

Sagicor Group Jamaica 

Q1 2021 PERFORMANCE REPORT

DIRECTORS' STATEMENT

On behalf of the Board of Directors of Sagicor Group Jamaica Limited (SGJ or the Group) we present the report on the performance of our Group of companies for the three-months ended March 2021.

OVERVIEW –

It has been one year since the advent of the COVID-19 pandemic and while the arrival of vaccines has fueled expectations of a faster economic recovery worldwide, it is clear that not all countries will be affected equally. The International Monetary Fund (IMF) warns that low-income countries and emerging markets will suffer more than advanced economies. However, Jamaica has been faring well with most economic indicators showing improved projections for FY 2021/22. In February 2021, the Government of Jamaica (GOJ) announced its \$60 billion Social Economic Recovery and Vaccine Programme for Jamaica (SERVE), which will lay the foundation for the country's economic recovery.

The Group produced a solid performance for the first quarter, reporting net profit attributable to stockholders of **\$2.91 billion** compared to \$1.88 billion for 2020 and an earnings per share of \$0.75 (March 2020: \$0.48). Our Insurance businesses have seen strong new business and portfolio growth which were both better than prior year. The key metrics of our Commercial and Investment banking businesses have also performed satisfactorily and are expected to continue to improve as the economy shows greater activity.

In January 2021, Sagicor Group Jamaica disposed of its holdings in its Associate (PLAYA), netting proceeds of \$13.60 billion from the transaction. The move by Sagicor is consistent with its strategy to invest in less risky investments. It comes at a time when hotel earnings worldwide have been depressed, caused by travel restrictions resulting from the onset of the pandemic with no clear timeline for recovery. The proceeds will be primarily invested in a broader range of real estate assets with good growth prospects in the medium term.



HIGHLIGHTS

	Mar 2021 Unaudited	Mar 2020 Unaudited	% Change	Dec 2020 Audited
OPERATING RESULTS (INCOME STATEMENT DATA):				
Net Profit, attributable to Stockholders - J\$ billions	2.91	1.88	54%	13.78
Total Revenue - J\$ billions	23.12	16.79	38%	84.57
FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA):				
Total Assets of Sagicor Group Jamaica - J\$ billions	483.71	458.46	6%	490.69
Total Assets under management - J\$ billions	907.57	879.71	3%	901.40
Stockholders' Equity - J\$ billions	105.92	87.09	22%	106.38
PROFITABILITY:				
Return on average Stockholders' Equity (ROE)	11%	8%	30%	14%
Earnings per stock unit (EPS) - J\$	0.75	0.48	54%	3.53
OTHER MARKET INFORMATION:				
SGJ Share Price - J\$	51.88	52.40	-1%	49.95
Market capitalization - J\$ billions	202.62	204.66	-1%	195.09

NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS

\$2.91 B
▲ 54%

TOTAL REVENUE

\$23.12 B
▲ 38%

TOTAL ASSETS

\$483.71 B
▲ 6%

STOCKHOLDERS' EQUITY

\$105.92 B
▲ 22%

EARNINGS PER STOCK UNIT

\$0.75
▲ 54%

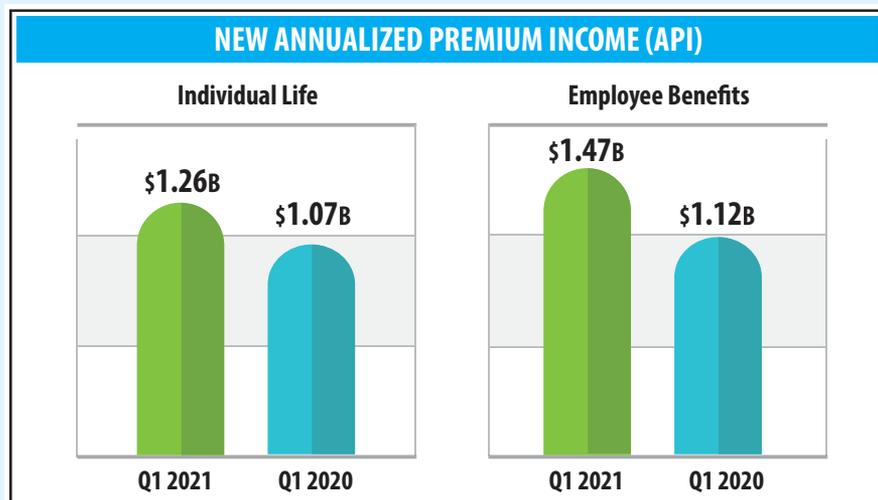
MARKET CAPITALIZATION

\$202.62 B
▼ -1%

FINANCIAL PERFORMANCE

The consolidated net profit attributable to stockholders of \$2.91 billion was generated from total revenues of \$23.12 billion. When compared to the prior year, profit attributable to stockholders and total revenue show marked improvement. Last year's results were adversely impacted by significant unrealized capital losses, 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.

