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 six-months ended June 2020.

OVERVIEW

The economic downturn caused by the pandemic has been felt around the world, with a decline in global economic output and increasing public debt, as many countries struggle to contain the health effects and consequent reduction in household income. Jamaica has weathered the health effects of the pandemic well in comparison to other countries and in recent weeks has begun a managed re-opening of the economy, however, the challenging environment has forced the Government to delay its targeted reduction in debt to GDP by two years as it seeks to manage the broad-based projected decline in GDP. At Sagicor we continue to endorse and support the cautious approach undertaken by the Government in regard to its finances.

In spite of the difficult environment, the Group’s Insurance businesses have continued to show strong performance, most notably with net premium income being 20% higher than prior year. We have seen healthy new business sales and portfolio growth which continues to drive core results. The key metrics of our Commercial and Investment banking businesses have also remained strong and are expected to improve as the economy begins to show greater activity. Our results continue to be impacted by:

- Unrealized capital losses driven by the broad decline in bond and equity prices. In recent months, the local markets have rebounded somewhat and the impact of this has been reduced on a year to date basis;

HIGHLIGHTS

<table>
<thead>
<tr>
<th>OPERATING RESULTS (INCOME STATEMENT DATA):</th>
<th>June 2020 Unaudited</th>
<th>June 2019 Unaudited</th>
<th>% Change</th>
<th>Dec 2019 Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit, attributable to Stockholders - J$ billions</td>
<td>4.36</td>
<td>6.39</td>
<td>-32%</td>
<td>15.65</td>
</tr>
<tr>
<td>Total Revenue - J$ billions</td>
<td>38.85</td>
<td>42.59</td>
<td>-9%</td>
<td>92.67</td>
</tr>
</tbody>
</table>

| FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA): | |
|-----------------------------------------------------|---------------------|---------------------|----------|------------------|
| Total Assets of Sagicor Group Jamaica - J$ billions | 472.13 | 424.98 | 11% | 456.00 |
| Total Assets under management - J$ billions | 869.16 | 827.93 | 5% | 928.17 |
| Stockholders’ Equity - J$ billions | 93.73 | 82.80 | 13% | 91.25 |

| PROFITABILITY: | |
|----------------|---------------------|---------------------|----------|------------------|
| Return on average Stockholders’ Equity (ROE) | 10% | 16% | -38% | 19% |
| Earnings per stock unit (EPS) - J$ | 1.12 | 1.64 | -32% | 4.01 |

| OTHER MARKET INFORMATION: | |
|---------------------------|---------------------|---------------------|----------|------------------|
| SGJ Share Price - J$ | 46.01 | 57.00 | -19% | 77.95 |
| Market capitalization - J$ billions | 179.70 | 222.62 | -19% | 304.44 |

NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS

- $4.36 B
  2019: $6.39 B

TOTAL REVENUE

- $38.85 B
  2019: $42.59 B

TOTAL ASSETS

- $472.13 B
  2019: $424.98 B

STOCKHOLDERS’ EQUITY

- $93.73 B
  2019: $82.80 B

EARNINGS PER STOCK UNIT

- $1.12
  2019: $1.64
**FINANCIAL PERFORMANCE**

The consolidated net profit attributable to stockholders of $4.36 billion was generated from total revenues (including unrealized capital losses of $5 billion) of $38.85 billion. When compared to the prior year period, profit attributable to stockholders declined by 32% (an increase of 10% when impairment charges are excluded). The annualized return on stockholders’ equity was 10% as against 16% for 2019.

Net premium income of $12.71 billion increased 20% over 2019, an increase of 16% when normalized for premiums from Advantage General Insurance Company (AGIC) which was acquired in September 2019. Net investment income of $9.05 billion was 12% better than last year. The Group has recorded substantial Expected Credit Losses (ECL) on its portfolios of loans and domestic and international investment securities. The value of equity investments has shown an improvement during the second quarter of 2020.

Fee and other income of $6.97 billion was up 2% since last year, primarily from slowed growth of the Credit Cards and Payments business, as well as less corporate financing deals closed during the period. These are both direct results of the impact of COVID-19.

The Group recognized impairment charges of $2.64 billion (additional $1.47 billion in Q2), resulting from the lower valuations of our investments in hotel operations, a direct result of the uncertainty surrounding the expected impact of travel restrictions caused by COVID-19.

