ represents Jamaica dollars.

	2021		2020	
	Number of options '000	Weighted average exercise price	Number of options '000	Weighted average exercise price
Balance, beginning of year	11,034	J$29.58	9,600	J$23.44
Options granted	2,224	J$52.40	3,430	J$39.99
Options exercised	(3,005)	J$32.58	(1,689)	J$13.97
Options lapsed/forfeited	-	-	(307)	J$37.08
Balance, end of year	10,253	J$33.73	11,034	J$29.58
Exercisable at the end of the year	6,575	J$31.28	6,636	J$25.79

Further details of share options and the assumptions used in determining their pricing are as follows:

	2021	2020
Fair value of options outstanding	J$58,349,000	J$47,995,000
Share price at grant date	J$9.50 - 52.40	J$7.11 - 39.99
Exercise price	J$9.50 - 52.40	J$7.11 - 39.99
Standard deviation of expected share price returns	30.0%	31.0%
Remaining contractual term	0.25 – 7 years	0.25 – 7 years
Risk-free interest rate	4.16%	4.43%

The expected volatility is based on statistical analysis of daily share prices over seven years.

30.2 Sagicor Group Jamaica Limited (continued)

(b) Employee share purchase plan

Sagicor Group Jamaica Limited has in place a share purchase plan which enables its administrative and sales staff to purchase shares at a discount. The proceeds from shares issued under this plan totalled Nil (2020 – $688).

31 EMPLOYEE RETIREMENT BENEFITS

The Group maintains a number of defined contribution and defined benefit retirement benefit plans for eligible sales agents and administrative employees. The plans for sales agents and some administrative employees provide defined contribution benefits. The plans for administrative employees in Barbados, Jamaica, Trinidad, Eastern Caribbean and certain other Caribbean countries provide defined benefits based on final salary and number of years active service. Also, in these countries, retired employees may be eligible for medical and life insurance benefits which are partially or wholly funded by the Group. The principal defined benefit retirement plans are as follows:

Funded Plans	Unfunded Plans
Sagicor Life Barbados & Eastern Caribbean Pension	Sagicor Life Trinidad Pension
Sagicor Life Jamaica Pension	Sagicor Life (Heritage Life of Barbados - Barbados & Eastern Caribbean) Pension
Sagicor Investments Jamaica Pension	Group medical and life plans

The above plans also incorporate employees of the Company and other subsidiaries, whose attributable obligations and attributable assets are separately identified for solvency, contribution rate and reporting purposes.

The assets of the Sagicor Life Trinidad and Sagicor Life (Heritage Life of Barbados) pension plans are held under deposit administration contracts with Sagicor Life Inc and because these assets form part of the Group's assets, these plans are presented as unfunded in accordance with IAS 19 (revised).

The above pension plans are registered with the relevant regulatory authorities in the Caribbean and are governed by Trust Deeds which conform with the relevant laws. The plans are managed by the Group under the direction of appointed Trustees.

31 EMPLOYEE RETIREMENT BENEFITS (continued)

The group medical and life obligations arise from employee benefit insurance plans where benefits are extended to retirees.

All disclosures in sections 31 (a) to (f) of this note relate only to defined benefit plans.

(a) Amounts recognised in the statement of financial position

	2021	2020
Present value of funded pension obligations	317,044	290,443
Fair value of retirement plan assets	(322,094)	(306,255)
	(5,050)	(15,812)
Present value of unfunded pension obligations	30,995	39,258
Present value of unfunded medical and life benefits	31,573	26,168
Net liability	57,518	49,614
Represented by:		
Amounts held on deposit by the Group as deposit administration contracts	27,530	25,335
Other recognised liabilities	53,726	41,007
Total recognised liabilities (note 18)	81,256	66,342
Recognised assets (note 12)	(23,738)	(16,728)
Net liability	57,518	49,614

Pension plans have purchased annuities from insurers in the Group to pay benefits to plan retirees. These obligations which amount to $44,613 (2020 - $37,962) are included in actuarial liabilities in the statement of financial position and are included as retirement plan assets in this note.

31 EMPLOYEE RETIREMENT BENEFITS (continued)

(b) Movements in balances

	2021				2020			
	Medical and life benefits	Retirement obligations	Retirement plan assets	Total	Medical and life benefits	Retirement obligations	Retirement plan assets	Total
Net liability / (asset), beginning of year	26,168	329,701	(306,255)	49,614	23,215	353,924	(326,582)	50,557
Current service cost	664	6,234	8	6,906	(177)	7,553	9	7,385
Interest expense / (income)	2,190	22,933	(24,460)	663	1,530	21,730	(22,654)	606
Past service cost and gains / losses on settlements	-	47	-	47	84	4,416	-	4,500
Net expense recognised in income	2,854	29,214	(24,452)	7,616	1,437	33,699	(22,645)	12,491
(Gains) / losses from changes in assumptions	4,225	10,445	(935)	13,735	(3,948)	(15,755)	2,185	(17,518)
(Gains) / losses from changes in experience	1,346	4,288	1,015	6,649	8,057	(26,112)	28,402	10,347
Return on plan assets excluding interest income	-	-	(879)	(879)	-	-	2,629	2,629
Change in asset ceiling excluding interest expense / (income)	-	212	821	1,033	-	-	767	767
Net (gains) / losses recognised in other comprehensive income	5,571	14,945	22	20,538	4,109	(41,867)	33,983	(3,775)
Contributions made by the Group	-	3	(9,416)	(9,413)	-	-	(9,951)	(9,951)
Contributions made by employees and retirees	-	7,265	(7,231)	34	-	7,443	(7,443)	-
Benefits paid	(874)	(19,807)	18,487	(2,194)	(954)	(18,638)	18,638	(954)
Other items	-	908	(7,762)	(6,854)	-	9,711	(7,160)	2,551
Effect of exchange rate movements	(2,146)	(14,190)	14,513	(1,823)	(1,639)	(14,571)	14,905	(1,305)
Other movements	(3,020)	(25,821)	8,591	(20,250)	(2,593)	(16,055)	8,989	(9,659)
Net liability / (asset), end of year	31,573	348,039	(322,094)	57,518	26,168	329,701	(306,255)	49,614

31 EMPLOYEE RETIREMENT BENEFITS (continued)

(c) Retirement plan assets

	2021	2020
Equity unit linked pension funds under Group management:		
Sagicor Equity Fund (Barbados)	(45,676)	(39,719)
Sagicor Bonds Fund (Barbados)	(21,344)	(21,398)
Sagicor Eastern Caribbean Fund (St. Lucia)	(9,702)	(8,929)
Sagicor Pooled Investment Funds (Jamaica):		
Equity Funds	(56,463)	(61,267)
Mortgage & Real Estate Fund	(29,862)	(26,616)
Fixed Income Fund	(21,144)	(17,454)
Foreign Currency Funds	(25,486)	(26,008)
Money Market Fund	(1,594)	(1,336)
Other Funds	(14,100)	(10,912)
	(225,371)	(213,639)
Other assets	(96,723)	(92,616)
Total plan assets	(322,094)	(306,255)

The equity unit linked pension funds are funds domiciled in Barbados and Jamaica. Annual reports of these funds are available to the public.

31 EMPLOYEE RETIREMENT BENEFITS (continued)

(d) Significant actuarial assumptions

The significant actuarial assumptions for the principal geographic areas were as follows:

	2021		
Pension plans	**Barbados & Eastern Caribbean**	**Jamaica**	**Trinidad**
Discount rate - local currency benefits	7.75%	8.00%	5.50%
Discount rate - US$ indexed benefits	n/a	6.00%	n/a
Expected return on plan assets	7.75%	8.00%	5.50%
Future promotional salary increases	0.00%	8.00%	0.00%
Future inflationary salary increases	2.00%	5.00%	2.00%
Future pension increases	2.00%	1.00%	0.00%
Future increases in National Insurance Scheme Ceilings	3.50%	n/a	4.00%
Mortality table	UP94 with projection scale AA	American 1994 Group Annuitant Mortality (GAM 94) table with 5 years mortality improvement	UP94 with projection scale AA
Termination of active members	3% - 18.4% up to age 30, reducing to 1% – 7.2% at age 50, 0% at age 51	2% - 5.8% up to age 30, to 3.8% - 5.8% at age 50, 2.7% - 3.8% at age 51	3% up to age 30, reducing to 1% at age 50, 0% at age 51
Early retirement	100% at the earliest possible age to receive unreduced benefits	n/a	100% at the earliest possible age to receive unreduced benefits

31 EMPLOYEE RETIREMENT BENEFITS (continued)

	2020		
Pension plans	**Barbados & Eastern Caribbean**	**Jamaica**	**Trinidad**
Discount rate - local currency benefits	7.75%	9.00%	5.50%
Discount rate - US$ indexed benefits	n/a	5.00%	n/a
Expected return on plan assets	7.75%	9.00%	5.50%
Future promotional salary increases	0.00%	9.00%	0.00%
Future inflationary salary increases	2.00%	9.00%	2.00%
Future pension increases	2.00%	0.50%	0.00%
Future increases in National Insurance Scheme Ceilings	3.50%	n/a	4.00%
Mortality table	UP94 with projection scale AA	American 1994 Group Annuitant Mortality (GAM 94) table with 5-year improvement	UP94 with projection scale AA
Termination of active members	3% - 18.4% up to age 30, reducing to 1% – 7.2% at age 50, 0% at age 51	2% - 5.8% up to age 30, to 3.8% - 5.8% at age 50, 2.7% - 3.8% at age 51	3% up to age 30, reducing to 1% at age 50, 0% at age 51
Early retirement	100% at the earliest possible age to receive unreduced benefits	n/a	100% at the earliest possible age to receive unreduced benefits

31 EMPLOYEE RETIREMENT BENEFITS (continued)

	2021		2020	
Group medical and life plans	**Barbados**	**Jamaica**	**Barbados**	**Jamaica**
Long-term increase in health costs	4.25%	7.50%	4.25%	7.00%

(e) Sensitivity of actuarial assumptions

The sensitivity of the pension retirement benefit obligations to individual changes in actuarial assumptions is summarised below:

	December 31, 2021		
	Barbados & Eastern Caribbean	**Jamaica**	**Trinidad**
Base pension obligation	102,997	196,324	17,723
Change in absolute assumption	**Increase / (decrease) in pension obligations**		
Decrease discount rate by 1.0%	8,694	10,989	1,659
Increase discount rate by 1.0%	(7,262)	(8,421)	(1,219)
Decrease salary growth rate by 0.5%	(698)	(1,283)	(230)
Increase salary growth rate by 0.5%	426	1,385	254
Increase average life expectancy by 1 year	2,209	789	166
Decrease average life expectancy by 1 year	(4,103)	(814)	(213)

31 EMPLOYEE RETIREMENT BENEFITS (continued)

(e) Sensitivity of actuarial assumptions (continued)

	December 31, 2020		
	Barbados & Eastern Caribbean	**Jamaica**	**Trinidad**
Base pension obligation	96,217	178,979	15,247
Change in absolute assumption	**Increase / (decrease) in pension obligations**		
Decrease discount rate by 1.0%	8,211	9,311	1,226
Increase discount rate by 1.0%	(6,713)	(7,175)	(870)
Decrease salary growth rate by 0.5%	(515)	(1,423)	(194)
Increase salary growth rate by 0.5%	608	1,636	179
Increase average life expectancy by 1 year	2,405	635	390
Decrease average life expectancy by 1 year	(3,171)	(649)	(190)

31 EMPLOYEE RETIREMENT BENEFITS (continued)

(e) Sensitivity of actuarial assumptions (continued)

The sensitivity of the medical and life benefits obligations to individual changes in actuarial assumptions is summarised below:

	December 31, 2021
	Jamaica
Base medical and life obligation	31,423

Change in absolute assumption	Increase / (decrease) in medical and life obligations
Decrease discount rate by 1.0%	4,946
Increase discount rate by 1.0%	(3,873)
Decrease salary growth rate by 0.5%	(62)
Increase salary growth rate by 0.5%	80
Increase average life expectancy by 1 year	919
Decrease average life expectancy by 1 year	(912)

31 EMPLOYEE RETIREMENT BENEFITS (continued)

(e) Sensitivity of actuarial assumptions (continued)

The sensitivity of the medical and life benefits obligations to individual changes in actuarial assumptions is summarised below:

	December 31, 2020
	Jamaica
Base medical and life obligation	26,018

Change in absolute assumption	Increase / (decrease) in medical and life obligations
Decrease discount rate by 1.0%	4,631
Increase discount rate by 1.0%	(3,664)
Decrease salary growth rate by 0.5%	(85)
Increase salary growth rate by 0.5%	103
Increase average life expectancy by 1 year	823
Decrease average life expectancy by 1 year	(823)

(f) Amount, timing and uncertainty of future cash flows

In addition to the annual actuarial valuations prepared for the purpose of annual financial statement reporting, full actuarial valuations of pension plans are conducted every 3 years. These full valuations contain recommendations for Group and employee contribution levels which are implemented by the Group.

For the 2022 financial year, the total Group contributions to its defined benefits pension plans are estimated to be $12,947.

32 INCOME TAXES

Group companies are taxed according to the taxation rules of the countries where the operations are carried out. The principal rates of taxation are summarised in note 2.18(c). The income tax expense is set out in the following table.

	2021	2020
Current tax:		
Current tax on profits for the year	53,826	51,549
Adjustments to current tax of prior periods	491	1,007
Total current tax expense	54,317	52,556
Deferred tax:		
Decrease / (increase) in deferred tax assets (note 33)	516	(1,884)
Increase / (decrease) in deferred tax liabilities (note 33)	13,123	(8,455)
Total deferred tax expense	13,639	(10,339)
Share of tax of associated companies	301	515
Total tax expense	68,257	42,732

32 INCOME TAXES (continued)

Income tax on the total income subject to taxation differs from the theoretical amount that would arise as follows:

	2021	2020
Income before income tax expense	264,733	27,602
Taxation at the applicable rates on income subject to tax	61,293	22,185
Adjustments to current tax for items not subject to or allowed for tax	(6,465)	11,995
Other current tax adjustments	(309)	(1,179)
Adjustments for current tax of prior periods	213	1,578
Movement in unrecognised deferred tax assets	2,907	3,957
Deferred tax relating to the origination of temporary differences	(8)	(22)
Deferred tax relating to changes in tax rates or new taxes	1,311	862
Deferred tax that arises from the write-down of a tax asset	4,680	-
Tax on distribution of profits from policyholder funds	-	12
Other taxes	4,635	3,344
	68,257	42,732

In addition to the above, the income tax on items in other comprehensive income is set out in note 35.

33 DEFERRED INCOME TAXES

The analysis and movement for the year of deferred tax asset balances are set out in the following table.

	Defined benefit liabilities	Unrealised losses on financial investments	Unused tax losses	Other items	Total
2021					
Balance, beginning of year	4,910	(2,730)	78	4,792	7,050
(Charged)/credited to:					
Income	79	521	-	(1,116)	(516)
Other comprehensive income	4,533	2,636	-	(17)	7,152
Effect of exchange rate changes	(502)	118	-	(320)	(704)
Balance, end of year	9,020	545	78	3,339	12,982
Balance to be recovered within one year					974
2020					
Balance, beginning of year	5,213	(1,587)	695	2,173	6,494
(Charged)/credited to:					
Income	353	(822)	(581)	2,934	1,884
Other comprehensive income	(284)	(443)	-	(150)	(877)
Effect of exchange rate changes	(372)	122	(36)	(165)	(451)
Balance, end of year	4,910	(2,730)	78	4,792	7,050
Balance to be recovered within one year					(1,618)

33 DEFERRED INCOME TAXES (continued)

Unrecognised tax losses and potential deferred income tax assets are as follows:

	2021	2020
Expiry period for unrecognised tax losses:		
2021	-	19,882
2022	71,162	71,162
2023	87,170	87,255
2024	55,909	55,900
2025	63,764	63,723
2026	59,835	59,167
2027	66,019	63,620
2028	63,647	-
	467,506	420,709
Potential deferred income tax assets	12,814	10,546

33 DEFERRED INCOME TAXES (continued)

The analysis and movement for the year of deferred tax liability balances are set out in the following table.

	Accelerated tax depreciation	Policy liabilities taxable in the future	Defined benefit assets	Accrued interest	Unrealised gains on financial investments	Off-settable tax assets relating to unused tax losses and other items	Other Items	Total
2021								
Balance, beginning of year	3,908	20,139	154	1,353	49,364	(23,483)	(2,562)	48,873
Charged/(credited) to:								
Income	3,570	17,009	216	(119)	503	(8,503)	447	13,123
Other comprehensive income	2,828	2,863	(387)	8	(13,917)	-	(34)	(8,639)
Directly to equity	-	-	-	(973)	-	-	-	(973)
Effect of exchange rate changes	264	-	(11)	35	(965)	-	-	(677)
Balance, end of year	10,570	40,011	(28)	304	34,985	(31,986)	(2,149)	51,707
Balance to be settled within one year								7,424
2020								
Balance, beginning of year	3,721	39,282	(17)	1,501	27,243	(22,134)	1,602	51,198
Charged/(credited) to:								
Income	2,150	(6,076)	167	(131)	1,345	(1,349)	(4,561)	(8,455)
Other comprehensive income	(4,271)	(13,067)	20	-	21,314	-	225	4,221
Amounts assumed on acquisition	2,041	-	-	-	-	-	-	2,041
Effect of exchange rate changes	267	-	(16)	(17)	(538)	-	172	(132)
Balance, end of year	3,908	20,139	154	1,353	49,364	(23,483)	(2,562)	48,873
Balance to be settled within one year								6,338

34 EARNINGS PER COMMON SHARE

The computation of diluted earnings per common share recognises the dilutive impact of LTI share grants and share options (note 30.1), ESOP shares grants (note 30.1) and share warrants. In computing diluted earnings per share, the weighted average number of common shares is adjusted by the dilutive impacts of the afore-mentioned share grants, share warrants and options.