When compared to 2020, Net Premium Income of \$12.52 billion showed a 3% decline, however Net Investment Income of \$4.64 billion was up 4%.



The Group has recorded substantially lower Expected Credit Losses (ECL) on its portfolios of loans and domestic and international investment securities. For the first quarter of 2021, we have not observed any major changes in economic variables nor to our outlook since December 2020 and the Commercial Bank recorded significant recoveries on outstanding loans and credit cards.

Fee and other income of \$4.10 billion increased 5% compared to prior year as we benefited from strong realized foreign currency trading gains and unrealized gains from the revaluation of foreign currency denominated assets, net of liabilities.

The Group continues to maintain strong liquidity, improving its cash position by \$7.36 billion over Q1 2020.

Stockholders' equity of \$105.92 billion as at March 2021 increased by 22% or \$18.83 billion over the prior year. This increase is in contrast to a decline in December 2020. There were large unrealized losses on investment securities being carried at fair value and unrealized foreign currency losses resulting from translation of our foreign operations taken through Other Comprehensive Income, accounting for the reduction since December 2020. The annualized return on stockholders' equity was 11% as against 8% for Q1 2020.

Individual Insurance

The Individual Life segment posted net profits of \$1.16 billion, 9% lower than 2020. Net premium income of \$7.28 billion was 5% higher than the comparative 2020 period. This was driven by exceptional new policy sales in Jamaica and Cayman, being 17% ahead of last year, resulting in a 5% growth of the portfolio year-to-date to over 630,000 policies. Benefits paid to policyholders decreased by \$907.27 million, mainly due to larger withdrawals from Segregated policy funds in 2020. The increase in actuarial liabilities was much higher than prior year mainly due to the higher than expected new business sales and releases in 2021 being significantly lower than in 2020.

Employee Benefits

The Employee Benefits segment produced profits of \$1.03 billion, being 11% less than in 2020. Net Group Insurance and annuity premiums earned of \$4.76 billion were below last year despite overall new sales being better than expected and showing 15% growth in annualized premium income. The segment recorded lower fee and other income but showed improvement in its net investment income. Benefits expense was 5% worse than last year; the division observed significant increases in medical costs at levels not anticipated and we will continue to monitor this situation. The joint venture in Costa Rica continued its strong performance and contributed \$223 million to Net Profit.

Commercial Banking

Sagicor Bank contributed net profits of \$397 million for the current period, a material improvement over 2020. The results were positively influenced by much lower ECL on loans; recall that the 2020 results were deeply impacted by higher ECL as a result of the impact of COVID-19 on Tourism, Entertainment and Energy sector loans. The Bank was also able to make significant recoveries on outstanding loans during the current period. Fee based income of \$1.02 billion was 4% less than prior year; Loans and Credit Cards business are currently performing below expectations, however we expect continued improvement in market conditions as the year progresses and the economy recovers.

Total assets of \$152.80 billion were level with prior year and 3% lower than the December 2020 amount. Loans and advances, net of provision for loan losses, were \$86.87 billion, 3% below the March 2020 balance and 1% lower than December 2019. Customer deposit liabilities of \$118.95 billion were in line with 2020 levels.

Investment Banking

The Investment Banking segment showed strong profitability during the period, contributing \$651.67 billion (excluding the share of AGIC earnings) to the Group, a 22% improvement over prior year. Profitability was bolstered by improvements in net investment income, trading gains on securities and foreign exchange gains. Despite total revenue of \$1.75 billion being 17% above 2020, fee income was down compared to last year as corporate clients have been slow to resume participation in the capital markets. In addition, asset management fees have suffered as the value of assets under management has not rebounded to pre-COVID levels.

LIQUIDITY AND SOLVENCY

Group consolidated cash generated from investing activities was bolstered by \$13.60 billion from the sale of its entire block of Playa shares in January 2021. The liquidity of the Group remained strong with Cash and Cash Equivalents at the end of March 2021 being \$34.80 billion (March 2020: \$27.44 billion). The Group has maintained its strong capital position and continues to exceed regulatory capital requirements across all entities.

CAPITAL RATIOS				
Regulated Entities	Key Regulatory Ratios	Minimum Statutory Requirements	Mar 31, 2021	Mar 31, 2020
Sagicor Life Jamaica Limited	Minimum continuing capital and surplus requirements ratio (MCCSR)	150.0%	186.7%	186.9%
Sagicor Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	14.4%	13.6%
Sagicor Investments Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	17.3%	16.5%
Sagicor Life of the Cayman Islands Limited	Minimum capital requirement (MCR)	125.0%	373.7%	441.6%
Advantage General Insurance Company Limited	Minimum capital test ratio (MCT)	250.0%	288.6%	334.4%

CORPORATE SOCIAL RESPONSIBILITY

As the world continues to pivot in response to the health pandemic, so too has Sagicor Group Jamaica in ensuring that it continues to deliver on its Sagicor Foundation's mantra of Caring, Inspiring and Serving Jamaicans through its charitable programmes in the first quarter of 2021. The financial institution reimaged its noteworthy charity road race – the Sagicor Sigma Corporate Run – by encouraging participants to run their own race from anywhere in the world as a show of support for the three beneficiaries - the Annotto Bay and Port Antonio Hospitals and the Get Back on Track Educational Programme to be piloted by Sagicor.

A special invitational race was also held on Sunday, February 21, 2021 in New Kingston for top performers over the past three Sigma Runs to participate and compete in the signature charity event. Following COVID-19 protocols and limitations, the event saw close to 100 participants running and wheeling for the cause. Over \$48 million has been raised to date in support of the three beneficiaries.

1. Doctors at the Bustamante Hospital for Children utilize equipment donated by Sagikor, while Dr. Brian James, Head of the department for Anaesthesiology and Critical Care and Mischa McLeod Hines, Vice President – Capital Markets, Sagikor Investment Jamaica tours the medical facility.
2. Sagikor Foundation Executive Director, Alysia White (left) celebrate the Sigma Run 2021 race on Sunday February 21 with Marsha Lee (centre), CEO of Annotto Bay Hospital and Althea Gardener, CEO of Port Antonio Hospital.



3. Jon-Benet Brown (second left), final year student and Vice President of the Student Council body at the Shortwood Teachers' College uses one of 10 tablets donated to the institution by Sagikor to support students. Looking on are (from left): Earl Richards, Chairman of the Shortwood Foundation, Marie Dowdie, Assistant Branch Manager, Sagikor Bank, Manor Park branch and Dr. George Dawkins, principal of the institution.

5. Kerisha Smith (right) Wealth Advisor, Sagikor Investments Jamaica, presents one of five tablets to Tahje Wallen, Founder and president of the Youth Education Association to support the organisation's tablet drive. Also pictured are YEA representatives Shanica Johnson (left), first Vice President – Educational Services and Youth Development and Shamara Hall – Projects Officer.



4. Sagikor Investments advisor Tashana Lewis presents a \$10,000 Sagikor Sigma Global Funds gift certificate to Dejanae Green, president of the Student Council at St. Catherine High School following a discussion about financial planning with at a 'Girl Power' themed session on International Women's Day. Nine other students received vouchers from the financial institution.

6. Sharon Byfield (centre) principal of the Clifton Basic School shares the customary elbow bump with members of the Sagikor Bank Portmore Branch's outreach committee (from left) Janet Grey, Assistant Branch Manager and Cainean Bishop-Bailey, teller, after the presentation of tablets to the institution.

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, with a special tour of each facility conducted.

Under the Adopt a School programme managed by the Sagikor Foundation, renovation and refurbishing works were started at the three adopted early childhood institutions - Cornwall Gardens Basic School in Montego Bay, St James; Beeston Spring Early Childhood Institution (ECI) in Whitehouse, Westmoreland; and Sligoville Early Childhood Institution in St Catherine.

In continuing its support for individuals and entities impacted by the COVID-19 pandemic, Sagikor also donated tablets and laptop devices to schools and individuals in need to assist with distance learning. The institutions and organizations were the York Castle High School, Youth Education Association, the Clifton Basic School, and the Shortwood Teachers' College.

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 Sagikor Investments. Medical students at the University of the West Indies, Mona Campus in Kingston also received a sizeable donation of personal protective equipment from the Sagikor Foundation.