	2021	2020
Income / (loss) attributable to common shareholders	133,179	(3,605)
Weighted average number of shares in issue (in thousands)	144,892	147,830
LTI restricted share grants and share options (in thousands)	1,418	1,570
ESOP shares (in thousands)	457	545
Adjusted weighted average number of shares in issue (in thousands)	146,767	149,945
Basic earnings per common share	**91.9¢**	**(2.4)¢**
Fully diluted earnings per common share	**90.7¢**	**(2.4)¢**

For the year ended December 31, 2021, certain instruments which are considered to be antidilutive have been excluded from the computation of fully diluted earnings per share. This treatment is in accordance with IAS 33 – Earnings Per Share, which indicates that such instruments are antidilutive only when the exercise price is exceeded by the market price of common shares.

Basic earnings per share and fully diluted earnings per share computed on the loss for the prior year are equal, as the LTI restricted share grants and share options, ESOP share grants and share warrants, are considered to be antidilutive and have been excluded from the computation of fully diluted earnings per share.

35 OTHER COMPREHENSIVE INCOME (OCI)

Analysis of OCI:	2021					2020				
		After tax OCI is attributable to					After tax OCI is attributable to			
	OCI tax impact	Shareholders	Participating policyholders	Non-controlling interests	Total after tax OCI	OCI tax impact	Shareholders	Participating policyholders	Non-controlling interests	Total after tax OCI
Items that may be reclassified subsequently to income:										
FVOCI assets:										
Gains / (losses) arising on revaluation	16,258	(30,750)	(1,987)	(7,777)	(40,514)	(21,036)	76,003	(1,398)	22,661	97,266
(Gains) / losses transferred to income	352	(12,202)	222	(7,619)	(19,599)	(982)	(7,555)	15	(9,027)	(16,567)
Net change in actuarial liabilities	(2,862)	14,200	1,554	414	16,168	13,066	(49,877)	569	(2,665)	(51,973)
Cash flow hedges	-	239	-	3,209	3,448	-	(4)	-	(749)	(753)
Retranslation of foreign currency operations	-	(25,315)	(8)	(46,518)	(71,841)	-	(19,518)	32	(18,709)	(38,195)
Other	-	-	-	-	-	-	(2)	-	(18)	(20)
	13,748	(53,828)	(219)	(58,291)	(112,338)	(8,952)	(953)	(782)	(8,507)	(10,242)
Items that will not be reclassified subsequently to income:										
Gains / (losses) arising on revaluation of owner-occupied and owner-managed property	(2,867)	2,528	-	9,648	12,176	4,155	(1,753)	-	(13,127)	(14,880)
Gains / (losses) on equity securities designated as FVOCI	-	-	-	-	-	-	(73)	-	(76)	(149)
Defined benefit plan gains / (losses)	4,910	(8,933)	-	(6,695)	(15,628)	(301)	3,339	-	135	3,474
	2,043	(6,405)	-	2,953	(3,452)	3,854	1,513	-	(13,068)	(11,555)
Total OCI movements	15,791	(60,233)	(219)	(55,338)	(115,790)	(5,098)	560	(782)	(21,575)	(21,797)
Allocated to equity reserves		(51,300)					(2,779)			
Allocated to retained earnings		(8,933)					3,339			
		(60,233)					560			

36 CASH FLOWS

36.1 Operating activities

	2021	2020
Adjustments for non-cash items, interest and dividends:		
Income from financial investments	(476,658)	(364,788)
(Gain) / loss arising on business combinations, acquisitions and divestitures	(10,706)	1,262
Loss on impairment of investment in associates and joint ventures	-	31,804
Net increase in actuarial liabilities	780,915	534,166
Interest costs and finance costs	87,727	87,778
Credit impairment losses	(4,328)	23,997
Depreciation and amortisation	32,701	39,559
Increase / (decrease) in provision for unearned premiums	1,401	(2,326)
Other items	(14,722)	19,605
	396,330	371,057
Net change in investments and operating assets:		
Investment property	2,035	12,003
Debt securities	(815,270)	(482,157)
Equity securities	(145,667)	(331,990)
Mortgage loans	(39,774)	(35,181)
Policy loans	(3,323)	715
Finance loans	(8,446)	6,592
Securities purchased for resale	(16,839)	(5,203)
Deposits	(23,136)	3,060
Other assets and receivables	(34,456)	(44,301)
	(1,084,876)	(876,462)

36.1 Operating activities (continued)

The gross changes in investment property, debt securities and equity securities are as follows:

	2021	2020
Investment property:		
Purchases	(1,290)	(266)
Disposal proceeds	3,325	12,269
	2,035	12,003
Debt securities:		
Purchases	(3,334,714)	(2,336,535)
Disposal proceeds	2,519,444	1,854,378
	(815,270)	(482,157)
Equity securities:		
Purchases	(521,504)	(442,491)
Disposal proceeds	375,837	110,501
	(145,667)	(331,990)
Net change in operating liabilities:		
Insurance liabilities	49,508	18,520
Investment contract liabilities	36,196	16,784
Other funding instruments	128,512	(36,236)
Deposits	58,858	79,425
Securities sold for repurchase	32,896	69,972
Other liabilities and payables	9,836	25,175
	315,806	173,640

36.2 Investing activities

	2021	2020
Property, plant and equipment:		
Purchases	(10,919)	(18,430)
Disposal proceeds	281	3,437
	(10,638)	(14,993)

36.3 Financing activities

	2021	2020
Notes and loans payable:		
Proceeds	552,304	68,245
Repayments	(330,777)	(109,514)
	221,527	(41,269)

36.4 Lease liability payments

	2021	2020
Principal paid	(7,845)	(5,697)
Interest paid	(1,785)	(2,124)
	(9,630)	(7,821)

36.5 Cash and cash equivalents

	2021	2020
Cash	359,975	359,972
Call deposits and other liquid balances	477,577	188,216
Bank overdrafts	(761)	(980)
	836,791	547,208

37 CHANGES IN SUBSIDIARY AND ASSOCIATE HOLDINGS

37.1 Playa Hotels & Resorts N.V.

Changes in shareholding in 2020

On June 12, 2020, in addition to entering into certain financing transactions to support its ongoing operations, Playa Hotels & Resorts N.V. ("Playa") sold 4,878,049 ordinary shares at a price of $20 million which resulted in a 0.6% dilution of Sagicor Group Jamaica Limited's ("SGJ's") 15.4% shareholding, and ultimately the Sagicor Group's ownership interest of 15.4%, in Playa.

On June 15, 2020, Sagicor Financial Corporation Limited ("SFCL"), the intermediate parent company of SGJ, acquired a further 1,500,000 shares of Playa by a series of purchases, at a weighted average price of $3.9676 per share, for a total of $5,966.4 including commissions paid. This represented an increase of 1.1% in the Group's shareholding, bringing the Group's total shareholding in Playa to 15.9%.

The transactions gave rise to a net loss of $2,753 on dilution of the shareholding (deemed disposal), and negative goodwill of $1,499 on the acquisition of additional shares, as follows:

(i) Deemed disposal of 0.6% holding in associate:

The Group's share of the carrying value of the investment in Playa on its statement of financial position as at June 30, 2020 was compared to its share of the proceeds of $20 million received by Playa and adjusted for recycling of net unrealised foreign exchange gains and unrealised interest rate swap losses in OCI to income.

Group's share of proceeds received by Playa on issuance of shares	2,963
Share of carrying value of investment in Playa as an associate on the statement of financial position of SGJ as at June 30, 2020	(6,075)
	(3,112)
Net unrealised gains recycled to income	359
Loss on deemed disposal of 0.6% holding in associate	(2,753)

37.1 Playa Hotels & Resorts N.V. (continued)

(ii) Acquisition of 1.1% holding in associate:

The Group compared its share of the net identifiable assets and liabilities of Playa, at fair value, to the purchase price paid. The resulting negative goodwill was recorded in these financial statements.

Share of net assets acquired	7,465
Purchase consideration	(5,966)
Negative goodwill arising on acquisition	1,499

Negative goodwill arose as Playa's shares were trading below the company's book value per share in response to depressed share prices which occurred as the hotel industry had been severely impacted by the effects of COVID-19 coronavirus on tour and hotel bookings, given widespread travel restrictions and cancellations.

Changes in shareholding in 2021

During the three-month period ended March 31, 2021, certain transactions took place which resulted in a reduction in the Group's interest in Playa and the investment being designated as a FVTPL investment.

On January 15, 2021, Playa issued 25,000,000 new ordinary shares for $125 million in an underwritten public offering. Concurrent to this transaction, SGJ disposed of its shareholding of 20,000,000 ordinary shares of Playa for net cash consideration of $96 million. In a public offering held by the SGJ Group, 11,499,000 shares of Playa were sold by SGJ at a price of $5.00 per share net of commission expenses associated with the public offering. In addition, SFCL, the intermediate parent company of SGJ, acquired 8,501,000 of Playa's shares from SGJ at a price which was equal to the price offered through the public offering, net of commission expenses.

As a result of these transactions, the Group's shareholding in Playa was reduced from 16% to 6%, which represented a 5% increase in SFCL's direct shareholding, based on the total of 10,001,000 shares now held by SFCL in Playa.

37 CHANGES IN SUBSIDIARY AND ASSOCIATE HOLDINGS (continued)

37.1 Playa Hotels & Resorts N.V. (continued)

The transactions gave rise to a net loss of $1.584 million on the disposal of 20,000,000 shares by SGJ and a gain by SFCL of $12.263 million on remeasuring the investment in Playa to FVTPL as at March 31, 2021, as follows:

i. Disposal of holding by SGJ:

SGJ's share of the carrying value of the investment in Playa on its statement of financial position as at January 15, 2021 was compared to the proceeds of $96 million by SGJ and adjusted for recycling of net unrealised foreign exchange gains and unrealised interest rate swap losses in OCI to income.

Net proceeds received by SGJ on sale of Playa shares	96,000
Share of carrying value of investment in Playa as an associate on the statement of financial position of SGJ as at January 15, 2021	(111,813)
	(15,813)
Net unrealised foreign exchange gains recycled to income	17,807
Net unrealised interest rate swap losses recycled to income	(3,578)
Loss on disposal of holding in Playa	(1,584)

37.1 Playa Hotels & Resorts N.V. (continued)

ii. Gain recognised on acquisition of shares in Playa by SFCL (FVTPL basis):

SFCL purchased 8,501,000 shares from SGJ for consideration of $40.8 million. These shares were measured at FVTPL as at January 15, 2021, along with 1,500,000 shares held by SFCL in Playa which previously formed part of the Group's interest in Playa as an associate.

As at January 15, 2021	
Fair value gain recognised on 8,501,000 shares purchased	9,138
Fair value gain recognised on original holding of 1,500,000 shares	3,125
Total fair value gain recognised on holding in Playa	12,263

Subsequent to the transactions outlined above, SFCL has purchased an additional 744,251 shares in Playa. At December 31, 2021, the total interest in Playa amounts to 10,745,251 shares which represents a 7% shareholding in Playa.

Post acquisition, a fair value gain of $21,601 was recognised for the period to December 31, 2021 on the Group's FVTPL investment in Playa (see note 26).

37.2 Mutual Financial Services Inc

During the three-month period ended June 30, 2021, The Mutual Financial Services Inc (MFS) was dissolved and its net assets of $11.7 million, representing the carrying value at dissolution, were distributed to its shareholders. No gain or loss was recognised on dissolution. MFS was a subsidiary of Sagicor Life Inc. in which the effective shareholder's interest was 73%. Its principal activity was that of a financial services holding company.

38 CONTINGENT LIABILITIES AND COMMITMENTS

Guarantee and financial facilities at the date of the financial statements for which no provision has been made in these financial statements include the following:

	2021	2020
Customer guarantees and letters of credit [1]	33,104	35,155

[1] 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.

(a) Legal proceedings

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

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

38 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Significant matters are outlined below:

(i) Suit has been filed by a customer against one of the Group's subsidiaries for breach of contract, and breach of trust in the amount of US$8,928 being loss allegedly suffered as a result of what the claimants say is the unlawful withholding of insurance proceeds by the subsidiary. No provision was made in these financial statements for this claim as the outcome of this matter cannot be properly assessed until it has been heard.

(ii) Suit has been filed by an independent contractor against one of the Group's subsidiaries for breach of contract arising from alleged contractual agreement. The Claimant alleges that the company failed to pursue initiatives contemplated by the contract with a third party and that by not doing so, it caused the Claimant company significant losses which they have estimated at over US$300,000. No provision was made in these financial statements for this claim as the claim has been stayed to accommodate arbitration as required under the Agreement between the parties coupled with the assessment by the Group of a probable favourable outcome.

(b) Tax assessments

The Group is also subject to tax assessments during the normal course of business. Adequate provision has been made for all assessments received to date and for tax liabilities accruing in accordance with management's understanding of tax regulations. Potential tax assessments may be received by the Group which are in addition to accrued tax liabilities. No provisions have been made in these financial statements for such potential tax assessments.

(c) Commitment

Effective June 25, 2020, the Group entered into a letter of credit arrangement with a facility up to the amount of US$40 million, whereby an irrevocable standby letter of credit was issued on behalf of Sagicor Reinsurance Bermuda Ltd (SRBL) in favour of Sagicor Life Insurance Company (SLIC), USA, in support of a coinsurance agreement between the two parties (note 4(d)). The letter of credit facility is guaranteed by Sagicor Financial Corporation Limited and SRBL. It was originally due to expire on June 26, 2021 and is deemed to be automatically extended for one-year periods, subject to notice of the intention to terminate the facility being given sixty days prior to an expiration date. The facility has been automatically extended and remains in place at year end.

38 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(c) Commitment (continued)

The Group is required to comply with the following covenant in respect of the facility:

COVENANT	DESCRIPTION
Cash Collateralisation Event (Under this requirement, the Group must fully collateralise the facility if the noted conditions are breached.)	The Group must maintain an aggregate MCCSR of at least 175% at the end of any fiscal quarter. The Group must maintain a Fixed Charge Coverage Ratio, at the end of any fiscal quarter, of an excess of 2.00 to 1.00. The ratio of Consolidated Total Indebtedness to Consolidated Total Capitalisation, at the end of any fiscal quarter, must not exceed 0.35 to 1.00. The credit rating of the Group must not fall below a specific predetermined level. The aggregate amount of unrestricted cash and cash equivalents held with the Bank, at any time, should not be less than US$25 million.
Event of Default	Upon an Event of Default, the Bank may declare the Obligations due and payable.

39 FAIR VALUE OF PROPERTY

Investment property, owner-occupied property and owner-managed hotel property are carried at fair value as determined by independent valuations using internationally recognised valuation techniques. Direct sales comparisons, when such data is available, and income capitalisation methods, when appropriate, are included in the assessment of fair values. The highest and best use of a property may also be considered in determining its fair value.

Some tracts of land are currently used for farming operations or are undeveloped or are leased to third parties. In determining the fair value of all lands, their potential for development within a reasonable period is assessed, and if such potential exists, the fair value reflects that potential. These lands are mostly in Barbados and the Group has adopted a policy of orderly development and transformation to realise their full potential over time.

39 FAIR VALUE OF PROPERTY (continued)

The fair value hierarchy has been applied to the valuations of the Group's property. The different levels of the hierarchy are as follows:

- Level 1 - fair value is determined by quoted unadjusted prices in active markets for identical assets;
- Level 2 - fair value is determined by inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly;
- Level 3 - fair value is determined from inputs that are not based on observable market data.

The results of applying the fair value hierarchy to the Group's property are as follows:

	Level 1	Level 2	Level 3	Total
2021				
Investment property	-	-	75,954	75,954
Owner-occupied properties	-	-	108,480	108,480
Owner-managed hotel properties	-	-	88,235	88,235
	-	-	272,669	272,669
2020				
Investment property	-	-	78,295	78,295
Owner-occupied properties	-	-	108,738	108,738
Owner-managed hotel properties	-	-	76,024	76,024
	-	-	263,057	263,057

For Level 3 investment property, reasonable changes in fair value would affect net income. For Level 3 owner-occupied properties and owner-managed hotel properties, reasonable changes in fair value would affect other comprehensive income. The movements for the year in investment property, owner-occupied properties and owner-managed hotel properties are set out in notes 5 and 7.

39 FAIR VALUE OF PROPERTY (continued)

The following table shows the sensitivity of fair value measurements to changes in unobservable inputs for Level 3 investment property, owner-occupied properties and owner-managed hotel properties:

Amounts in US $000	Fair value		Unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	2021	2020		2021	2020	
Investment property	75,954	78,293	Comparable sales	5%	5%	(1)
Owner-occupied properties	108,480	108,737	Comparable sales	5%	5%	(1)
Owner-managed hotel properties	88,235	76,024	Comparable sales	5%	5%	(1)
Total properties	272,669	263,054				

(1) Increases or decreases in comparable sale prices will have a direct correlation to fair value.

40 FINANCIAL RISK

The Group's activities of issuing insurance contracts, of accepting funds from depositors, of investing insurance premium and deposit receipts in a variety of financial and other assets, banking and dealing in securities, exposes the Group to various insurance and financial risks. Financial risks include credit default, liquidity and market risks. Market risks arise from changes in interest rates, equity prices, currency exchange rates or other market factors. The principal insurance risks are identified in notes 41 and 42.

The overriding objective of the Group's risk management framework is to enhance its capital base through competitive earnings growth and to protect capital against inherent business risks. This means that the Group accepts certain levels of risk in order to generate returns, and the Group manages the levels of risk assumed through enterprise-wide risk management policies and procedures. Identified risks are assessed as to their potential financial impact and as to their likelihood of occurrence.