OUTLOOK

Since the first COVID-19 vaccine was administered in December 2020, there have been increasing numbers being vaccinated globally. This has effectively reduced global positivity rates and should provide a boost in confidence for economies, allowing for a gradual removal of restrictions currently in place. As the virus is cauterized, the GOJ is forecasting strong growth in industries associated with Travel and Tourism, Hotels & Restaurants, Other Services (particularly in the areas of entertainment and attractions) and the Transport, Storage & Communication industries.

The GOJ, in an attempt to kick-start the economic recovery, recently announced that another 50,000 Jamaicans will benefit from a further allotment of \$3 billion in FY 2021/22. These funds will be facilitated through the \$60 billion SERVE programme.

In March 2021, Fitch Ratings Agency affirmed Jamaica's credit rating at B+ with the outlook remaining Stable. The rating action was predicated on the country's favourable business climate according to the World Bank Doing Business Survey and the anticipation that a primary surplus will be recorded for this fiscal year, one of the few Fitch-rated sovereigns expected to do so. According to the latest release, the economy is expected to grow by 4.5% in 2021 and 5.2% in 2022, underpinned by an aggressive vaccine roll out, the mitigation of a possible third wave of the virus and a gradual return to normalcy in the tourism industry. Fitch is also projecting an increase in Jamaica's Debt-to-GDP to 110.9% for FY2020/21 (FY 2019/20 – 94.8%), but as the economy recovers, this is likely to return to a downward trajectory.

In its latest report, the Bank of Jamaica (BOJ) maintains that it remains focused on maintaining a low, stable and predictable inflation rate within the target range of 4.0% to 6.0% and will deploy additional measures, as needed, to ensure the continued smooth flow of liquidity to all participants in the financial system. Additionally, BOJ expects the current account deficit of the balance of payments will average 2.8% of GDP for FY2020/21 to FY2022/23, an improvement when compared to the previous forecast of 3.2% of GDP.

The latest data released by STATIN indicated an unemployment rate of 8.9% at January 2021, an improvement of 1.8 percentage points when compared to the rate at October 2020. Also, more than 40,000 jobs were restored in the December 2020 quarter, when consideration is taken for seasonal patterns in employment. Despite the deterioration of business and consumer confidence during the first quarter ending March 2021, confidence levels should rebound with the continued roll-out of COVID-19 vaccinations.

The recent projections are subject to change given the great degree of uncertainty still surrounding the pandemic and Sagikor Group Jamaica continues to carefully monitor and assess the current economic environment. We remain committed to the health and wellness of our team, clients and stakeholders by implementing a multidimensional approach to safeguard health, minimize risk and ensure business continuity. The Group remains cautiously optimistic about the future and continues to manage our businesses accordingly.

ACKNOWLEDGEMENT

Our Team Members, Financial Advisors and Brokers are the heart and soul of Sagikor Group Jamaica and we would like to express our deepest gratitude for their continued tremendous positive work ethic while serving our customers, especially in these difficult times. To our customers for the trust and confidence that they continue to place in us, we are here to assist you in navigating these difficult times. Thank You to our supportive business partners and to our stockholders for the continued confidence and last but not least, we must also recognize our Directors for their diligence and wise counsel.

On behalf of The Board of Directors:

PETER MELHADO
Chairman

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

30 April 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

 as at 31 March 2021
 (Expressed in thousands of Jamaican dollars)

	March 2021 Unaudited	March 2020 Unaudited	December 2020 Audited
ASSETS:			
Cash resources & Cash reserve at Central Bank	27,877,414	33,218,344	32,363,822
Financial investments	220,407,601	174,153,060	213,722,216
Derivative financial instruments	-	16,279	-
Loans & leases, after allowance for credit losses	87,300,450	90,260,729	87,843,528
Pledged assets	91,860,172	78,311,183	87,142,938
Investment properties	1,389,305	3,363,797	1,389,305
Investment in joint venture	940,988	469,033	683,234
Investment in associated company	-	23,914,576	15,844,876
Intangible assets	6,541,297	7,379,471	6,657,681
Property, plant and equipment	18,598,391	20,356,272	18,400,856
Right-of-use assets	2,373,379	2,775,368	2,488,231
Retirement benefit assets	1,187,248	863,643	1,187,248
Deferred income taxes	1,044,790	2,629,168	1,005,526
Taxation recoverable	3,355,953	1,975,638	2,438,233
Other assets	20,837,489	18,773,276	19,526,879
TOTAL ASSETS	483,714,477	458,459,837	490,694,573
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to:			
Stockholders' of the parent company			
Share capital	8,991,044	8,876,015	8,991,044
Equity reserves	14,717,672	7,229,524	18,043,805
Retained earnings	82,209,585	70,984,647	79,349,157
	105,918,301	87,090,186	106,384,006
Non-controlling interests	18,524,094	29,278,776	20,462,993
Total Equity	124,442,395	116,368,962	126,846,999
Liabilities			
Deposit and security liabilities	203,765,202	191,702,196	207,358,482
Derivative financial instruments	-	16,279	-
Loans payable	10,313,301	14,525,689	10,689,746
Deferred income taxes	1,667,134	778,432	2,493,349
Taxation payable	25,059	144,894	1,687,589
Retirement benefit obligations	3,804,017	3,344,839	3,706,366
Lease liabilities	2,681,939	2,962,975	2,780,860
Other liabilities	14,321,925	17,342,568	15,434,188
Policyholders' Funds			
Life and health insurance contracts liabilities	93,047,606	85,450,800	90,777,722
Investment contracts liabilities	17,746,222	15,086,443	17,430,421
Property and casualty insurance contracts and other policy liabilities	11,899,677	10,735,760	11,488,851
	122,693,505	111,273,003	119,696,994
Total Liabilities	359,272,082	342,090,875	363,847,574
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	483,714,477	458,459,837	490,694,573



 PETER MELHADO
 Chairman

30 April 2021



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

CONSOLIDATED INCOME STATEMENT

 for the three-months ended 31 March 2021
 (Expressed in thousands of Jamaican dollars)

	March 2021 Year-to-date Unaudited	March 2020 Year-to-date Unaudited	December 2020 Full Year Audited
Revenue:			
Net premium revenue	12,519,617	12,851,894	50,379,159
Net investment income	4,644,979	4,471,008	18,119,285
Realised and Unrealised gains/(losses)	1,200,683	(5,060,602)	1,829,672
Credit losses on loans and investment securities	(59,424)	(720,755)	(1,694,349)
Hotel revenue	721,023	1,352,949	2,427,344
Fees and other income	4,097,114	3,903,386	13,511,711
Total revenue, net of reinsurance, interest expense and credit losses	23,123,992	16,797,880	84,572,822
Benefits and Expenses:			
Net insurance benefits incurred	7,897,797	8,945,363	32,745,106
Net movement in actuarial liabilities	1,713,801	(5,516,894)	(4,058,410)
Administration expenses	5,551,336	5,381,092	21,794,562
Commissions and sales expenses	1,818,983	1,715,750	6,922,150
Hotel expenses	618,950	923,959	2,086,482
Depreciation and amortisation	660,542	726,409	2,870,006
Other taxes and levies	812,644	723,941	746,827
Total benefits and expenses	19,074,053	12,899,620	63,106,723
Profit before Associates and Joint Venture	4,049,939	3,898,260	21,466,099
Impairment of investment in associate	-	(460,946)	(4,508,146)
Impairment charge on goodwill	-	(703,500)	(1,231,913)
Share of profit from joint venture	222,499	65,643	310,860
Share of loss from associate	-	(474,053)	(5,467,297)
Loss on disposal/dilution of interest in associate	(233,089)	-	(391,296)
Profit before Taxation	4,039,349	2,325,404	10,178,307
Taxation	(1,134,654)	(1,183,361)	(5,693,527)
Net Profit	2,904,695	1,142,043	4,484,780
Net Profit attributable to:			
Stockholders' of the parent company	2,907,954	1,882,653	13,780,163
Non-controlling interests	(3,259)	(740,610)	(9,295,383)
	2,904,695	1,142,043	4,484,780

Earnings per stock unit for profit attributable to the stockholders' of the parent company:

Basic and fully diluted

\$0.75

\$0.48

\$3.53

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

 for the three-months ended 31 March 2021
 (Expressed in thousands of Jamaican dollars)