40.1 Credit risk

Credit risk is the exposure that the counterparty to a financial instrument is unable to meet an obligation, thereby causing a financial loss to the Group. Credit risks are associated primarily with financial investments and reinsurance assets.

Credit risk from financial investments is minimised through:

- holding a diversified portfolio of investments;
- purchasing quality securities;
- advancing loans only after careful assessment of the borrower and obtaining collateral;
- placing deposits with financial institutions with a strong capital base;
- placing limits on the amount of exposure in relation to any one borrower;
- obtaining collateral and guarantees from borrowers.

Investment portfolio assets are mostly unsecured except for securities purchased under agreement to resell, for which title to the securities is transferred to the Group for the duration of each agreement.

40.1 Credit risk (continued)

For mortgage loans, the collateral is real estate property, and the approved loan limit is 75% to 95% of collateral value. For finance loans, the collateral often comprises a vehicle or other form of security and the approved loan limit is 50% to 100% of the collateral value.

The Group may foreclose on overdue mortgage loans and finance loans by repossessing the pledged asset. The Group will seek to dispose of the pledged asset by sale. In some instances, the Group may provide re-financing to a new purchaser on customary terms.

Policy loans are advanced on the security of the underlying insurance policy cash values. Cash loans are advanced to a maximum of 80% to 100% of the cash surrender value. Automatic premium loans may be advanced to the extent of available cash surrender value.

Renegotiated assets

The Group may renegotiate the terms of any financial investment to facilitate borrowers in financial difficulty. Arrangements to waive, adjust or postpone scheduled amounts due may be entered into. The Group classifies these amounts as past due, unless the original agreement is formally revised, modified or substituted.

Rating of financial assets

The Group's credit rating model (note 3.1) applies a rating scale to three categories of exposures:

- Investment portfolios, comprising debt securities and money market funds, deposits, securities purchased for resale, and cash;
- Lending portfolios, comprising mortgage, policy and finance loans;
- Reinsurance exposures, comprising reinsurance assets for life, annuity and health insurance (see note 42.3) or realistic disaster scenarios for property and casualty insurance (see note 41.3).

For lending portfolios, the three default ratings of 8, 9 and 10 are utilised, while for investment portfolios and reinsurance assets, one default rating of 8 is utilised.

In sections 40.2, 40.3 and 40.4, we set out for the Group its credit risk exposures and credit impairments.

40.2 Credit risk exposure

The total credit risk exposures of the Group by operating segment is as follows:

	2021					2020				
	Sagicor Life	Sagicor Jamaica	Sagicor USA	Head office & other	Total	Sagicor Life	Sagicor Jamaica	Sagicor USA	Head office & other	Total
Investment portfolios	1,229,813	1,886,801	2,986,536	244,425	6,347,575	1,165,431	1,776,123	2,148,295	129,754	5,219,603
Lending portfolios	369,499	646,816	121,741	14,076	1,152,132	365,869	660,707	99,761	15,933	1,142,270
Cash	96,266	223,939	60,649	57,256	438,110	94,111	227,188	59,245	59,066	439,610
Reinsurance assets	4,968	10,514	579,702	6,901	602,085	5,547	12,052	665,221	6,059	688,879
Receivables	28,954	82,842	5,286	16,443	133,525	34,759	63,261	23,312	17,145	138,477
Total financial statement exposures	1,729,500	2,850,912	3,753,914	339,101	8,673,427	1,665,717	2,739,331	2,995,834	227,957	7,628,839
Lending commitments	17,790	49,225	-	213	67,228	21,897	42,875	-	-	64,772
Customer guarantees and letters of credit	-	33,104	-	-	33,104	-	35,155	-	-	35,155
Total off financial statement exposures	17,790	82,329	-	213	100,332	21,897	78,030	-	-	99,927
Total	1,747,290	2,933,241	3,753,914	339,314	8,773,759	1,687,614	2,817,361	2,995,834	227,957	7,728,766

40.2 Credit risk exposure (continued)

The principal individual credit exposures of the Group are as follows:

	Sagicor Risk Rating	2021	2020
Gov't of Jamaica debt securities	5	1,119,830	1,152,509
Gov't of Trinidad & Tobago debt securities	3	563,774	383,122
Gov't of Barbados debt securities	5	276,958	259,461
Federal National Mortgage Association (USA) debt securities	1	211,637	170,406
Guggenheim Partners reinsurance asset (note 40.4 (a))	2	362,984	438,900
Heritage Life Insurance reinsurance asset (note 40.4 (b))	3	125,996	142,979

40.2 Credit risk exposure (continued)

For assets measured at FVOCI or amortised cost, credit risk exposure is the gross carrying amount. For assets measured at FVTPL, the Group's credit risk exposure is the carrying amount. The components of investment and lending portfolios by accounting classification are summarised below.

	2021	2020
Investment portfolios:		
Debt securities and money market funds at FVOCI	4,378,422	3,408,773
Debt securities at amortised cost	1,402,469	1,275,567
Securities purchased for resale	68,007	57,110
Deposits at amortised cost	215,143	129,279
Debt securities at FVTPL	283,534	348,874
	6,347,575	5,219,603
Lending portfolios:		
Mortgage loans at amortised cost	430,427	396,822
Finance loans at amortised cost	543,034	568,047
Policy loans at amortised cost	154,296	151,336
Mortgage loans at FVTPL	24,375	26,065
	1,152,132	1,142,270

40.2 Credit risk exposure (continued)

Credit risk exposure – financial investments subject to impairment

Financial assets carried at amortised cost or FVOCI are subject to credit impairment losses which are recognised in the statement of income. The following tables analyse the credit risk exposure of financial investments as at December 31 for which an ECL allowance is recognised.

	Debt securities and money market funds – FVOCI					Debt securities and money market funds – FVOCI				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Investment	3,411,602	6,233	-	-	3,417,835	2,433,495	9,882	-	-	2,443,377
Non-investment	849,095	83,183	-	28,205	960,483	774,601	154,191	4,071	28,572	961,435
Watch	-	-	-	-	-	-	-	-	45	45
Default	-	-	-	-	-	-	-	3,841	-	3,841
Unrated	104	-	-	-	104	75	-	-	-	75
Gross carrying amount	4,260,801	89,416	-	28,205	4,378,422	3,208,171	164,073	7,912	28,617	3,408,773
Loss allowance	(2,471)	(4,320)	-	-	(6,791)	(2,572)	(8,465)	(6,176)	-	(17,213)
Carrying amount	4,258,330	85,096	-	28,205	4,371,631	3,205,599	155,608	1,736	28,617	3,391,560

40.2 Credit risk exposure – financial investments subject to impairment (continued)

	Debt securities – amortised cost					Debt securities – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Investment	428,766	-	-	-	428,766	346,233	-	-	-	346,233
Non-investment	759,565	22,597	10	185,165	967,337	717,611	5,269	-	172,192	895,072
Watch	1,654	45	-	4,081	5,780	1,700	23,071	2,592	4,972	32,335
Default	-	-	-	-	-	-	-	1,334	-	1,334
Unrated	575	-	-	11	586	575	-	-	18	593
Gross carrying amount	1,190,560	22,642	10	189,257	1,402,469	1,066,119	28,340	3,926	177,182	1,275,567
Loss allowance	(2,068)	(211)	-	(487)	(2,766)	(2,378)	(1,887)	(1,402)	(414)	(6,081)
Carrying amount	1,188,492	22,431	10	188,770	1,399,703	1,063,741	26,453	2,524	176,768	1,269,486

40.2 Credit risk exposure – financial investments subject to impairment (continued)

	Mortgage loans – amortised cost					Mortgage loans – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Investment	209,752	33,523	82	-	243,357	189,346	30,349	2,436	-	222,131
Non-investment	121,007	27,161	-	-	148,168	116,728	9,543	15,052	-	141,323
Watch	-	1,108	27,460	-	28,568	41	2,929	17,007	-	19,977
Default	-	-	10,334	-	10,334	-	-	13,391	-	13,391
Gross carrying amount	330,759	61,792	37,876	-	430,427	306,115	42,821	47,886	-	396,822
Loss allowance	(1,018)	(641)	(3,220)	-	(4,879)	(1,261)	(556)	(1,791)	-	(3,608)
Carrying amount	329,741	61,151	34,656	-	425,548	304,854	42,265	46,095	-	393,214

40.2 Credit risk exposure – financial investments subject to impairment (continued)

	Policy loans – amortised cost					Policy loans – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Investment	147,295	-	-	-	147,295	144,287	-	-	-	144,287
Non-investment	7,001	-	-	-	7,001	7,049	-	-	-	7,049
Gross carrying amount	154,296	-	-	-	154,296	151,336	-	-	-	151,336
Loss allowance	(457)	-	-	-	(457)	(298)	-	-	-	(298)
Carrying amount	153,839	-	-	-	153,839	151,038	-	-	-	151,038

40.2 Credit risk exposure – financial investments subject to impairment (continued)

	Finance loans – amortised cost					Finance loans – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Investment	-	-	-	-	-	258	-	-	-	258
Non-investment	508,966	18,729	-	-	527,695	523,336	26,388	-	-	549,724
Watch	-	3,811	-	-	3,811	-	7,099	-	-	7,099
Default	-	-	11,528	-	11,528	-	-	10,966	-	10,966
Gross carrying amount	508,966	22,540	11,528	-	543,034	523,594	33,487	10,966	-	568,047
Loss allowance	(4,228)	(452)	(4,894)	-	(9,574)	(5,208)	(903)	(6,552)	-	(12,663)
Carrying amount	504,738	22,088	6,634	-	533,460	518,386	32,584	4,414	-	555,384

40.2 Credit risk exposure – financial investments subject to impairment (continued)

	Securities purchased for resale – amortised cost					Securities purchased for resale – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Non-investment	68,007	-	-	-	68,007	57,110	-	-	-	57,110
Gross carrying amount	68,007	-	-	-	68,007	57,110	-	-	-	57,110
Loss allowance	-	-	-	-	-	-	-	-	-	-
Carrying amount	68,007	-	-	-	68,007	57,110	-	-	-	57,110

40.2 Credit risk exposure – financial investments subject to impairment (continued)

	Deposits – amortised cost					Deposits – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Investment	97,104	-	-	-	97,104	35,702	-	-	-	35,702
Non-investment	116,547	252	-	-	116,799	81,217	249	-	-	81,466
Watch	429	371	-	-	800	428	11,246	-	-	11,674
Unrated	440	-	-	-	440	437	-	-	-	437
Gross carrying amount	214,520	623	-	-	215,143	117,784	11,495	-	-	129,279
Loss allowance	(3,147)	(71)	-	-	(3,218)	(288)	(1,271)	-	-	(1,559)
Carrying amount	211,373	552	-	-	211,925	117,496	10,224	-	-	127,720

40.3 Credit impairment losses – financial investments subject to impairment

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

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

40.3 Credit impairment losses – financial investments subject to impairment (continued)

LOSS ALLOWANCES	Debt securities and money market funds – FVOCI					Debt securities and money market funds – FVOCI				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	2,572	8,465	6,176	-	17,213	2,484	5,733	-	-	8,217
Transfers:										
Stage 1 to Stage 2	(746)	746	-	-	-	(1,002)	1,002	-	-	-
Stage 2 to Stage 3	-	-	-	-	-	-	(1,525)	1,525	-	-
Securities originated or purchased	1,645	-	-	-	1,645	1,981	-	-	-	1,981
Securities fully derecognised	(739)	(5,865)	(6,038)	-	(12,642)	(577)	(2,614)	-	-	(3,191)
Changes in ECL inputs, models and / or assumptions	(195)	1,034	-	-	839	(227)	5,871	4,665	-	10,309
Effect of exchange rate changes	(66)	(60)	(138)	-	(264)	(87)	(2)	(14)	-	(103)
Loss allowance, end of year	2,471	4,320	-	-	6,791	2,572	8,465	6,176	-	17,213
Credit impairment loss reduction / (loss) recorded in income					2,173					(9,367)

40.3 Credit impairment losses – financial investments subject to impairment (continued)

LOSS ALLOWANCES	Debt securities – amortised cost					Debt securities – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	2,378	1,887	1,402	414	6,081	1,378	759	-	371	2,508
Transfers:										
Stage 1 to Stage 2	(1)	1	-	-	-	(326)	326	-	-	-
Stage 2 to Stage 1	99	(99)	-	-	-	-	-	-	-	-
Stage 2 to Stage 3	-	-	-	-	-	-	(663)	663	-	-
Securities originated or purchased	239	-	-	-	239	621	-	-	1	622
Securities fully derecognised	(221)	(204)	(925)	-	(1,350)	(229)	(2)	-	(3)	(234)
Changes in ECL inputs, models and / or assumptions	(381)	(1,374)	(477)	73	(2,159)	948	1,466	739	45	3,198
Effect of exchange rate changes	(45)	-	-	-	(45)	(14)	1	-	-	(13)
Loss allowance, end of year	2,068	211	-	487	2,766	2,378	1,887	1,402	414	6,081
Credit impairment loss reduction / (loss) recorded in income					3,191					(3,585)

40.3 Credit impairment losses – financial investments subject to impairment (continued)

LOSS ALLOWANCES	Mortgage loans – amortised cost					Mortgage loans – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	1,261	556	1,791	-	3,608	611	339	942	-	1,892
Transfers:										
Stage 1 to Stage 2	(100)	100	-	-	-	(104)	104	-	-	-
Stage 1 to Stage 3	(7)	-	7	-	-	(103)	-	103	-	-
Stage 2 to Stage 1	289	(289)	-	-	-	83	(83)	-	-	-
Stage 2 to Stage 3	-	(36)	36	-	-	-	(135)	135	-	-
Stage 3 to Stage 2	-	67	(67)	-	-	-	1,019	(1,019)	-	-
Stage 3 to Stage 1	242	-	(242)	-	-	123	-	(123)	-	-
Loans originated or purchased	260	-	-	-	260	514	-	-	-	514
Loans fully derecognised	(58)	(36)	(657)	-	(751)	(23)	(9)	(236)	-	(268)
Changes in ECL inputs, models and / or assumptions	(860)	289	2,417	-	1,846	165	(658)	1,988	-	1,495
Effect of exchange rate changes	(9)	(10)	(65)	-	(84)	(5)	(21)	1	-	(25)
Loss allowance, end of year	1,018	641	3,220	-	4,879	1,261	556	1,791	-	3,608
Credit impairment loss reduction / (loss) recorded in income					163					(1,785)

40.3 Credit impairment losses – financial investments subject to impairment (continued)

LOSS ALLOWANCES	Policy loans – amortised cost					Policy loans – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	298	-	-	-	298	197	-	-	-	197
Changes in ECL inputs, models and / or assumptions	164	-	-	-	164	105	-	-	-	105
Effect of exchange rate changes	(5)	-	-	-	(5)	(4)	-	-	-	(4)
Loss allowance, end of year	457	-	-	-	457	298	-	-	-	298
Credit impairment loss recorded in income					-					(116)

40.3 Credit impairment losses – financial investments subject to impairment (continued)

LOSS ALLOWANCES	Finance loans – amortised cost					Finance loans – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	5,208	903	6,552	-	12,663	3,757	729	5,754	-	10,240
Transfers:										
Stage 1 to Stage 2	(85)	85	-	-	-	(379)	379	-	-	-
Stage 1 to Stage 3	(142)	-	142	-	-	(722)	-	722	-	-
Stage 2 to Stage 1	95	(95)	-	-	-	147	(147)		-	-
Stage 2 to Stage 3	-	(115)	115	-	-	-	(103)	103	-	-
Stage 3 to Stage 1	388	-	(388)	-	-	45	-	(45)	-	-
Loans originated or purchased	1,009	-	-	-	1,009	1,818	-	-	-	1,818
Loans fully derecognised	(715)	(169)	(2,888)	-	(3,772)	(640)	(217)	(1,761)	-	(2,618)
Write-offs	-	(1)	-	-	(1)	-	-	-	-	-
Changes in ECL inputs, models and / or assumptions	(1,213)	(134)	1,705	-	358	1,380	283	2,013	-	3,676
Effect of exchange rate changes	(317)	(22)	(344)	-	(683)	(198)	(21)	(234)	-	(453)
Loss allowance, end of year	4,228	452	4,894	-	9,574	5,208	903	6,552	-	12,663
Credit impairment loss reduction / (loss) recorded in income					476					(7,896)

40.3 Credit impairment losses – financial investments subject to impairment (continued)

LOSS ALLOWANCES	Deposits – amortised cost					Deposits – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	288	1,271	-	-	1,559	261	51	-	-	312
Transfers:										
Stage 1 to Stage 2	-	-	-	-	-	(103)	103	-	-	-
Deposits originated or purchased	3,102	-	-	-	3,102	265	-	-	-	265
Deposits fully derecognised	(1,129)	(1,347)	-	-	(2,476)	(140)	-	-	-	(140)
Changes in ECL inputs, models and / or assumptions	886	147	-	-	1,033	5	1,117	-	-	1,122
Loss allowance, end of year	3,147	71	-	-	3,218	288	1,271	-	-	1,559
Credit impairment loss recorded in income					(1,675)					(1,248)

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions

The macroeconomic indicators for all sectors were maintained and continue to produce regressions which reasonably explain the relationship between the respective default rates and the macroeconomic variables.

The GBP USD and NZD USD currency pairs continue to enhance the explanation of the default rates in the respective sectors. This is considered critical given that currency risk and sovereign risk vary between currency pairs. Currency shocks can have adverse implications on companies leading to their inability to meet debt service obligations.

In addition to the currency pairs, it is noted that market indices such as the S&P 500 Financial Index and the Dow Jones Industrial Average Index have demonstrated a stronger correlation to the performance of Sagicor's investments in the financial and industrial sectors.

In summary, the variables utilised have maintained the model's robustness in promoting a reliable and supportable fit between the default rate and the macroeconomic variables.