	March 2021 Year-to-date Unaudited	March 2020 Year-to-date Unaudited	December 2020 Full Year Audited
Net profit for the period	2,904,695	1,142,043	4,484,780
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Fair value reserve:			
Unrealised (losses)/gains on FVTOCI bonds	(3,363,346)	(6,978,489)	6,367,726
Share of joint venture and associate unrealised gains/(losses) on FVTOCI bonds	20,536	-	(15,626)
	(3,342,810)	(6,978,489)	6,352,100
Currency translation	(1,973,711)	1,143,618	3,856,914
Gains recycled to the Income Statement on sale and maturity of FVTOCI securities	(246,809)	(854,249)	(2,881,119)
Provision for expected credit losses on securities designated as FVTOCI	25,178	201,520	451,314
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities	(216,285)	(12,726)	(39,103)
Change in actuarial liabilities recognised in other comprehensive income	303,648	1,170,181	(742,148)
Share of fair value losses on interest rate swap recycled on dilution of associate company	-	-	24,237
Share of fair value gains/(losses) on interest rate swap of associate company	526,422	(316,283)	(140,616)
	392,154	188,443	(3,327,435)
Items that will not be subsequently reclassified to profit or loss			
Owner-occupied properties (OOP):			
Unrealised gains/(losses) on OOP	174,958	18,191	(1,758,219)
Share of unrealised gains/(losses) on OOP of associate and joint venture	-	29,063	(245,447)
	174,958	47,254	(2,003,666)
Unrealised losses on FVTOCI equities	-	-	(21,144)
Re-measurements of retirement benefits obligations	-	(27,890)	73,122
Re-measurements of retirement benefits obligations of associate	-	(1,158)	(2,799)
Total other (loss)/income recognised directly in stockholders' equity, net of taxes	(4,749,409)	(5,628,222)	4,927,092
Total Comprehensive (Loss)/Income	(1,844,714)	(4,486,179)	9,411,872
Attributable to:			
Stockholders' of the parent company	(465,705)	(4,172,241)	18,354,711
Non-controlling interests	(1,379,009)	(313,938)	(8,942,839)
	(1,844,714)	(4,486,179)	9,411,872

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

 for the three-months ended 31 March 2021
 (Expressed in thousands of Jamaican dollars)

	Share Capital	Equity Reserves	Retained Earnings	Equity Owners' Total	Non-controlling Interests Total	Total Stockholders' Equity Audited
Period ended March 31, 2021:						
Balance as reported December 31, 2020	8,991,044	18,043,805	79,349,157	106,384,006	20,462,993	126,846,999
Total comprehensive (loss)/income for the period	-	(3,373,659)	2,907,954	(465,705)	(1,379,009)	(1,844,714)
Transactions with owners -						
Dividends paid to owners of the parent	-	-	-	-	(559,890)	(559,890)
Total transactions with owners	-	-	-	-	(559,890)	(559,890)
Transfer between reserves -						
To retained earnings	-	(27,761)	27,761	-	-	-
From loan loss reserve	-	75,287	(75,287)	-	-	-
Transfers between retained earnings and reserves	-	47,526	(47,526)	-	-	-
Balance as at March 31, 2021	8,991,044	14,717,672	82,209,585	105,918,301	18,524,094	124,442,395
Period ended March 31, 2020:						
Balance as reported December 31, 2019	8,848,274	13,570,398	68,832,882	91,251,554	29,672,714	120,924,268
Total comprehensive (loss)/income for the period	-	(6,038,158)	1,865,917	(4,172,241)	(313,938)	(4,486,179)
Transactions with owners -						
Dividends paid to owners of the parent	-	-	-	-	(80,000)	(80,000)
Treasury shares	27,741	-	(16,868)	10,873	-	10,873
Total transactions with owners	27,741	-	(16,868)	10,873	(80,000)	(69,127)
Transfers between retained earnings and reserves	-	(302,716)	302,716	-	-	-
Balance as at March 31, 2020	8,876,015	7,229,524	70,984,647	87,090,186	29,278,776	116,368,962

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

 for the three-months ended 31 March 2021
 (Expressed in thousands of Jamaican dollars)

	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Unaudited March 2021 Group
Operating results:							
External revenues	8,533,132	6,769,332	1,769,615	3,456,077	2,595,836	-	23,123,992
Inter-segment revenues	4,438	-	(23,868)	2,509	127,903	(110,982)	-
Total revenue	8,537,570	6,769,332	1,745,747	3,458,586	2,723,739	(110,982)	23,123,992
Benefits and expenses	(5,664,863)	(5,294,275)	(474,226)	(2,180,741)	(2,374,866)	101,905	(15,887,066)
Change in actuarial liabilities	(1,277,595)	(458,936)	-	-	-	22,730	(1,713,801)
Depreciation and amortisation	(51,180)	(40,250)	(30,361)	(158,566)	(380,185)	-	(660,542)
Other taxes	-	-	-	-	(3)	-	(3)
Asset tax	(105,518)	(35,634)	(231,484)	(363,645)	(76,360)	-	(812,641)
Total benefits and expenses	(7,099,156)	(5,829,095)	(736,071)	(2,702,952)	(2,831,414)	124,635	(19,074,053)
Share of profit from joint venture	-	222,499	-	-	-	-	222,499
Loss arising from disposal of interest in associate	-	-	-	-	(233,089)	-	(233,089)
Profit before taxation	1,438,414	1,162,736	1,009,676	755,634	(340,764)	13,653	4,039,349
Taxation	(278,432)	(128,104)	(358,011)	(359,138)	(10,969)	-	(1,134,654)
Net Profit	1,159,982	1,034,632	651,665	396,496	(351,733)	13,653	2,904,695
Segment assets:	68,427,519	80,768,832	114,040,191	152,649,037	76,715,065	(12,059,193)	480,541,451
Unallocated assets -							
Investments in joint venture							940,988
Deferred income taxes							1,044,790
Retirement benefit assets							1,187,248
Total assets							483,714,477
Segment liabilities:	54,618,149	66,751,868	88,781,078	125,046,538	32,684,522	(14,081,224)	353,800,931
Unallocated liabilities -							
Deferred income taxes							1,667,134
Retirement benefit obligations							3,804,017
Total liabilities							359,272,082
Other Segment items:							
Capital expenditure: Computer software							16,199
Property, plant and equipment							36,144

Geographical information:

	Jamaica	Cayman Islands	United States of America	Other	Total Group
Revenue	21,172,185	1,230,784	721,023	-	23,123,992
Total assets	438,482,722	29,648,727	14,642,040	940,988	483,714,477

	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Unaudited March 2020 Group
Operating results:							
External revenues	1,799,644	7,193,287	1,493,893	3,103,630	3,207,426	-	16,797,880
Inter-segment revenues	3,820	-	(8,136)	1,545	(324,356)	327,127	-
Total revenue	1,803,464	7,193,287	1,485,757	3,105,175	2,883,070	327,127	16,797,880
Benefits and expenses	(6,371,042)	(5,108,086)	(508,207)	(2,238,011)	(2,822,062)	81,244	(16,966,164)
Change in actuarial liabilities	6,403,449	(720,692)	-	-	-	(165,863)	5,516,894
Depreciation and amortisation	(23,856)	(33,163)	(22,889)	(149,463)	(497,038)	-	(726,409)
Other taxes	-	-	-	-	(147)	-	(147)
Asset tax	(115,312)	(33,172)	(198,139)	(325,239)	(51,932)	-	(723,794)
Total benefits and expenses	(106,761)	(5,895,113)	(729,235)	(2,712,713)	(3,371,179)	(84,619)	(12,899,620)
Impairment of investment in associate	-	-	-	-	(460,946)	-	(460,946)
Impairment of goodwill	-	-	-	-	(703,500)	-	(703,500)
Share of profit from joint venture	-	65,643	-	-	-	-	65,643
Share of loss from associate	-	-	-	-	(474,053)	-	(474,053)
Profit before taxation	1,696,703	1,363,817	756,522	392,462	(2,126,608)	242,508	2,325,404
Taxation	(428,126)	(204,409)	(222,089)	(261,434)	(67,303)	-	(1,183,361)
Net Profit	1,268,577	1,159,408	534,433	131,028	(2,193,911)	242,508	1,142,043
Segment assets:	60,170,653	75,052,056	95,675,823	152,459,737	59,395,494	(12,170,346)	430,583,417
Unallocated assets -							
Investments in joint venture							469,033
Investments in associate							23,914,576
Deferred income taxes							2,629,168
Retirement benefit assets							863,643
Total assets							458,459,837
Segment liabilities:	49,021,865	61,121,489	79,781,768	129,249,047	31,886,869	(13,093,434)	337,967,604
Unallocated liabilities -							
Deferred income taxes							778,432
Retirement benefit obligations							3,344,839
Total liabilities							342,090,875
Other Segment items:							
Capital expenditure: Computer software							15,040
Property, plant and equipment							279,851

Geographical information:

	Jamaica	Cayman Islands	United States of America	Other	Total Group
Revenue	14,855,227	589,704	1,352,949	-	16,797,880
Total assets	393,028,096	23,401,719	41,560,989	469,033	458,459,837

CONSOLIDATED STATEMENT OF CASH FLOWS

 for the three-months ended 31 March 2021
 (Expressed in thousands of Jamaican dollars)