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions (continued)

Sagicor has selected seven economic factors which provide the overall macroeconomic environment in considering forward-looking information for base, upside and downside forecasts. These are as follows:

	As of December 31, 2021			As of December 31, 2020		
	2022	**2023**	**2024**	**2021**	**2022**	**2023**
GDP Growth (USA)						
Base	3.5%	2.6%	1.9%	2.0%	3.7%	2.8%
Upside	5.0%	3.0%	1.0%	4.5%	3.3%	2.4%
Downside	1.1%	1.6%	1.8%	-0.2%	1.5%	1.5%
World GDP						
Base	4.9%	3.6%	3.4%	5.2%	4.2%	3.8%
Upside	7.4%	5.4%	5.1%	7.8%	6.3%	5.7%
Downside	2.6%	2.6%	2.4%	2.6%	2.6%	2.6%
WTI Oil Prices/10						
Base	$7.36	$6.79	$6.40	$4.82	$4.67	$4.58
Upside	$9.39	$9.39	$9.39	$9.39	$9.39	$9.39
Downside	$3.09	$2.85	$2.69	$2.02	$1.96	$1.92
DOW Jones Industrial Average Index EPS						
Base	$1,940.94	$2,132.89	$2,132.89	$1,505.82	$1,739.89	$1,739.89
Upside	$2,883.51	$3,168.68	$3,168.68	$2,237.09	$2,584.83	$2,584.83
Downside	$1,138.04	$1,250.58	$1,250.58	$882.91	$1,020.16	$1,020.16

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions (continued)

	As of December 31, 2021			As of December 31, 2020		
	2022	2023	2024	2021	2022	2023
S&P 500 Financial Index - EPS						
Base	$43.93	$48.98	$48.98	$33.11	$38.95	$38.95
Upside	$66.29	$73.91	$73.91	$49.96	$58.77	$58.77
Downside	$28.80	$32.11	$32.11	$21.71	$25.54	$25.54
GBP/USD						
Base	$1.35	$1.35	$1.35	$1.37	$1.37	$1.38
Upside	$1.46	$1.52	$1.57	$1.49	$1.55	$1.61
Downside	$1.24	$1.18	$1.14	$1.25	$1.20	$1.15
NZD/USD						
Base	$0.68	$0.67	$0.66	$0.72	$0.72	$0.72
Upside	$0.74	$0.77	$0.78	$0.79	$0.83	$0.85
Downside	$0.61	$0.57	$0.53	$0.64	$0.61	$0.58

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions (continued)

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

As of December 31, 2021

Barbados	Expected state for the next 12 months	Scenario
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative

Trinidad & Tobago	Expected state for the next 12 months	Scenario
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative

Jamaica	Expected state for the next 12 months	Scenario
Interest rate	Base	Stable
	Upside	Positive
	Downside	Stable
Unemployment rate	Base	Stable
	Upside	Stable
	Downside	Negative

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions (continued)

As of December 31, 2020		
Barbados	**Expected state for the next 12 months**	**Scenario**
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative

Trinidad & Tobago	**Expected state for the next 12 months**	**Scenario**
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative

Jamaica	**Expected state for the next 12 months**	**Scenario**
Interest rate	Base	Stable
	Upside	Positive
	Downside	Stable
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(b) Significant increase in credit risk (SICR)

The ECL impact of a SICR for debt securities has been estimated as follows:

SICR criteria (see note 3.1)	**Actual threshold applied**	**Change in threshold**	**ECL impact of change in threshold**	
			2021	**2020**
Investments	2-notch downgrade since origination	1-notch downgrade since origination	2,916	4,988

The staging for lending products is based primarily on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

(c) Loss given default (LGD)

From the inception of IFRS 9, the Group has used the LGD for sovereigns as provided by Moody's. The LGD in Moody's current report represents the losses derived using the average trading prices method for USD denominated external debt. Due to the limited trading activity and the small percentage of USD denominated sovereign debt in our portfolio, we do not believe it is appropriate to use the average trading price method. An analysis of this calculation shows that this LGD includes losses for places such as Greece, Russia and African countries and does not truly reflect a Caribbean experience.

Sagicor Life Inc's sovereign exposure is primarily spread across the Caribbean region where bond markets are very thinly traded. For this reason, an internal valuation method is used to produce reasonable fixed income prices. This methodology is essentially a discounted cash flow exercise and these valuations form part of our requisite disclosures for financial reporting purposes.

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(c) Loss given default (LGD) (continued)

Using Moody's NPV method results in a loss given default (LGD) of approximately 35% regardless of the inclusion of members CARICOM solely or all global defaults. Furthermore, Barbados, the most recent defaulted bond issuer in the Caribbean suffered a maximum loss of approximately 36% on the restructured domestic debt which is in line with the LGD using the NPV method.

In light of the above, we adopted the NPV method for determining the LGD for Caribbean Sovereigns and reduced the LGD to 35% as derived from the calculation.

The ECL impact of changes in LGD rates is summarised as follows:

2021				
	LGD		ECL impact of	
Debt securities	Rate applied	Change in rate	increase in value	decrease in value
Corporate	53%	(- /+ 5) %	646	(646)
Sovereign, excluding Barbados and Jamaica	35%	(- /+ 5) %	367	(367)
Sovereign - Barbados - BAICO bonds	17%	(- /+ 5) %	48	(48)
Sovereign - Jamaica	15%	(- /+ 5) %	578	(578)

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(c) Loss given default (LGD) (continued)

The ECL impact of changes in LGD rates is summarised as follows:

2020				
	LGD		ECL impact of	
Debt securities	Rate applied	Change in rate	increase in value	decrease in value
Corporate	53%	(- /+ 5) %	1,198	(1,198)
Sovereign, excluding Barbados and Jamaica	35%	(- /+ 5) %	509	(509)
Sovereign - Barbados - BAICO bonds	17%	(- /+ 5) %	50	(50)
Sovereign - Jamaica	15%	(- /+ 5) %	650	(650)

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(d) Scenario design

The weightings assigned to each economic scenario as at December 31, 2021 are set out in the following table. These weightings are unchanged from the prior year.

	Base	Upside	Downside
Sagicor Life portfolios	80%	10%	10%
Sagicor Jamaica portfolios	80%	10%	10%
Sagicor Life USA	80%	10%	10%

The results of varying the upside and downside scenarios are as follows:

	Base – 80% Upside – 5% Downside – 15%		Base – 80% Upside – 15% Downside – 5%	
	Increase in ECL		Decrease in ECL	
	2021	2020	2021	2020
Debt securities	422	628	(422)	(628)
Lending products	192	253	(158)	(208)

40.4 Gross Carrying Values – financial investments subject to impairment

The following tables explain the movement in the gross carrying amounts of investments and in the ECL classifications for the year. Gross carrying amounts represent the maximum exposure to credit risk.

	Debt securities and money market funds – FVOCI					Debt securities and money market funds – FVOCI				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	3,208,171	164,073	7,912	28,617	3,408,773	3,458,152	70,695	-	30,144	3,558,991
Transfers:										
Stage 1 to Stage 2	(15,431)	15,431	-	-	-	(120,488)	120,488	-	-	-
Stage 1 to Stage 3	-	-	-	-	-	(164)	-	164	-	-
Stage 2 to Stage 1	122	(122)	-	-	-	-	-	-	-	-
Stage 2 to Stage 3	-	-	-	-	-	-	(7,014)	7,014	-	-
Securities originated or purchased	2,074,726	-	-	-	2,074,726	1,347,322	-	-	45	1,347,367
Securities fully derecognised	(846,271)	(85,217)	(7,714)	(440)	(939,642)	(1,310,349)	(18,052)	-	(72)	(1,328,473)
Changes in principal and interest	(115,382)	(4,176)	-	36	(119,522)	(113,924)	(4,120)	755	(1,503)	(118,792)
Effect of exchange rate changes	(45,134)	(573)	(198)	(8)	(45,913)	(52,378)	2,076	(21)	3	(50,320)
Gross carrying amount, end of year	4,260,801	89,416	-	28,205	4,378,422	3,208,171	164,073	7,912	28,617	3,408,773

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Debt securities – amortised cost					Debt securities – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	1,066,119	28,340	3,926	177,182	1,275,567	988,324	4,555	-	158,368	1,151,247
Transfers:										
Stage 1 to Stage 2	(3,248)	3,248	-	-	-	(24,570)	24,570	-	-	-
Stage 2 to Stage 1	1,000	(1,000)	-	-	-	-	-	-	-	-
Stage 2 to Stage 3	-	-	-	-	-	-	(3,874)	3,874	-	-
Securities originated or purchased	318,513	-	-	32	318,545	309,544	-	-	271	309,815
Securities fully derecognised	(158,269)	(112)	(2,582)	(9)	(160,972)	(178,539)	-	-	(66)	(178,605)
Changes in principal and interest	(6,524)	(7,834)	(1,334)	12,052	(3,640)	(6,468)	3,089	52	18,609	15,282
Effect of exchange rate changes	(27,031)	-	-	-	(27,031)	(22,172)	-	-	-	(22,172)
Gross carrying amount, end of year	1,190,560	22,642	10	189,257	1,402,469	1,066,119	28,340	3,926	177,182	1,275,567

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Mortgage loans – amortised cost					Mortgage loans – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	306,115	42,821	47,886	-	396,822	300,647	38,766	25,026	-	364,439
Transfers:										
Stage 1 to Stage 2	(45,713)	45,713	-	-	-	(35,869)	35,869	-	-	-
Stage 1 to Stage 3	(1,982)	-	1,982	-	-	(11,294)	-	11,294	-	-
Stage 2 to Stage 1	24,316	(24,316)	-	-	-	14,771	(14,771)	-	-	-
Stage 2 to Stage 3	-	(2,140)	2,140	-	-	-	(16,969)	16,969	-	-
Stage 3 to Stage 2	-	5,962	(5,962)	-	-	-	1,518	(1,518)	-	-
Stage 3 to Stage 1	2,793	-	(2,793)	-	-	2,410	-	(2,410)	-	-
Loans originated or purchased	82,002	-	-	-	82,002	75,363	-	-	-	75,363
Loans fully derecognised	(18,910)	(4,863)	(4,211)	-	(27,984)	(23,769)	(1,345)	(1,605)	-	(26,719)
Changes in principal and interest	(11,160)	(997)	(737)	-	(12,894)	(11,205)	181	309	-	(10,715)
Effect of exchange rate changes	(6,702)	(388)	(429)	-	(7,519)	(4,939)	(428)	(179)	-	(5,546)
Gross carrying amount, end of year	330,759	61,792	37,876	-	430,427	306,115	42,821	47,886	-	396,822

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Finance loans – amortised cost					Finance loans – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	523,594	33,487	10,966	-	568,047	579,856	12,975	12,716	-	605,547
Transfers:										
Stage 1 to Stage 2	(5,705)	5,705	-	-	-	(30,723)	30,723	-	-	-
Stage 1 to Stage 3	(3,994)	-	3,994	-	-	(5,050)	-	5,050	-	-
Stage 2 to Stage 1	4,053	(4,053)	-	-	-	2,372	(2,372)	-	-	-
Stage 2 to Stage 3	-	(4,098)	4,098	-	-	-	(1,743)	1,743	-	-
Stage 3 to Stage 1	652	-	(652)	-	-	93	-	(93)	-	-
Loans originated or purchased	152,133	-	-	-	152,133	130,947	-	-	-	130,947
Loans fully derecognised	(90,846)	(6,409)	(5,007)	-	(102,262)	(97,688)	(4,778)	(3,844)	-	(106,310)
Write-offs	(2)	(11)	-	-	(13)	(11)	(10)	-	-	(21)
Changes in principal and interest	(40,617)	(1,470)	(1,287)	-	(43,374)	(25,278)	(1,453)	(4,018)	-	(30,749)
Effect of exchange rate changes	(30,302)	(611)	(584)	-	(31,497)	(30,924)	145	(588)	-	(31,367)
Gross carrying amount, end of year	508,966	22,540	11,528	-	543,034	523,594	33,487	10,966	-	568,047

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Securities purchased for resale – amortised cost					Securities purchased for resale – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	57,110	-	-	-	57,110	10,904	-	-	-	10,904
Securities originated or purchased	69,923	-	-	-	69,923	1,283,926	-	-	-	1,283,926
Securities fully derecognised	(54,343)	-	-	-	(54,343)	(1,237,810)	-	-	-	(1,237,810)
Changes in principal and interest	-	-	-	-	-	837	-	-	-	837
Effect of exchange rate changes	(4,683)	-	-	-	(4,683)	(747)	-	-	-	(747)
Gross carrying amount, end of year	68,007	-	-	-	68,007	57,110	-	-	-	57,110

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Deposits – amortised cost					Deposits – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	117,784	11,495	-	-	129,279	62,493	617	-	-	63,110
Transfers:										
Stage 1 to Stage 2	(251)	251	-	-	-	(7,471)	7,471	-	-	-
Deposits originated or purchased	200,825	-	-	-	200,825	192,962	-	-	-	192,962
Deposits fully derecognised	(98,377)	(11,216)	-	-	(109,593)	(143,456)	(245)	-	-	(143,701)
Changes in principal and interest	(523)	93	-	-	(430)	13,393	3,652	-	-	17,045
Effect of exchange rate changes	(4,938)	-	-	-	(4,938)	(137)	-	-	-	(137)
Gross carrying amount, end of year	214,520	623	-	-	215,143	117,784	11,495	-	-	129,279

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Policy loans – amortised cost					Policy loans – amortised cost				
	2021					2020				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	151,336	-	-	-	151,336	151,730	-	-	-	151,730
Policy loans originated or purchased	4,129	-	-	-	4,129	4,464	-	-	-	4,464
Policy loans fully derecognised	(2,578)	-	-	-	(2,578)	(4,580)	-	-	-	(4,580)
Changes in principal and interest	1,534	-	-	-	1,534	(216)	-	-	-	(216)
Effect of exchange rate changes	(125)	-	-	-	(125)	(62)	-	-	-	(62)
Gross carrying amount, end of year	154,296	-	-	-	154,296	151,336	-	-	-	151,336

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

(a) Reinsurance asset – Guggenheim Partners

The reinsurance asset held in the name of Guggenheim Partners is secured by assets held in a trust. The excess of the fair value of the trust assets over the reinsurance asset is as follows:

	2021	2020
Fair value of trust assets	448,506	472,395
Carrying value of reinsurance asset	(362,984)	(438,900)
	85,522	33,495

(b) Reinsurance asset – Heritage Life Insurance Company

The reinsurance asset held in the name of Heritage Life Insurance Company is secured by assets held in a trust. The excess of the fair value of the trust assets over the reinsurance asset is as follows:

	2021	2020
Fair value of trust assets	162,074	170,191
Carrying value of reinsurance asset	(125,996)	(142,979)
	36,078	27,212

40.5 Liquidity risk

Liquidity risk is the exposure that the Group may encounter difficulty in meeting obligations associated with financial or insurance liabilities that are settled by cash or by another financial asset. Liquidity risk also arises when excess funds accumulate resulting in the loss of opportunity to increase investment returns.

Asset liability matching is a tool used by the Group to mitigate liquidity risks, particularly in operations with significant maturing short-term liabilities. For long-term insurance contracts, 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.

Group companies monitor cash inflows and outflows in each operating currency. Through experience and monitoring, the Group is able to maintain sufficient liquid resources to meet current obligations.

(a) Insurance liabilities

The Group's monetary insurance liabilities mature in periods which are summarised in the following table. Amounts are stated at their carrying values recognised in the financial statements and are analysed by their expected due periods, which have been estimated by actuarial or other statistical methods.

	Expected discounted cash flows			
	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total
2021				
Actuarial liabilities	297,945	1,657,453	2,837,229	4,792,627
Other policy liabilities	167,398	29,577	83,811	280,786
Total	465,343	1,687,030	2,921,040	5,073,413
2020				
Actuarial liabilities	323,144	1,251,502	2,578,055	4,152,701
Other policy liabilities	149,355	18,067	67,189	234,611
Total	472,499	1,269,569	2,645,244	4,387,312

40.5 Liquidity risk (continued)

(b) Financial liabilities and commitments

Contractual cash flow obligations of the Group in respect of its financial liabilities and commitments are summarised in the following table. Amounts are analysed by their earliest contractual maturity dates and consist of the contractual un-discounted cash flows. Where the interest rate of an instrument for a future period has not been determined as of the date of the financial statements, it is assumed that the interest rate then prevailing continues until final maturity.

	2021 - Contractual un-discounted cash flows				2020 - Contractual un-discounted cash flows			
	On demand or within 1 year	1 to 5 years	After 5 years	Total	On demand or within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities:								
Investment contract liabilities	388,066	73,301	23,086	484,453	372,337	56,534	21,091	449,962
Notes and loans payable	123,488	192,299	603,637	919,424	23,543	480,314	11,123	514,980
Lease liabilities	9,230	18,068	20,745	48,043	9,462	24,827	22,300	56,589
Deposit and security liabilities:								
Other funding instruments	463,010	49,041	6,133	518,184	355,050	38,831	24,347	418,228
Customer deposits	872,459	17,206	-	889,665	852,836	17,106	6	869,948
Structured products	-	4,424	-	4,424	-	-	-	-
Securities sold for repurchase	601,779	-	-	601,779	577,998	-	-	577,998
Derivative financial instruments	-	109	-	109	-	-	-	-
Bank overdrafts	761	-	-	761	980	-	-	980
Accounts payable and accrued liabilities	246,450	1,184	340	247,974	248,212	1,852	385	250,449
Total financial liabilities	2,705,243	355,632	653,941	3,714,816	2,440,418	619,464	79,252	3,139,134
Off financial statement commitments:								
Loan commitments	61,867	4,372	989	67,228	63,831	313	628	64,772
Non-cancellable lease and rental payments	316	-	-	316	434	-	-	434
Customer guarantees and letters of credit	17,802	6,621	8,682	33,105	20,095	5,417	9,643	35,155
Investments and investment management fees	17,430	-	-	17,430	32,526	2,322	-	34,848
Capital commitments	-	-	-	-	15,304	-	-	15,304
Total off financial statement commitments	97,415	10,993	9,671	118,079	132,190	8,052	10,271	150,513
Total	2,802,658	366,625	663,612	3,832,895	2,572,608	627,516	89,523	3,289,647

40.5 Liquidity risk (continued)

(c) Financial and insurance assets

The contractual maturity periods of monetary financial assets and the expected maturity periods of monetary insurance assets are summarised in the following table. Amounts are stated at their carrying values recognised in the financial statements. For this disclosure, monetary insurance assets comprise policy loans and reinsurance assets.

	2021 – Contractual or expected discounted cash flows				2020 – Contractual or expected discounted cash flows			
	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total
Debt securities and money market funds	1,078,154	1,284,945	3,801,457	6,164,556	699,719	944,657	3,585,901	5,230,277
Mortgage loans	29,123	88,261	332,539	449,923	24,138	72,260	322,881	419,279
Policy loans	4,336	11,469	138,034	153,839	4,589	13,756	132,693	151,038
Finance loans	161,429	220,258	151,773	533,460	160,965	207,243	187,176	555,384
Securities purchased for resale	68,007	-	-	68,007	57,110	-	-	57,110
Deposits	211,737	188	-	211,925	127,559	161	-	127,720
Derivative financial instruments	26,137	109	-	26,246	37,188	-	-	37,188
Reinsurance assets: share of actuarial liabilities	43,790	274,416	226,990	545,196	67,237	291,116	281,444	639,797
Reinsurance assets: other	54,122	2,112	655	56,889	48,893	-	189	49,082
Premiums receivable	59,168	-	-	59,168	59,780	-	-	59,780
Other assets and accounts receivable	73,352	1,940	336	75,628	76,876	2,044	522	79,442
Cash resources	438,110	-	-	438,110	439,610	-	-	439,610
Total	2,247,465	1,883,698	4,651,784	8,782,947	1,803,664	1,531,237	4,510,806	7,845,707

40.5 Liquidity risk (continued)

(d) Sale and purchase of held-to-collect debt securities

In September 2020, given its continued focus on mitigating liquidity risks by improving its asset liability matching, the Group made a decision to purchase long-term bonds issued by the Government of Trinidad & Tobago (GOTT) in the amount of US$164 million. The transaction was facilitated and financed by the sale of several shorter-term bonds totalling US$129 million which had been included in the "held to collect" category in accordance with this IFRS 9 classification, based on the business model for managing these instruments and their contractual cash flow characteristics. Given the purpose of the transaction, which was not profit-oriented and which yielded an immaterial gain of US$0.3 million, the new instruments acquired have been classified as "held to collect" under the business model, which remains unchanged, and given the contractual terms governing their cash flows.

40.6 Interest rate risk

The Group is exposed to interest rate risks. Cash flow interest rate risk is the risk that 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 fair value of a financial instrument will fluctuate because of changes in market interest rates. The occurrence of an adverse change in interest rates on invested assets may result in financial loss to the Group in fulfilling the contractual returns on insurance and financial liabilities.

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.

Guaranteed minimum returns exist within cash values of long-term traditional insurance contracts, long-term universal life insurance contracts, annuity options, deposit administration liabilities and policy funds on deposit. Where the returns credited exceed the guaranteed minima, the insurer usually has the option to adjust the return from period to period. For other financial liabilities, returns are usually contractual and may only be adjusted on contract renewal or contract re-pricing.

40.6 Interest rate risk (continued)

The Group is therefore exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase or decrease as a result of such changes. 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 Group is exposed to risk under embedded derivatives contained in a host insurance contract. These risks include exposures to investment returns which may produce losses to the insurer arising from the following contract features:

- minimum annuity rates which are guaranteed to be applied at some future date;
- minimum guaranteed death benefits which are applicable when the performance of an interest-bearing or unit linked fund falls below expectations;
- minimum guaranteed returns in respect of cash values and universal life investment accounts.

The Group manages its interest rate risk by various measures including, where feasible, the selection of assets which best match the maturity of liabilities; the offering of investment contracts which match the maturity profile of assets; the re-pricing of interest rates on loans receivable; policy contracts and financial liabilities in response to market changes. In certain Caribbean markets, where availability of suitable investments is often a challenge, the Group holds many of its fixed-rate debt securities to maturity and therefore mitigates the transient interest rate changes in these markets.

40.6 Interest rate risk (continued)

The table following summarises the exposures to interest rates on the Group's monetary insurance and financial liabilities (excluding actuarial liabilities which are disclosed in note 42). It includes liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. Insurance liabilities are categorised by their expected maturities.

	2021					2020				
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Other policy liabilities	8,975	5,348	54,476	211,987	280,786	13,676	4,103	66,466	150,366	234,611
Investment contract liabilities	378,616	59,395	29,969	114	468,094	366,918	46,710	23,894	82	437,604
Notes and loans payable	73,137	66,704	541,770	1,777	683,388	15,343	445,706	9,859	714	471,622
Lease liabilities	7,964	14,758	9,422	692	32,836	7,691	20,547	10,251	1,120	39,609
Deposit and security liabilities:										
Other funding instruments	463,457	44,507	3,241	248	511,453	352,306	20,285	15,721	211	388,523
Customer deposits	864,140	15,022	-	2,272	881,434	845,326	14,934	5	1,387	861,652
Structured products	-	4,344	-	-	4,344	-	-	-	-	-
Securities sold for repurchase	596,444	-	-	1,828	598,272	573,540	-	-	2,064	575,604
Derivative financial instruments	-	109	-	-	109	-	-	-	-	-
Bank overdrafts	589	-	-	172	761	969	-	-	11	980
Accounts payable and accrued liabilities	2,801	-	-	245,173	247,974	826	1,127	-	248,497	250,450
Total	2,396,123	210,187	638,878	464,263	3,709,451	2,176,595	553,412	126,196	404,452	3,260,655

40.6 Interest rate risk (continued)

The table following summarises the exposures to interest rate and reinvestment risks of the Group's monetary insurance and financial assets. Assets are stated at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. Reinsurance assets and policy loans are categorised by their expected maturities.

	2021					2020				
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Debt securities and money market funds	1,032,045	1,268,583	3,744,902	119,026	6,164,556	787,764	889,132	3,472,756	80,625	5,230,277
Equity securities	-	-	-	890,139	890,139	-	-	-	660,573	660,573
Mortgage loans	128,119	76,937	241,312	3,555	449,923	93,733	65,789	256,392	3,365	419,279
Policy loans	9,867	11,239	128,325	4,408	153,839	3,925	13,380	127,849	5,884	151,038
Finance loans	511,848	13,863	3,478	4,271	533,460	528,923	15,279	6,192	4,990	555,384
Securities purchased for resale	67,714	-	-	293	68,007	57,011	-	-	99	57,110
Deposits	210,457	871	-	597	211,925	125,411	2,092	-	217	127,720
Derivative financial instruments	-	109	-	26,137	26,246	-	-	-	37,188	37,188
Reinsurance assets: other	-	-	157	56,732	56,889	-	-	189	48,893	49,082
Premiums receivable	35	-	-	59,133	59,168	-	-	-	59,780	59,780
Other assets and accounts receivable	1,685	1,897	-	72,046	75,628	896	1,127	-	77,419	79,442
Cash resources	77,134	-	-	360,976	438,110	84,246	-	-	355,364	439,610
Total	2,038,904	1,373,499	4,118,174	1,597,313	9,127,890	1,681,909	986,799	3,863,378	1,334,397	7,866,483

40.6 Interest rate risk (continued)

The table below summarises the average interest yields on certain financial investments and financial liabilities held during the year.

	2021	2020
Financial investments carried at FVOCI and amortised cost:		
Debt securities and money market funds	4.8%	4.6%
Mortgage loans	6.1%	5.8%
Policy loans	7.3%	7.5%
Finance loans	10.4%	11.2%
Securities purchased for resale	1.5%	2.4%
Deposits	0.7%	1.0%
Financial liabilities carried at amortised cost:		
Investment contract liabilities	1.9%	2.8%
Notes and loans payable	7.3%	8.3%
Other funding instruments	0.8%	0.9%
Deposits	1.0%	1.2%
Securities sold for repurchase	2.4%	2.3%

a) 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 42.4. The Group's property and casualty operations are not exposed to a significant degree of interest rate risk, since the majority of their interest-bearing instruments have short-term maturities. The sensitivity of the Group's principal operating subsidiaries engaged in banking, investment management and other financial services are considered in the following paragraphs.

40.6 Interest rate risk (continued)

Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on net income and total comprehensive income (TCI) of the above companies which operate in Jamaica.

The sensitivity of income is the effect of the assumed changes in interest rates on income based on floating-rate debt securities and financial liabilities. The sensitivity of TCI is calculated by revaluing fixed rate financial assets carried at FVOCI 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.

2021				2020			
Change in interest rate		Effect on net income	Effect on TCI	Change in interest rate		Effect on net income	Effect on TCI
JMD	USD			JMD	USD		
- 1%	- 0.5%	3,757	25,266	- 1%	- 0.5%	3,454	48,538
+1%	+ 0.5%	(3,757)	(38,247)	+1%	+ 0.5%	(3,454)	(42,924)

40.7 Foreign exchange risk

The Group is exposed to foreign exchange risk as a result of fluctuations in exchange rates as its financial assets and liabilities are denominated in different currencies.

In order to manage the risk associated with movements in currency exchange rates, the Group seeks to maintain investments and cash in each operating currency, which are sufficient to match liabilities denominated in the same currency. Exceptions are made to invest amounts in United States dollar assets which are held to back liabilities in Caribbean currencies. Management considers that these assets diversify the range of investments available in the Caribbean, and in the long-term are likely to either maintain capital value and/or provide satisfactory returns.

Assets and liabilities by currency are summarised in the following tables.

40.7 Foreign exchange risk (continued)

2021	US$000 equivalents of balances denominated in						
	Barbados $	Jamaica $	Trinidad $	Eastern Caribbean $	US $	Other Currencies	Total
ASSETS							
Financial investments [1]	382,211	1,377,150	710,279	159,381	4,861,981	116,954	7,607,956
Reinsurance assets [1]	1,768	8,641	544	1,531	589,012	589	602,085
Receivables [1]	16,092	76,590	12,217	11,122	15,197	4,458	135,676
Cash resources	18,652	68,222	20,995	8,001	249,153	73,087	438,110
Total monetary assets	418,723	1,530,603	744,035	180,035	5,715,343	195,088	8,783,827
Other assets [2]	233,388	422,713	91,598	18,795	828,210	(599)	1,594,105
Total assets	652,111	1,953,316	835,633	198,830	6,543,553	194,489	10,377,932
LIABILITIES							
Actuarial liabilities	464,510	343,510	489,830	96,013	3,284,791	113,973	4,792,627
Other policy liabilities [1]	95,896	56,141	36,331	17,708	59,496	15,214	280,786
Investment contracts	28,273	77,133	180,214	58,885	113,664	9,925	468,094
Notes and loans payable	33,696	38,605	-	-	611,087	-	683,388
Lease liabilities	483	16,384	256	28	15,004	681	32,836
Deposit and security liabilities	25	679,605	83,861	13,197	1,202,664	17,021	1,996,373
Provisions	17,393	37,556	15,367	168	633	10,396	81,513
Accounts payable and accruals	38,269	109,290	18,574	11,128	65,124	5,589	247,974
Total monetary liabilities	678,545	1,358,224	824,433	197,127	5,352,463	172,799	8,583,591
Other liabilities [2]	20,314	39,824	15,317	5,454	45,224	1,995	128,128
Total liabilities	698,859	1,398,048	839,750	202,581	5,397,687	174,794	8,711,719
Net position	(46,748)	555,268	(4,117)	(3,751)	1,145,866	19,695	1,666,213

[1] Monetary balances only

[2] Non-monetary balances, income tax balances and retirement plan assets

40.7 Foreign exchange risk (continued)

2020	US$000 equivalents of balances denominated in						
	Barbados $	Jamaica $	Trinidad $	Eastern Caribbean $	US $	Other Currencies	Total
ASSETS							
Financial investments [1]	362,242	1,296,881	575,067	164,029	4,065,554	114,223	6,577,996
Reinsurance assets [1]	1,805	10,129	1,206	1,218	673,676	845	688,879
Receivables [1]	21,195	57,964	12,654	13,213	31,103	3,915	140,044
Cash resources	29,335	98,249	42,160	15,489	203,805	50,572	439,610
Total monetary assets	414,577	1,463,223	631,087	193,949	4,974,138	169,555	7,846,529
Other assets [2]	202,633	416,232	87,267	19,912	692,692	1,048	1,419,784
Total assets	617,210	1,879,455	718,354	213,861	5,666,830	170,603	9,266,313
LIABILITIES							
Actuarial liabilities	441,850	330,888	456,668	82,634	2,713,759	126,902	4,152,701
Other policy liabilities [1]	81,774	54,671	32,132	11,893	40,128	14,013	234,611
Investment contracts	30,571	74,781	175,492	55,993	91,151	9,616	437,604
Notes and loans payable	21,686	51,948	-	-	397,988	-	471,622
Lease liabilities	439	19,520	427	4	18,452	767	39,609
Deposit and security liabilities	25	694,015	19,273	15,184	1,080,462	17,800	1,826,759
Other liabilities / Retirement benefit liabilities	16,011	26,019	13,065	(57)	576	10,928	66,542
Accounts payable and accruals	45,469	88,415	19,072	4,426	87,339	5,729	250,450
Total monetary liabilities	637,825	1,340,257	716,129	170,077	4,429,855	185,755	7,479,898
Other liabilities [2]	20,207	50,635	14,165	4,959	35,901	2,338	128,205
Total liabilities	658,032	1,390,892	730,294	175,036	4,465,756	188,093	7,608,103
Net position	(40,822)	488,563	(11,940)	38,825	1,201,074	(17,490)	1,658,210

[1] Monetary balances only
[2] Non-monetary balances, income tax balances and retirement plan assets

40.7 Foreign exchange risk (continued)

(a) Sensitivity

The Group is exposed to currency risk in its operating currencies for which values have noticeably fluctuated against the United States dollar (USD).

The exposure to currency risk may result in three types of risk, namely:

- Currency risk relating to the future cash flows of monetary balances

This occurs when a monetary balance is denominated in a currency other than the functional currency of the reporting unit to which it belongs. In this instance, a change in currency exchange rates results in the monetary balances being retranslated at the date of the financial statements, and the exchange gain or loss is taken to income (note 27).

- Currency risk of reported results of foreign operations

This occurs when a reporting unit's functional currency depreciates or appreciates in value when retranslated to the USD, which is the Group's presentational currency. In this instance, the conversion of the reporting unit's results at a different rate of exchange results in either less or more income being consolidated in the Group's income statement.

- Currency risk of the Group's investment in foreign operations

This occurs when a reporting unit's functional currency depreciates or appreciates in value when retranslated to the USD, which is the Group's presentational currency. In this instance, the conversion of the reporting unit's assets and liabilities at a different rate of exchange results in a currency loss or gain which is recorded in the currency translation reserve (note 22). If the reporting unit is disposed of, either wholly or in part, then the corresponding accumulated loss or gain in the currency translation reserve would be transferred to income or retained earnings.

The operating currency for which value noticeably fluctuates against the USD is the Jamaica dollar (JMD). The theoretical impact of JMD currency risk on reported results, and of the Group's investment in foreign operations, is considered in the following section.

40.7 Foreign exchange risk (continued)

JMD currency risk

The effect of a 10% depreciation in the JMD relative to the USD arising from JMD reporting units as of December 31, 2021 and for the year then ended are considered in the following table.

	Amounts denominated in		Total amounts	Effect of a 10% depreciation
	JMD	USD		
Financial position:				
Assets	1,792,625	1,113,817	2,906,442	(179,262)
Liabilities	1,215,019	968,789	2,183,808	(121,502)
Net position	577,606	145,028	722,634	(57,760)
Represented by:				
Currency risk of the Group's investment in foreign operations				(57,760)
Income statement:				
Revenue	543,052	106,507	649,559	(39,394)
Benefits	(254,688)	(3,302)	(257,990)	25,469
Expenses	(220,235)	(16,231)	(236,466)	22,024
Income taxes	(39,819)	-	(39,819)	3,982
Net income	28,310	86,974	115,284	12,081
Represented by:				
Currency risk relating to the future cash flows of monetary balances				14,911
Currency risk of reported results of foreign operations				(2,830)
				12,081

A 10% appreciation in the JMD relative to the USD would have equal and opposite effects to those disclosed above.

40.8 Fair value of financial instruments

The fair value of financial instruments is measured according to a fair value hierarchy which reflects the significance of market inputs in the valuation. This hierarchy is described and discussed in sections (i) to (iii) below.

(i) Level 1 – unadjusted quoted prices in active markets for identical instruments

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Group considers that market transactions should occur with sufficient frequency that is appropriate for the particular market, when measured over a continuous period preceding the date of the financial statements. If there is no data available to substantiate the frequency of market transactions of a financial instrument, then the instrument is not classified as Level 1.

(ii) Level 2 – inputs that are observable for the instrument, either directly or indirectly

A financial instrument is classified as Level 2 if:

- The fair value is derived from quoted prices of similar instruments which would be classified as Level 1; or
- The fair value is determined from quoted prices that are observable but there is no data available to substantiate frequent market trading of the instrument.

In estimating the fair value of non-traded financial assets, the Group uses a variety of methods such as obtaining dealer quotes and using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are discounted at market-derived rates for government securities in the same country of issue as the security; for non-government securities, an interest spread is added to the derived rate for a similar government security rate according to the perceived additional risk of the non-government security.