	March 2021 Year-to-date Unaudited	March 2020 Year-to-date Unaudited	December 2020 Full Year Audited
Cash Flows from Operating Activities:			
Net Profit	2,904,695	1,142,043	4,484,780
Adjustments for:			
Items not affecting cash and changes to policyholders' funds:			
Adjustments for non-cash items, interest and dividends	(1,466,219)	(142,563)	1,481,662
Changes in other operating assets and liabilities	(2,296,296)	(3,399,622)	(6,499,004)
Net investment purchases	(8,874,212)	(393,826)	(7,924,484)
Interest and dividends received	6,218,398	6,594,143	24,863,848
Interest paid	(1,300,512)	(1,186,074)	(5,097,414)
Income taxes paid	(4,354,684)	(2,366,717)	(5,128,554)
Net cash (used in)/generated from operating activities	(9,168,830)	247,384	6,180,834
Cash Flows from Investing Activities:			
Disposal of interest in associate	13,604,064	-	-
(Purchase) / Disposal of investment property, net	-	(8,207)	1,641,079
Purchase of property, plant and equipment, net	(36,144)	(279,851)	(904,034)
Purchase of intangible assets, net	(16,199)	(15,040)	(308,160)
Net cash generated from / (used in) investing activities	13,551,721	(303,098)	428,885
Cash Flows from Financing activities:			
Deposits and securities liabilities	(6,609,334)	10,319,192	13,958,897
Finance lease repayment	(130,612)	(120,934)	(469,842)
Disposal of treasury shares, net	-	10,873	64,494
Dividends paid to non-controlling interests	(559,890)	(80,000)	(251,549)
Dividends paid to stockholders	-	-	(562,930)
Net cash (used in)/generated from financing activities	(7,299,836)	10,129,131	12,739,070
Cash and cash equivalents:			
Effect of exchange rate on cash and cash equivalents	478,853	161,102	681,659
Increase in cash and cash equivalents	(2,438,092)	10,234,519	20,030,448
Cash and cash equivalents at beginning of year	37,235,976	17,205,528	17,205,528
Cash and cash equivalents at end of period	34,797,884	27,440,047	37,235,976
Comprising:			
Balances with Banks	16,805,815	20,833,428	21,019,199
Short - Term Deposits	1,543,101	553,568	4,186,193
USA Government Treasury Bills and BOJ CD's	12,185,266	3,115,997	4,603,143
Securities purchased under resale agreements	4,367,101	2,986,954	7,490,326
Bank overdraft	(103,399)	(49,900)	(62,885)
	34,797,884	27,440,047	37,235,976

Explanatory Notes
1. Identification and Principal Activities

Sagikor Group Jamaica Limited (SGJ), the company) is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. It is 32.45% (2020 – 32.45%) owned by LOJ Holdings Limited (LOJH) which is also incorporated and domiciled in Jamaica and 16.66% owned by Sagikor Life Inc. (SLI) which is domiciled in Barbados. Both LOJH and SLI are wholly owned by Sagikor Financial Company Limited (Sagikor), the ultimate parent company, which is incorporated and domiciled in Bermuda. Sagikor has an overall interest of 49.11% (2020 – 49.11%) in the company. The other significant shareholder in SGJ is PanJam Investment Limited with a 30.20% (2020 – 30.20%) holding.

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

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

2. Basis of preparation

These condensed consolidated financial statements should be read in conjunction with the accounting policies and other disclosures as set out in the full audited financial statements with disclosure notes for the year ended 31 December 2020.

3. Accounting estimates and judgements

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

4. Impact of COVID-19

Since the start of 2020, bond yields, equity prices and oil prices have fallen sharply and on the local side, so too has the Jamaica Stock Exchange (JSE) combined index. Key sectors of the Jamaican economy particularly, tourism, remittances, manufacturing, transportation, logistics and related sectors have experienced significant disruption. Sagikor Group Jamaica continues to experience the impact from the economic downturn. These financial results have been adversely impacted in multiple areas including: ECL, unrealized capital losses, hotel operations and impairment of goodwill.

5. Disposal of interest in PLAYA

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

6. Subsequent Events

On 7 April 2021 the BOJ lifted the suspension on the payment of dividends by Deposit-Taking Institutions and Financial Holding Companies to shareholders with more than 1% shareholdings. These companies are now free to declare and pay dividends to its shareholders.

On 9 April 2021, The Board of Directors declared a final dividend of \$0.6124 per share for the year ended December 2020 with a record date of 26 April 2021 and payment date of 14 May 2021.