40.8 Fair value of financial instruments (continued)

In assessing the fair value of non-traded financial liabilities, the Group uses a variety of methods including obtaining dealer quotes for specific or similar instruments, and the use of internally developed pricing models such as the use of discounted cash flows. If the non-traded liability is backed by a pool of assets, then its value is equivalent to the value of the underlying assets.

(iii) *Level 3 – inputs for the instrument that are not based on observable market data*

A financial instrument is classified as Level 3 if:

- The fair value is derived from quoted prices of similar instruments that are observable and which would be classified as Level 2; or
- The fair value is derived from inputs that are not based on observable market data.

Level 3 assets designated as FVTPL include mortgage loans, debt securities and equities for which the full income and capital returns accrue to holders of unit linked liabilities. These assets are valued with inputs other than observable market data.

The techniques and methods described in the preceding section (ii) for non-traded financial assets and liabilities may also be used in determining the fair value of Level 3 instruments.

40.8 Fair value of financial instruments (continued)

(a) Financial instruments carried at fair value

	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FVOCI investments:								
Debt securities and money market funds	541,529	3,840,556	99,234	4,481,319	428,362	3,183,555	-	3,611,917
Equity securities	481	-	39	520	498	513	43	1,054
	542,010	3,840,556	99,273	4,481,839	428,860	3,184,068	43	3,612,971
FVTPL investments:								
Debt securities	26,622	137,824	119,088	283,534	21,160	194,394	133,320	348,874
Equity securities	361,675	508,615	19,329	889,619	347,056	286,545	25,918	659,519
Derivative financial instruments	-	109	26,137	26,246	-	-	37,188	37,188
Mortgage loans	-	-	24,375	24,375	-	-	26,065	26,065
	388,297	646,548	188,929	1,223,774	368,216	480,939	222,491	1,071,646
Total assets	930,307	4,487,104	288,202	5,705,613	797,076	3,665,007	222,534	4,684,617
Total assets by percentage	16%	79%	5%	100%	17%	78%	5%	100%
FVTPL investment contracts:								
Unit linked deposit administration liabilities	-	-	159,503	159,503	-	-	154,442	154,442
FVTPL deposit and security liabilities:								
Structured products	-	-	4,344	4,344	-	-	-	-
Derivative financial instruments	-	-	109	109	-	-	-	-
	-	-	4,453	4,453	-	-	-	-
Total liabilities	-	-	163,956	163,956	-	-	154,442	154,442
Total liabilities by percentage	-	-	100%	100%	-	-	100%	100%

40.8 Fair value of financial instruments (continued)

The following table shows the sensitivity of fair value measurements to changes in unobservable inputs for Level 3 financial instruments:

Amounts in US $000	Fair value		Unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	2021	2020		2021	2020	
FVOCI investments:						
Debt securities	99,234	-	Adjustments to yields	10%	10%	(1)
Equity securities	39	43	Adjustments to net assets	10%	10%	(2)
	99,273	43				
FVTPL investments:						
Debt securities	119,088	133,320	Adjustments to yields	10%	10%	(1)
Equity securities	19,329	25,918	Adjustments to net assets	10%	10%	(2)
Derivative financial instruments	26,137	37,188	Adjustments to yields	10%	10%	(1)
Mortgage loans	24,375	26,065	Adjustments to yields	10%	10%	(1)
	188,929	222,491				
Total assets	**288,202**	**222,534**				
Unit linked deposit administration liabilities	159,503	154,442	Adjustments to yields	10%	10%	(1)
Structured products	4,344	-	Adjustments to yields	10%	10%	(1)
Derivative financial instruments	109	-	Adjustments to yields	10%	10%	(1)
Total liabilities	**163,956**	**154,442**				

(1) Adjustments to yields will have a direct correlation to the fair value.

(2) Increases or decreases in adjusted net assets of the underlying entities will have a direct correlation to the fair value.

40.8 Fair value of financial instruments (continued)

For Level 3 instruments, reasonable changes in inputs which could be applied to the valuation of FVOCI investments would affect other comprehensive income. Reasonable changes in inputs which could be applied to the valuations of investments designated as FVTPL are largely offset in income, since the changes in fair value are borne by contract holders. Changes in the valuations of structured products reflect changes in the underlying securities and are borne by the contract holders. The following table presents the movements in Level 3 instruments for the year.

Level 3 Financial Instruments	2021				2020	2021				2020
	FVOCI investments	FVTPL investments	Derivative financial instruments	Total assets	Total assets	FVTPL investment contracts	FVTPL structured products	Derivative financial instruments	Total liabilities	Total liabilities
Balance, beginning of year	43	185,303	37,188	222,534	209,311	154,442	-	-	154,442	169,141
Additions	133,651	26,564	19,868	180,083	73,530	-	-	-	-	-
Issues	-	-	-	-	-	22,467	4,466	112	27,045	19,792
Settlements	-	-	-	-	-	(17,329)	-	-	(17,329)	(33,155)
Fair value gains / (losses) recorded in net investment income	(2,140)	(708)	19,921	17,073	6,471	-	-	-	-	-
Fair value gains / (losses) recorded in interest expense	-	-	-	-	-	162	-	-	162	(1,371)
Disposals and divestitures	(31,983)	(46,858)	(50,840)	(129,681)	(55,981)	-	-	-	-	-
Transfers (out of) Level 3 classification	-	(399)	-	(399)	(11,019)	-	-	-	-	-
Transfers to instruments carried at amortised cost	-	(369)	-	(369)	-	-	-	-	-	-
Effect of exchange rate changes	(298)	(741)	-	(1,039)	222	(239)	(122)	(3)	(364)	35
Balance, end of year	99,273	162,792	26,137	288,202	222,534	159,503	4,344	109	163,956	154,442
Fair value changes recorded in investment income for instruments held at end of year	-	1,316	6,670	7,986	13,520	-	-	-	-	-
Fair value changes recorded in interest expense for instruments held at end of year	-	-	-	-	-	162	-	-	162	(1,527)

40.8 Fair value of financial instruments (continued)

(b) Financial instruments carried at amortised cost

The carrying values of the Group's non-traded financial assets and financial liabilities carried at amortised cost approximate their fair value in notes 10, 12, and 20. The fair value hierarchy of other financial instruments carried at amortised cost is set out in the following tables.

As of December 31, 2021				
Financial assets at amortised cost	**Level 1**	**Level 2**	**Level 3**	**Total**
Debt securities	-	683,951	872,230	1,556,181
Mortgage loans	-	-	421,650	421,650
Policy loans	-	-	177,483	177,483
Finance loans	-	-	536,741	536,741
Securities purchased for resale	-	-	68,007	68,007
	-	683,951	2,076,111	2,760,062
Financial liabilities at amortised cost	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment contracts:				
Deposit administration liabilities	-	-	117,287	117,287
Other investment contracts	-	-	190,031	190,031
	-	-	307,318	307,318
Notes and loans payables	-	634,213	94,724	728,937
Deposit and security liabilities:				
Other funding instruments	-	449,781	61,817	511,598
Customer deposits	-	3,041	880,632	883,673
Securities sold for repurchase	-	89,339	508,933	598,272
	-	542,161	1,451,382	1,993,543
	-	1,176,374	1,853,424	3,029,798

40.8 Fair value of financial instruments (continued)

(b) Financial instruments carried at amortised cost (continued)

As of December 31, 2020				
Financial assets at amortised cost	**Level 1**	**Level 2**	**Level 3**	**Total**
Debt securities	-	736,175	753,924	1,490,099
Mortgage loans	-	-	390,938	390,938
Policy loans	-	-	177,813	177,813
Finance loans	-	-	560,543	560,543
Securities purchased for resale	-	-	57,110	57,110
	-	736,175	1,940,328	2,676,503
Financial liabilities at amortised cost	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment contracts:				
Deposit administration liabilities	-	-	117,046	117,046
Other investment contracts	-	-	169,002	169,002
	-	-	286,048	286,048
Notes and loans payable	-	395,833	83,006	478,839
Deposit and security liabilities:				
Other funding instruments	-	348,559	38,647	387,206
Customer deposits	-	1,233	866,084	867,317
Securities sold for repurchase	-	18,226	557,378	575,604
	-	368,018	1,462,109	1,830,127
	-	763,851	1,831,163	2,595,014

(c) Equity price risk

The Group is exposed to equity price risk arising from changes in the market values of its equity securities. The Group mitigates this risk by establishing overall limits of equity holdings for each investment portfolio and by maintaining diversified holdings within each portfolio of equity securities.

40.8 Fair value of financial instruments (continued)

Sensitivity

The sensitivity to fair value changes in equity securities arises from those instruments which are not held under the unit linked model. The table below sets out the source markets of such equity securities and the effects of an across the board 20% change in equity prices on income before tax (IBT) as at December 31, 2020.

	Carrying value	Effect of 20% change on IBT
Listed on Caribbean stock exchanges and markets	25,587	5,117
Listed on US stock exchanges and markets	620,825	124,165
Listed on other exchanges and markets	42,358	8,472
	688,770	137,754

40.9 Derivative financial instruments and hedging activities

The Group's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed to ensure that they remain within acceptable risk levels, with matching deals being utilised to achieve this, where necessary.

Derivatives are carried at fair value and presented in the financial statements 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 were 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.

40.9 Derivative financial instruments and hedging activities (continued)

The contract or notional amounts of derivatives and their fair values are set out in the table which follows.

	Contract / notional amount	Fair value	
		Assets	Liabilities
2021			
Derivatives held for trading:			
Equity indexed options	725,555	26,246	109
2020			
Derivatives held for trading:			
Equity indexed options	756,586	37,188	-

(i) Equity indexed options

The Group has purchased equity indexed options in respect of structured products and in respect of life and annuity insurance contracts.

For certain structured product contracts with customers (note 17), equity indexed options give the holder the ability to participate in the upward movement of an equity index while being protected from downward risk.

For certain universal life and annuity insurance contracts, an insurer has purchased custom call options that are selected to materially replicate the policy benefits that are associated with the equity indexed components within the policy contract. These options are appropriate to reduce or minimise the risk of movements in specific equity markets. Both the asset and the associated actuarial liability are valued at fair market value on a consistent basis, with the change in values being reflected in the income statement. The valuations combine external valuations with internal calculations.

40.10 Offsetting Financial Assets and Liabilities

The Group is eligible to present certain financial assets and financial liabilities on a net basis in the statement of financial position pursuant to criteria described in note 2.13. The following table provides information on (i) the impact of offsetting in the consolidated statement of financial position; (ii) the financial impact of netting for instruments which are subject to enforceable master-netting arrangements or similar agreements, and (iii) cash and financial instrument collateral which can be potentially offset.

	Gross amounts	Gross amounts set off in the statement of financial position	Net amounts as presented in the statement of financial position	Impact of master netting arrangements	Impact of offsetting financial instrument collateral	Net amount
2021						
ASSETS						
Non-derivative financial investments	8,471,849	-	8,471,849	(513,277)	(486,537)	7,472,035
Derivative financial instruments	26,246	-	26,246	-	(109)	26,137
	8,498,095	-	8,498,095	(513,277)	(486,646)	7,498,172
LIABILITIES						
Non-derivative deposit and security liabilities	1,996,264	-	1,996,264	(513,277)	(449,781)	1,033,206
Derivative financial instruments	109	-	109	-	(109)	-
	1,996,373	-	1,996,373	(513,277)	(449,890)	1,033,206
2020						
ASSETS						
Non-derivative financial investments	7,201,381	-	7,201,381	(557,378)	(384,337)	6,259,666
Derivative financial instruments	37,188	-	37,188	-	-	37,188
	7,238,569	-	7,238,569	(557,378)	(384,337)	6,296,854
LIABILITIES						
Non-derivative deposit and security liabilities	1,826,759	-	1,826,759	(557,378)	(348,559)	920,822

41 INSURANCE RISK – PROPERTY & CASUALTY CONTRACTS

Property and casualty insurers in the Group are exposed to insurance risks such as underwriting, claims and availability of reinsurance, and to credit risk in respect of reinsurance counterparties.

Sagicor General Insurance and Advantage General Insurance are the principal insurers within the Group's operations that issue property and casualty insurance contracts. They operate mainly in Barbados, Trinidad and Tobago and Jamaica.

The principal insurance risks affecting property and casualty contracts are disclosed in the following sections.

41.1 Underwriting risk

Risks are priced to achieve an adequate return on capital on the insurer's business. This return is expressed as a premium target return. Budgeted expenses and reinsurance costs are included in the pricing process. Various pricing methodologies, including benchmark exposure rates and historic experience are used and are generally applied by class of insurance. All methods produce a technical price, which is compared against the market to establish a price margin.

Annually, the overall risk appetite is reviewed and approved. The risk appetite is defined as the maximum loss the insurer is willing to incur from a single event or proximate cause. Risks are only underwritten if they fall within the risk appetite. Individual risks are assessed for their contribution to aggregate exposures by nature of risk, by geography, by correlation with other risks, before acceptance. Underwriting a risk may include specific tests and enquiries which determine the insurer's assessment of the risk. Insurers may also establish deductibles, exclusions, and coverage limits which will limit the potential losses incurred.

Inaccurate pricing or inappropriate underwriting of insurance contracts, which may arise from poor pricing or lack of underwriting control, can lead to either financial loss or reputational damage to the insurer.

41.2 Claims risk

Incurred claims are triggered by an event and may be categorised as:

- attritional losses, which are expected to be of reasonable frequency and are less than established threshold amounts;
- large losses, which are expected to be relatively infrequent and are greater than established threshold amounts;
- catastrophic losses, which are an aggregation of losses arising from one incident or proximate cause, affecting one or more classes of insurance. These losses are infrequent and are generally very substantial.

The insurer records claims based on submissions made by claimants. The insurer may also obtain additional information from loss adjustors, medical reports and other specialist sources. The initial claim recorded may only be an estimate, which is refined over time until final settlement occurs. In addition, from the pricing methodology used for risks, it is assumed that at any date, there are claims incurred but not reported (IBNR).

Claims risk is the risk that incurred claims may exceed expected losses. Claims risk may arise from:

- invalid or fraudulent claim submissions;
- the frequency of incurred claims;
- the severity of incurred claims;
- the development of incurred claims.

Claims risk may be concentrated in geographic locations, altering the risk profile of the insurer. The most significant exposure for this type of risk arises where a single event could result in very many claims. Concentration of risk is mitigated through risk selection, line sizes, event limits, quota share reinsurance and excess of loss reinsurance.

Total insurance coverage on insurance policies provides a quantitative measure of absolute risk. However, claims arising in any one year are a very small proportion in relation to the total insurance coverage provided. The total amounts insured by the Group at December 31, gross and net of reinsurance, are summarised by class of insurance.

41.2 Claims risk (continued)

Total insurance coverage		2021	2020
Property	Gross	10,917,431	10,355,536
	Net	2,070,601	1,829,004
Motor	Gross	1,001,136	980,814
	Net	621,479	739,197
Accident and liability	Gross	5,154,388	3,444,904
	Net	4,672,333	3,168,727
Total	Gross	17,072,955	14,781,254
	Net	7,364,413	5,736,928

Each insurer assesses its exposures by modelling realistic disaster scenarios of potential catastrophic events. Claims arising from windstorms, earthquakes and floods, and events triggering multi-coverage corporate liability claims, are potential sources of catastrophic losses arising from insurance risks. Realistic disaster scenarios modelled for 2021 are presented below and result in estimated gross and net losses.

Sagicor General Insurance (SGI)

	Gross loss	Net loss
A Barbados and St. Lucia windstorm having a 200-year return period	300,540	5,000

Advantage General Insurance Co. Limited (AGI)
(subsidiary of Sagicor Group Jamaica Ltd)

	Gross loss	Net loss
A Jamaican windstorm having a 250-year return period for properties	86,029	500

The occurrence of one or more catastrophic events in any year may have a material impact on the reported net income of the Group.

41.2 Claims risk (continued)

Development claim liabilities

In addition to sensitivity analysis, the development of insurance liabilities provides a measure of SGI's and AGI's ability to estimate the ultimate value of claims. The table below illustrates how SGI's and AGI's estimate of the ultimate claims liability for accident years 2015 - 2021 has changed at successive year ends, up to 2021. Updated unpaid claims and adjustment expenses (ULAE) and IBNR estimates in each successive year, as well as amounts paid to date, are used to derive the revised amounts for the ultimate claims liability for each accident year used in the development calculations. The most recent estimate is then reconciled to the liability recognised in the statement of financial position.

Gross	2015	2016	2017	2018	2019	2020	2021	Total
Estimate of ultimate claims incurred:								
At the end of financial reporting year	39,397	35,872	51,330	42,579	39,481	30,968	32,581	
One year later	37,983	40,084	57,277	43,927	38,312	29,171		
Two years later	39,160	39,133	58,528	44,022	37,753			
Three years later	37,208	39,792	58,929	44,420				
Four years later	37,016	39,764	59,748					
Five years later	37,435	40,160						
Six years later	37,574							
Current estimate of cumulative claims	37,574	40,160	59,748	44,420	37,753	29,171	32,581	281,407
Cumulative payments to date	(35,410)	(37,280)	(55,327)	(38,224)	(30,254)	(22,343)	(14,478)	(233,316)
Liability recognised	2,164	2,880	4,421	6,196	7,499	6,828	18,103	48,091
Liability in respect of prior years and ULAE								10,063
Total liability (note 14.2)								58,154

41.2 Claims risk (continued)

Development claim liabilities (continued)

The reinsurers' share of the amounts is set out below in the following table.

Reinsurance	2015	2016	2017	2018	2019	2020	2021	Total
Estimate of reinsurance recoveries:								
At the end of financial reporting year	12,836	13,118	10,789	4,101	2,296	6,918	10,737	
One year later	12,061	13,258	14,803	4,455	2,961	7,120		
Two years later	12,309	12,439	14,997	4,312	2,944			
Three years later	11,578	12,446	14,931	4,253				
Four years later	11,281	12,153	14,910					
Five years later	11,048	12,125						
Six years later	10,917							
Current estimate of reinsurance recoveries	10,917	12,125	14,910	4,253	2,944	7,120	10,737	63,006
Cumulative reinsurance receipts to date	(10,139)	(11,359)	(14,032)	(4,215)	(2,589)	(5,717)	(4,536)	(52,587)
Recoverable recognised	778	766	878	38	355	1,403	6,201	10,419
Recoverable in respect of prior years								1,902
Total recoverable from reinsurers (note 14.2)								12,321

41.3 Reinsurance risk

To limit the potential loss for single-policy claims and for aggregations of catastrophe claims, the insurer may cede certain levels of risk to a reinsurer. Reinsurance however does not discharge the insurer's liability. Reinsurance risk is the risk that reinsurance is not available to mitigate the potential loss on an insurance policy. The risk may arise from:

- the credit risk of holding a recovery from a reinsurer;
- the unavailability of reinsurance cover in the market at adequate levels or prices;
- the failure of a reinsurance layer upon the occurrence of a catastrophic event.

The Group selects reinsurers which have well-established capability to meet their contractual obligations and which generally have a Sagicor credit risk rating of 1 or 2. Insurers also place reinsurance coverage with various reinsurers to limit their exposure to any one reinsurer.

The reinsurance programmes are negotiated annually with reinsurers for coverage generally over a 12-month period. It is done by class of insurance, though for some classes there is aggregation of classes and/or subdivision of classes by the location of risk.

For its property risks, insurers use quota share and excess of loss catastrophe reinsurance treaties to obtain reinsurance cover. Catastrophe reinsurance is obtained for multiple claims arising from one event or occurring within a specified time period. However, treaty limits may apply and may expose the insurer to further claim exposure. Under some treaties, when treaty limits are reached, the insurer may be required to pay an additional premium to reinstate the reinsurance coverage. Excess of loss catastrophe reinsurance treaties typically cover up to four separate catastrophic events per year.

For other insurance risks, insurers limit their exposure, by event or per person, by excess of loss or quota share treaties.

41.3 Reinsurance risk (continued)

Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. Claim amounts in excess of reinsurance treaty limits revert to the insurer. Principal features of retention programmes used by Sagicor General and Advantage General for their property insurance class are summarised in the following table.

Type of risk	**Retention by Sagicor General Insurance -** currency amounts in thousands
Property	• maximum retention of $4,500 for a single event; • maximum retention of $5,000 for a catastrophic event; • quota share retention to maximum of 20% in respect of treaty limits; • quota share retention is further reduced to a maximum of $375 per event.

Type of risk	**Retention by Advantage General Insurance Co. Limited -** currency amounts in thousands
Property	• maximum quota share treaty retention of $700 for a single event; • maximum excess of loss retention of $500 for a catastrophic event; • quota share retention to maximum of 10% in respect of treaty limits. • quota share retention is further reduced to a maximum of $500 per event.

The effects of reinsurance ceded are disclosed in notes 14, 24 and 25 and information on reinsurance balances is included in notes 10, 20 and 40.

41.3 Reinsurance risk (continued)

In order to assess the potential reinsurance recoveries on the occurrence of a catastrophic insurance event, the Sagicor credit risk ratings of the reinsurance recoverable are assessed using the following realistic disaster scenario:

- Hurricane with a 200-year return period affecting Barbados and St. Lucia and an earthquake with a 250-year return period affecting Trinidad within a 24-hour period.
- Hurricane and earthquakes with a 250-year return period affecting Jamaica.

The reinsurance recoveries derived from the foregoing are assigned internal credit ratings as follows:

Risk Rating	Classification	Exposure $000	Exposure %
1	Minimal risk	455,804	56%
2	Low risk	337,858	42%
3	Moderate risk	13,559	2%
4	Acceptable risk	-	-
5	Average risk	-	-
6	Higher risk	-	-
7	Special mention	-	-
8	Substandard	-	-
TOTAL		807,221	100%

42 INSURANCE RISK – LIFE, ANNUITY & HEALTH CONTRACTS

Insurers are exposed to insurance risks such as product design and pricing, mortality and morbidity, lapse, expense, reinsurance, and actuarial liability estimation in respect of life, annuity and health contracts. Disclosure of these risks is set out in the following sections.

42.1 Contracts without investment returns

These contracts are principally term life, critical illness and health insurance. Individual term life and critical illness products are generally long-term contracts while group term life and health insurance products are generally one-year renewable. The principal insurance risks associated with these contracts are product design and pricing, and mortality and morbidity.

42.1 Contracts without investment returns (continued)

(a) Product design and pricing risk

Product design and pricing risk arises from poorly designed or inadequately priced contracts and can lead to both financial loss and reputational damage to the insurer.

Risks are priced to achieve an adequate return on capital on the insurer's business. In determining the pricing of an insurance contract, the insurer considers the nature and amount of the risk assumed, and recent experience and industry statistics of the benefits payable. Pricing inadequacy may arise either from the use of inadequate experience and statistical data in deriving pricing factors or from market-softening conditions.

The underwriting process has established pricing guidelines and may include specific medical tests and enquiries which determine the insurer's assessment of the risk. Insurers may also establish deductibles and coverage limits for health risks which will limit the potential claims incurred. Term life and critical illness risks have limitations of insured amounts. The pricing of a contract therefore consists of establishing appropriate premium rates, deductibles and coverage limits.

(b) Mortality and morbidity risk

Mortality risk is the risk that worsening mortality rates will result in an increase of death claims. Morbidity is the incidence of disease or illness and the associated risk is that of increased disability and medical claims. Insurance claims are triggered by the occurrence of a medical claim, the diagnosis of a critical illness or by death of the person insured.

For contracts providing death benefits, higher mortality rates would result in an increase in death claims. The Group annually reviews its mortality experience and compares it to industry mortality tables. This review may result in future adjustments to the pricing or re-pricing of these contracts.

Critical illness claims arise from the diagnosis of a specific illness incurred by the policy beneficiary. The Group annually reviews its critical illness claims experience and compares it to industry statistics. This review may result in future adjustments to the pricing or re-pricing of these contracts.

The concentration risks of term life and critical illness contracts are included in the related disclosure on other long-term contracts in note 42.2(b).

42.1 Contracts without investment returns (continued)

The cost of health-related claims depends on the incidence of beneficiaries becoming ill, the duration of their illness, and the cost of providing medical services. An increase in any of these three factors will result in increased health insurance claims. In such circumstances, the insurer may adjust the pricing or re-pricing of these contracts.

For health insurance contracts, the concentration of insurance risk is illustrated by the distribution of premium revenue by the location of the insured persons.

2021 Premium revenue by location of insureds	Gross	Ceded	Net
Barbados	28,861	1,124	27,737
Jamaica	80,519	3,919	76,600
Trinidad & Tobago	33,284	277	33,007
Other Caribbean	25,773	1,065	24,708
USA	23	(54)	77
Total	168,460	6,331	162,129

(c) Sensitivity of incurred claims

The sensitivity of term life and critical illness claims is included in the related disclosure on other long-term contracts in note 42.4. The impact on gross claims of increasing the total liability by 5% for un-reinsured health insurance claims is illustrated in the following table.

	2021		2020	
	Liability	5% increase in liability	Liability	5% increase in liability
Actuarial liability	47,518	2,376	40,874	2,044
Claims payable	3,643	182	4,260	213
	51,161	2,558	45,134	2,257

42.2 Contracts with investment returns

Life and annuity insurance contracts with investment returns generally have durations of 5 or more years. The contract terms provide for the policyholder to pay either a single premium at contract inception, or periodic premiums over the duration of the contract. From the premium received, acquisition expenses and maintenance expenses are financed. Investment returns are credited to the policy and are available to fund surrender, withdrawal and maturity policy benefits. The principal risks associated with these policies are in respect of product design and pricing, mortality and longevity, lapse, expense and investment.

(a) Product design and pricing risk

Product design and pricing risk arises from poorly designed or inadequately priced contracts and can lead to both financial loss and reputational damage to the insurer.

Risks are priced to achieve an adequate return on capital on the insurer's business as a whole. In determining the pricing of a contract, the insurer considers the age of the policyholder and/or beneficiary, the expenses and taxes associated with the contract, the prospective investment returns to be credited to the contract, and the guaranteed values within the contract. Pricing inadequacy may arise either from the use of inadequate experience and statistical data in deriving pricing factors or from future changes in the economic environment.

(b) Mortality and longevity risk

Mortality risk is the risk that worsening mortality rates will result in an increase of death claims. Longevity risk is the risk that improving mortality rates will lengthen the pay-out period of annuities.

For contracts providing death benefits, higher mortality rates will result in an increase in death claims over time. For contracts providing the pay-out of annuities, improving mortality rates will lead to increased annuity benefits over time. Insurers annually review their mortality experience and compare it to industry mortality tables. This review may result in future adjustments to the pricing or re-pricing of these contracts.

42.2 Contracts with investment returns (continued)

Mortality risk may be concentrated in geographic locations, affecting the risk profile of the insurer. The most significant exposure for this type of risk arises where a single event or pandemic could result in very many claims.

Total insurance coverage on insurance policies provides a quantitative measure of absolute mortality risk. However, claims arising in any one year are a very small proportion in relation to the total insurance coverage provided. The total amounts insured by the Group in respect of both contracts with or without investment returns at December 31, gross and net of reinsurance, are summarised by geographic area below.

Total insurance coverage		2021		2020	
		Individual contracts	Group contracts	Individual contracts	Group contracts
Barbados	Gross	4,648,872	1,492,087	4,541,510	1,348,210
	Net	4,397,910	1,445,067	4,273,518	1,299,099
Jamaica	Gross	10,338,560	6,805,238	9,972,092	7,014,650
	Net	10,169,074	6,728,977	9,820,069	6,912,347
Trinidad & Tobago	Gross	4,123,290	3,147,989	3,936,798	2,593,200
	Net	3,558,350	2,965,298	3,358,690	2,424,954
Other Caribbean	Gross	9,123,216	1,954,772	8,752,868	1,554,039
	Net	8,157,957	1,786,043	7,801,984	1,371,882
USA	Gross	9,353,863	28,610	8,507,242	32,723
	Net	4,639,727	27,172	3,728,123	29,497
Total	Gross	37,587,801	13,428,696	35,710,510	12,542,822
	Net	30,923,018	12,952,557	28,982,384	12,037,779

42.2 Contracts with investment returns (continued)

Total liability under annuity contracts provide a good measure of longevity risk exposure.

Total liability under annuity contracts		2021		2020	
		Individual contracts	Group contracts	Individual contracts	Group contracts
Barbados	Gross	137,493	53,959	132,153	51,697
	Net	137,493	53,959	132,153	51,697
Jamaica	Gross	789	370,795	808	366,268
	Net	789	370,795	808	366,268
Trinidad & Tobago	Gross	259,594	-	234,514	-
	Net	259,594	-	234,514	-
Other Caribbean	Gross	64,975	87	60,885	84
	Net	64,975	87	60,885	84
USA	Gross	2,713,923	17,974	2,133,520	18,541
	Net	2,156,830	5,364	1,480,655	5,641
Total	Gross	3,176,774	442,815	2,561,880	436,590
	Net	2,619,681	430,205	1,909,015	423,690

42.2 Contracts with investment returns (continued)

(c) Lapse risk

Lapse risk is that, on average, policyholders will terminate their policies ahead of the insurer's expectation. Early lapse may result in the following:

- Acquisition costs are not recovered from the policyholder;
- In order to settle benefits, investments are liquidated prematurely resulting in a loss to the insurer;
- Maintenance expenses are allocated to the remaining policies, resulting in an increase in expense risk.

(d) Expense risk

The Group monitors policy acquisition and policy maintenance expenses. Expenses are managed through policy design, fees charged and expense control. However, there are a significant number of inforce contracts for which insurers have limited or no ability to re-price for increases in expenses caused by inflation or other factors. Therefore, growth in maintenance expenses is funded either by increasing the volume of inforce policies or by productivity gains. Failure to achieve these goals will require increases in actuarial liabilities held.

(e) Investment risk

A substantial proportion of the Group's financial investments support insurer obligations under life and annuity contracts with investment returns. The financial risks outlined in note 40 pertaining to credit, liquidity, interest rate, foreign exchange and equity price are considered integral investment risks associated with these insurance contracts.

Asset defaults, mismatches in asset and liability cash flows, interest rate and equity price volatility generally have the effect of increasing investment risk and consequential increases in actuarial liabilities held.

42.3 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 well-established capability to meet their contractual obligations and for new business a Sagicor credit risk rating of 1 or 2 is usually selected. Reinsurance ceded does not discharge the insurer's liability and failure by a reinsurer to honour its commitments could result in losses to the Group.

Insurers have limited their exposure per person by excess of loss or quota share treaties. Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. The principal features of retention programs used by insurers are summarised in the following table.

Type of insurance contract	**Retention by insurers** - currency amounts in thousands
Health insurance contracts with individuals	Retention per individual to a maximum of $88
Health insurance contracts with groups	Retention per individual to a maximum of $150
Life insurance contracts with individuals	Retention per individual life to a maximum of $500
Life insurance contracts with groups	Retention per individual life to a maximum of $250

42.4 Sensitivity arising from the valuation of actuarial liabilities

The estimation of actuarial liabilities is sensitive to the assumptions made. Changes in those assumptions could have a significant effect on the valuation results which are discussed below.

The valuation of actuarial liabilities of life insurance and annuity contracts is sensitive to:

- the economic scenario used,
- the investments allocated to back the liabilities,
- the underlying assumptions used (note 13.3 (b) to (f)), and
- the margins for adverse deviations (note 13.3 (g)).

42.4 Sensitivity arising from the valuation of actuarial liabilities (continued)

Under Canadian accepted actuarial standards, the AA is required to test the actuarial liability under economic scenarios. The scenarios developed and tested by insurers were as follows:

Sensitivity	Scenario		
	Sagicor Life Inc segment	Sagicor Jamaica Segment	Sagicor USA segment
Worsening rate of lapse	Lapse rates were either doubled or halved, and the more adverse result was selected.		Lapse rates were increased or reduced by 30%, and the more adverse result was selected.
High interest rate	Assumed increases in the investment portfolio yield rates of 0.25% per year for 5 years, with the rates remaining constant thereafter.	Assumed increases in the investment portfolio yield rates of 0.5% for 10 years.	A 1% increase was applied to the investment portfolio rate.
Low interest rate	Assumed decreases in investment portfolio yield rates of 0.25% per year for 5 years, with the rates remaining constant thereafter.	Assumed decreases in investment portfolio yield rates of 0.5% per year for 10 years.	A 1% decrease was applied to the investment portfolio rate.
Worsening mortality and morbidity	Mortality and morbidity rates for insurance and critical illness products were increased by 3% of the base rate per year for 5 years. For annuity products, the mortality rates were decreased by 3% of the base rate for 5 years.		For life insurance and deferred annuity products, the base assumed rates were increased annually by 3% cumulatively over the next 5 years. For pay-out annuity products only, the mortality rates were decreased by 3% cumulatively over the next 5 years.
Higher expenses	Policy unit maintenance expense rates were increased by 5% per year for 5 years above those reflected in the base scenario.		

42.4 Sensitivity arising from the valuation of actuarial liabilities (continued)

The following table represents the estimated sensitivity of each of the above scenarios to net actuarial liabilities for insurers by segment. Correlations that may exist between scenario assumptions were not explicitly taken into account.

	Sagicor Life Inc segment		Sagicor Jamaica segment		Sagicor Life USA segment	
	2021	2020	2021	2020	2021	2020
Base net actuarial liability	1,180,848	1,136,488	316,371	345,376	2,428,407	1,734,757
Scenario	**Increase in net liability**		**Increase in net liability**		**Increase in net liability**	
Worsening rate of lapse	183,388	202,878	9,789	87,972	33,432	25,481
High interest rate	(110,776)	(94,942)	(48,388)	(112,512)	(137,412)	(99,495)
Low interest rate	174,538	199,405	61,034	83,857	168,188	123,193
Worsening mortality / morbidity	49,452	69,512	49,187	48,908	25,183	16,304
Higher expenses	19,730	39,156	8,841	17,066	2,113	2,630

42.5 Financial condition testing (FCT)

Financial condition testing (FCT) is a technique used by the Group to assess the adequacy of the insurer's financial condition by stress-testing the future solvency of the company under different future adverse economic and experience scenarios. The FCT assesses the impact over the next 5 years on the insurer's financial condition under specific scenarios. The period of 5 years and the specific scenarios have been selected by the Appointed Actuary as per the FCT guidance from the Canadian Institute of Actuaries.

The financial position of an insurer is reflected by the amounts of assets, liabilities and equity in the financial statements at a given date, such as at the end of its most recent fiscal year. The financial position therefore relies on the valuation assumptions used for establishing the actuarial liabilities being adequate to measure future adverse deviations in experience. The financial position does not offer any indication of an insurer's ability to execute its business plan.

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 financial condition analysis examines both an insurer's ability to execute its business plan and to absorb adverse experience beyond that provided for when its actuarial liabilities are established. The analysis projects the expected future financial position under these scenarios over the FCT period.

The purpose of the FCT 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 to material, plausible and imminent threats to the insurer's solvency; and
- to describe possible courses of action to address these threats.

An FCT is conducted periodically by some insurers within the Group.

43 FIDUCIARY RISK

The Group provides investment management and pension administration services to investment and pension funds which involve the Group making allocation, purchase and sale decisions in relation to a wide range of investments. These services give rise to fiduciary risk that may expose the Group to claims for mal-administration or under-performance of these funds.

In the ordinary course of business, the Group manages assets of pension funds, mutual funds and unit trusts which are held in a fiduciary capacity and are not included in the Group's financial statements. The investments and cash under administration are summarised in the following table.

	2021	2020
Pension and insurance fund assets	2,230,082	2,145,393
Mutual fund, unit trust and other investment fund assets	1,233,956	1,375,284
	3,464,038	3,520,677

44 STATUTORY RESTRICTIONS ON ASSETS

Insurers are registered to conduct insurance business under legislation in place in each relevant jurisdiction. This legislation may prescribe requirements with respect to deposits, investment of funds and solvency for the protection of policyholders. In general, these requirements do not restrict the ability of the insurer to trade investments. Banking subsidiaries may also be required to hold deposits with Central Banks which regulate the conduct of banking operations.

To satisfy the above requirements, invested assets and cash totalling $1,634,248 (2020 - $1,521,634) have been deposited with regulators or are held in trust to the order of regulators.

In some countries where the Group operates, there are exchange controls or other restrictions on the remittance of funds out of those countries.

45 CAPITAL MANAGEMENT

The Group's objectives when managing capital, which is a broader concept than equity in the statement of financial position, are:

- 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 as a going concern to continue to provide benefits and returns to policyholders, depositors, note-holders and shareholders;
- To provide adequate returns to shareholders;
- To maintain a strong capital base to support the future development of Group operations.

45.1 Capital resources

The principal capital resources of the Group are as follows:

	2021	2020
Shareholders' equity	1,133,970	1,109,780
Non-controlling interests' equity	531,662	546,823
Notes and loans payable (debt)	683,388	471,622
Total financial statement capital resources	2,349,020	2,128,225

The Group deploys its capital resources through its operating activities. These operating activities are carried out by subsidiary companies which are either insurance entities or provide other financial services. The capital is deployed in such a manner as to ensure that subsidiaries have adequate and sufficient capital resources to carry out their activities and to meet regulatory requirements.

45.2 Capital adequacy

The capital adequacy of the principal operating subsidiaries is discussed in this section.

(a) Life insurers

Capital adequacy is managed at the operating company level. It is calculated by the Appointed Actuary and reviewed by executive management, the audit committee and the board of directors. In addition, certain subsidiaries of the Group seek to maintain internal capital adequacy at levels higher than the regulatory or internationally recognised requirements.

To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is a core measure of financial performance. The risk-based assessment measure which has been adopted is the Canadian Minimum Continuing Capital and Surplus Requirement (MCCSR) standard. The minimum standard recommended by the Canadian regulators for companies is an MCCSR of 150%. A number of jurisdictions in the Caribbean region have no internationally recognised capital adequacy requirements, and in accordance with its objectives for managing capital, the Group has adopted the Canadian MCCSR standard. Jamaica and the USA have recognised capital adequacy standards.

The consolidated MCCSR for the life insurers of the Sagicor Group as of December 31 has been estimated as 268.6% (2020 – 252.2%). This is the principal standard of capital adequacy used to assess the overall strength of the life insurers of the Sagicor Group. However, because of the variations in capital adequacy standards across jurisdictions, the consolidated result should be regarded as applicable to the life insurers of the Group and not necessarily applicable to each individual segment, insurance subsidiary or insurance subsidiary branch.

The Group complies with all regulatory capital requirements.

45.2 Capital adequacy (continued)

(i) Sagicor Life Jamaica

Sagicor Life Jamaica is governed by the Jamaican MCCSR regime which requires an insurer to maintain a minimum ratio of 150%. For the years ended December 31, 2021 and 2020, this ratio was 162.0% and 183.1% respectively.

(ii) Sagicor Life Insurance Company (USA)

A risk-based capital (RBC) formula and model have been adopted by the National Association of Insurance Commissioners (NAIC) of the United States. RBC is designed to assess minimum capital requirements and raise the level of protection that statutory surplus provides for policyholder obligations. The RBC formula for life insurance companies measures four major areas of risk: (i) underwriting, which encompasses the risk of adverse loss developments and property and casualty insurance product mix; (ii) declines in asset values arising from credit risk; (iii) declines in asset values arising from investment risks, including concentrations; and (iv) off-balance sheet risk arising from adverse experience from non-controlled assets such as reinsurance guarantees for affiliates or other contingent liabilities and reserve and premium growth. If an insurer's statutory surplus is lower than required by the RBC calculation, it will be subject to varying degrees of regulatory action, depending on the level of capital inadequacy.

The RBC methodology provides for four levels of regulatory action. The extent of regulatory intervention and action increases as the ratio of surplus to RBC falls. The least severe regulatory action is the "Company Action Level" (as defined by the NAIC) which requires an insurer to submit a plan of corrective actions to the regulator if surplus falls below 200% of the RBC amount.

Sagicor Life Insurance Company looks to maintain a surplus of at least 300% of the RBC amount, and the company has maintained these ratios as of December 31, 2021 and 2020 respectively.

45.2 Capital adequacy (continued)

(b) Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited

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 hold the minimum level of regulatory capital, and to maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

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 financial statements exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the capital adequacy ratios. During 2021 and 2020, all applicable externally imposed capital requirements were complied with.

	Sagicor Investments Jamaica		Sagicor Bank Jamaica	
	2021	2020	2021	2020
Actual capital base to risk-weighted assets	18%	15%	14%	14%
Required capital base to risk-weighted assets	10%	10%	10%	10%

45.3 Financial covenants

(a) 5.30% Senior Notes due 2028

Under the indenture entered into by the Group on the issue of new senior notes on May 31, 2021 and December 15, 2021, the Group has to comply with a number of covenants as follows:

COVENANT	DESCRIPTION
Limitation of indebtedness	Under this covenant, the Group is restricted to incremental borrowing up to a prescribed level. The Group must maintain a debt to capitalisation ratio equal to or less than 35% in order to incur additional debt.
Limitation on restricted payments covenant	This covenant limits cash outflows, dividends, acquisition and investments by the Group. The Group must maintain a debt to capitalisation ratio equal to or less than 35% and an MCCSR capital ratio in excess of 175%.
Limitation on restricted distributions from subsidiaries	This covenant limits the subsidiaries from creating encumbrances or restrictions on their ability to make distributions to the Parent.
Limitation on sale of assets of subsidiary stock	This covenant restricts the Group from selling material subsidiary assets without using the proceeds to either reinvest in the business or offer to buy back bondholders.
Limitation on affiliate transactions	This covenant restricts affiliate transactions of the Group.
Change in control	This covenant allows investors to put their bonds back to the Group at a certain value when a specified event has changed ownership/control of the Group.
Limitation on liens	This covenant restricts the Group's ability to secure future debt with the Group's assets.
Optional Redemption	The notes are redeemable at the Group's option after May 13, 2024 at specified redemption rates.

At December 31, 2021, the Group was in compliance with the specified covenants.

45.3 Financial covenants (continued)

(b) Unsecured bond, 5.50% and 6.25% tranches due 2022

Under a trust deed dated September 16, 2019 entered into by the Group on the issue of these securities, the Group has to comply with a number of covenants as follows:

COVENANT	DESCRIPTION
Change in control	Under a change in control, each holder has the right to require the issuer to purchase all or any part of the bonds.
Limitation on indebtedness	SFCL will not create, or permit to subsist, any security interest on any of its present or future assets without the prior consent in writing of the Trustee.
Limitation on indebtedness	SFCL will not seek to incur any additional indebtedness where the incurrence of additional indebtedness will give rise to any breach of the Financial Covenants, except with the prior written consent of the Trustee.
	Financial Covenants SFCL will maintain the following ratios: (i) Minimum Interest Services Coverage Ratio of 1.5. (ii) Maximum Debt to Equity Ratio of 75%
Restrictions on dividends	Except with the prior written consent of the Trustee, SFCL will not pay any dividends while SFCL is in breach of any of the financial covenants.
Restrictions on dealing with affiliates	The covenant restricts affiliate transactions of the Group.

At December 31, 2021, the Group was in compliance with the specified covenants.

45.3 Financial covenants (continued)

(c) Sagicor General Insurance Inc 3.50% loan agreement

COVENANT	DESCRIPTION
Debt service coverage ratio	The guarantor subsidiary, Sagicor Life Inc, must maintain a minimum debt service coverage ratio of 1.5 to 1.0.
Effective net worth	The subsidiary net worth must not fall below US$15.0 million.
Total funded debt to net worth	The total funded debt to net worth ratio of the subsidiary must not exceed 1.0 to 1.0.

At December 31, 2021, the Group was in compliance with the specified covenants.

(d) 4.90% USD mortgage notes due 2025

COVENANT	DESCRIPTION
Debt service coverage ratio	The mortgage note contains a minimum debt service coverage ratio of 1.25 and, upon failing to meet the debt service coverage ratio, substantially all the cash flows from the hotel must be directed to accounts controlled by the lender. As at December 31, 2021, the subsidiary was in compliance with the specified covenant.

46 RELATED PARTY TRANSACTIONS

Other than as disclosed in notes 5, 9, 12, 16, 27, 30, 31 and 43, there are no material related party transactions except as disclosed below.

Key management transactions and balances

Key management comprises directors and senior management of the Company and of Group subsidiaries. Key management includes those persons at or above the level of Vice President or its equivalent. Compensation of and loans to these individuals are summarised in the following tables.

	2021	2020
Compensation:		
Salaries, directors' fees and other short-term benefits	25,030	31,325
Equity-settled compensation benefits	5,650	7,067
Pension and other retirement benefits	1,333	1,369
	32,013	39,761

	Mortgage loans	Other loans	Total loans
Balance, beginning of year	3,394	680	4,074
Advances	514	291	805
Repayments	(641)	(132)	(773)
Effects of exchange rate changes	(37)	(42)	(79)
Balance, end of year	3,230	797	4,027
Interest rates prevailing during the year	3.5% - 29.3%	0% - 38.0%	

46 RELATED PARTY TRANSACTIONS (continued)

Investment advisory and management advisory agreement.

On April 10, 2019, Sagicor Financial Corporation Limited (Sagicor) entered into an Investment Advisory and Management Agreement with Alignvest Management Corporation (Alignvest) for the provision of investment advisory services and/or discretionary investment management services in respect of Sagicor's and its subsidiaries' assets. Under this agreement, Alignvest was appointed to provide specified advisory services and has a right of first offer to provide other investment advisory services or investment management services to Sagicor and its subsidiaries where Sagicor wishes to externalise these services, provided that Alignvest or its affiliates have clearly defined and relevant core competencies. Any such services would be provided by Alignvest or its affiliates on arm's length commercial terms. As consideration for services rendered and performed under the agreement, Alignvest or its applicable affiliates will receive a fee equal to $2.5 million, reduced annually for any fees paid to Alignvest or its affiliates with respect to investment management services or other services provided. The Agreement commenced on December 5, 2019, when Sagicor completed its proposed transaction between Alignvest Acquisition II Corporation and will continue for an initial term of three years unless terminated for cause. On December 5, 2019, Alignvest gave notice that it had assigned certain rights and obligations under the agreement to High Vest Partners Inc, a joint venture between Alignvest and KGT Investments, LLC.

Sagicor Real Estate X-Fund Group – disposal of investment property.

On September 22, 2020, Sagicor Real Estate X-Fund Group sold an investment property, Jewel Grande Montego Bay Resort and Spa, to Sagicor Pooled Investment Funds Limited, a fund managed by Sagicor Life Jamaica Limited. The terms of sale were established by independent valuation of the property and the transaction resulted in a loss to the Group of US$2.9 million.

47 LEASE LIABILITIES

The lease liabilities recognised are as follows:

	December 31, 2021	December 31, 2020
Current lease liabilities	8,262	8,556
Non-current lease liabilities	24,574	31,053
	32,836	39,609

The lease liabilities relate to the following right-of-use assets:

	December 31, 2021	December 31, 2020
Land & buildings	25,933	30,424
Office furnishing, equipment & vehicles	543	527
Total right-of-use assets[1]	26,476	30,951

[1] Included in property, plant and equipment

48 IMPACT OF COVID-19 CORONAVIRUS

On March 11, 2020, the World Health Organisation declared the emergence of COVID-19 coronavirus, a global pandemic. This pandemic has affected many countries and all levels of society and has affected our economic environment in significant ways. The COVID-19 situation continues to evolve and many of the markets in which Sagicor operates have implemented public health safety protocols. At various stages during the pandemic, most Caribbean countries have shut down air and sea traffic. Similar procedures have also been applied in the United States, Canada and elsewhere. The COVID-19 pandemic has caused significant economic and financial turmoil and uncertainty, both in the U.S. and around the world, and has fuelled concerns that have led to a global recession.

Two years on from the initial outbreak, the virus remains prevalent across the world, with various mutations extending the uncertainties surrounding economic recoveries. Continued travel restrictions and lockdown measures have prolonged the downturn in demand for tourism, entertainment and related services. However, the introduction and administration of vaccines have aided recovery efforts in some economies.

COVID-19 continues to cause major disruptions in economies within which the Sagicor Group operates. In response to the changing, uncertain economic environment, the Sagicor Group has performed reviews and updated its assumptions, including those related to asset impairment, where necessary. Changes in the economic outlook data have been reported in note 40.3 on credit risk and impairment. As part of this process, goodwill was reviewed and stress testing was performed on assessment assumptions. During the period ended March 31, 2021, there was a disposal of Playa shares and the investment has been designated as a FVTPL investment (see note 37.1). Management has also considered the potential impact of the pandemic on actuarial reserves but has concluded that it has not had a significant impact on actuarial assumptions and the valuation of actuarial liabilities of the Group.

The Group continues to monitor the health crisis and the economic impact on its investments, actuarial reserves, customer and trading partners, and the effect on the industries in which it operates. While global vaccination programmes should allow the world, and more particularly the markets in which the Group operates, to gradually return to normal, this will take time. As a result, the pandemic may continue to negatively impact levels of new business and the level of policyholder lapses and surrenders, as well as loan and credit card delinquencies.

49 SUBSEQUENT EVENTS

i. On February 9, 2022, Sagicor announced that Sagicor Group Jamaica Limited (SGJ) entered a definitive agreement for the purchase of 100% of the shares of Alliance Financial Services Limited. The arrangement is subject to due diligence and regulatory approval and SGJ is in the process of applying for relevant licences from the Bank of Jamaica.

ii. On March 18, 2022, the Board of Directors of Sagicor Financial Company Ltd. approved and declared a quarterly dividend of US $0.05625 per common share payable on April 25, 2022 to the shareholders of record at the close of business on April 4, 2022.

There is no power for change greater than a community discovering what it cares about. – *Margaret J. Wheatley*

Shareholder Information

DIVIDENDS

Quarterly dividends were declared and paid as follows in 2021:

A quarterly dividend of US 5.625 cents per common share was approved, payable on April 21, 2021, to the registered holders of the common shares of record at the close of business on March 31, 2021.

A quarterly dividend of US 5.625 cents per common share was approved, payable on June 15, 2021 to the registered holders of the common shares of record at the close of business on May 25, 2021.

A quarterly dividend of US 5.625 cents per common share was approved, payable on September 20, 2021 to the registered holders of the common shares of record at the close of business on August 30, 2021.

A fourth quarterly dividend of US 5.625 cents per common share was approved, payable on December 17, 2021 to the registered holders of the common shares of record at the close of business on November 26, 2021.

TRANSFER AGENT – SHAREHOLDER ASSISTANCE

For more information on managing your Sagicor shares, shareholders may contact our Transfer Agent, TSX Trust Company.

Investor & Account Assistance

Sign in to your TSX Trust account to access all the data related to your account, including a summary of holdings, transaction history and, proxy voting and more. For your convenience, the TSX has also created a list of Frequently Asked Questions and provided several useful forms at the following link - https://www.sagicor.com/en/Investor-Relations/Transfer-Agent.

Connect with TSX Trust

By Telephone:
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STOCK EXCHANGE LISTINGS

Sagicor Financial Company Ltd. is listed on the Toronto Stock Exchange – Symbol TSX:SFC.

Sagicor Financial Corporation Limited was delisted from the London and the Trinidad and Tobago Stock Exchanges and has applied to be delisted from and Barbados Stock Exchange.

ADVISORS AND BANKERS

APPOINTED ACTUARY

Sylvain Goulet, FCIA, FSA, MAAA, Affiliate Member of the (British) Institute of Actuaries and Affiliate Member of the Caribbean Actuarial Association

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Tel: (509) 3701 1737

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Choc Estate Castries, St Lucia
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Fax: (767) 440-2563

ST KITTS
Sagicor Life Inc
C/o The St Kitts Nevis Anguilla Trading and Development Co. Ltd
Central Street, Basseterre Tel: (869) 465-9476
Fax: (869) 465 6437

ST VINCENT
Sagicor Life Inc
C/o Incorporated Agencies Limited Frenches Kingstown
Tel: (784) 456-1159
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WILLCHER SERVICES INC
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Corner Hillsborough & Independence Streets
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JE MAXWELL & COMPANY LIMITED
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TC (2017) LIMITED
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Sagicor Financial Company Ltd. welcomes your feedback regarding any aspect of our business, or of any member of the Sagicor Group of companies. We are very happy for you to contact us through any of the channels listed below.

Shareholders	Stay connected!
Contact TSX Trust for: • Dividends • Change in share registration and address • DRS Statements • Estate transfer	Phone: 1-647-727-0851 (Outside of North America) 1-833-955-1277 (North America Toll Free) Email:sagicor@tsxtrust.com
Contact Sagicor Financial Companu Ltd. for: • General shareholder requests • Copies of the Annual Report	Phone: (246) 467-7500 Fax: (246) 426-7907 Email: investorrelations@sagicor.com
Contact Sagicor for any other request	Phone: (246) 467-7500 Fax: (246) 426-7907 Email: info@sagicor.com

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