Despite the effect of unrealized losses on investment securities, the Group’s assets showed a 3% increase since December 2019 and significant growth of 11% over prior year. Stockholders’ equity of $93.73 billion as at June 2020 increased by 13% or $10.93 billion over the prior year. There were large unrealized foreign currency gains of $2.92 billion taken through Other Comprehensive Income resulting from translation of our foreign operations.

**Liquidity and Solvency**

Group consolidated cash generated from operating activities was $9.10 billion compared to $6.62 billion in 2019. The liquidity of the Group remained strong with Cash and Cash Equivalents at the end of June 2020 being $25.69 billion showing a 32% increase compared to prior year. Total assets of $148.92 billion were 13% above June 2019 and 5% higher than the December 2019 amount. Loans and advances, net of provision for loan losses, were $88.37 billion, 22% higher than the June 2019 balance and $3.71 billion or 4% ahead of December 2019. Customer deposit liabilities of $114.48 billion were up 13% on prior year.

**Employee Benefits**

The Employee Benefits segment produced profits of $2.46 billion, being 11% more than in 2019. Overall new sales were significantly improved over prior year with annualized new premium income indicating a 29% growth. The segment has also seen improvements in claims ratios when compared with prior year. The increase in actuarial liabilities is higher than prior year driven by additional provisions for expected COVID-19 health claims and the greater level of annuities and health business written during the current year. This segment also recorded higher ECL on its investment securities portfolio.

**Commercial Banking**

Sagicor Bank contributed net profits of $0.72 billion for the current period, a 31% reduction when compared to 2019. The results were severely impacted by higher ECL on loans as a result of the impact of COVID-19 on Tourism, Entertainment and Energy sector loans and the slower than expected recovery of the economy. Fee based income of $1.94 billion was 3% more than prior year despite being limited by Payments channels and Credit Cards business slowing appreciably as a direct result of the decline in activity caused by COVID-19.

**Investment Banking**

Sagicor Investments showed strong results during the period, contributing $1.29 billion (excluding the share of AGIC earnings) to the Group, 12% higher than prior year. Fee income for the quarter was down compared to the similar period in prior year as less corporate financing deals were closed. The fluctuating rate of the J$ to the US$ during the period also negatively impacted these results as unrealized revaluation gains were significantly below prior year. However, this segment picked-up appreciable trading gains and improvement in its net investment income, contributing to revenue of $3.11 billion, being 14% above 2019.

**Individual Insurance**

The Individual Life segment posted net profits of $1.91 billion, 11% lower than 2019. Net premium income of $13.66 billion was 7% higher than the comparative 2019 period. This was driven by new policy sales, both in Jamaica and Cayman, resulting in a 6% growth of the portfolio to 603,101 policies. There were large unrealized capital losses related mainly to our Segregated Funds and an increase of $1.94 billion in benefits to policyholders. The increase in benefits is mainly due to withdrawals from Segregated policy funds, primarily driven by a change in the investment stance of our clients. The actuarial liabilities were positively influenced by improvements in morbidity and lapse experience.

**Capital Ratios**

<table>
<thead>
<tr>
<th>Regulated Entities</th>
<th>Key Regulatory Ratios</th>
<th>Minimum Statutory Requirements</th>
<th>June 30, 2020</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sagicor Life Jamaica Limited</td>
<td>Minimum continuing capital and surplus requirements ratio (MCCSR)</td>
<td>150.0%</td>
<td>189.9%</td>
<td>170.4%</td>
</tr>
<tr>
<td>Sagicor Bank Jamaica Limited</td>
<td>Regulatory capital to risk weighted assets ratio</td>
<td>10.0%</td>
<td>13.2%</td>
<td>14.0%</td>
</tr>
<tr>
<td>Sagicor Investments Jamaica Limited</td>
<td>Regulatory capital to risk weighted assets ratio</td>
<td>10.0%</td>
<td>17.4%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Sagicor Life of the Cayman Islands Limited</td>
<td>Minimum capital requirement (MCR)</td>
<td>125.0%</td>
<td>333.3%</td>
<td>485.0%</td>
</tr>
<tr>
<td>Advantage General Insurance Company Limited</td>
<td>Minimum capital test ratio (MCT)</td>
<td>250.0%</td>
<td>334.0%</td>
<td>526.0%</td>
</tr>
</tbody>
</table>

The consolidated net profit attributable to stockholders of $2.47 billion for the quarter compared to $1.88 billion for the March quarter and $3.69 billion for the quarter ended June 2019. For the six-month period profits were $4.36 billion showing a 32% decline compared to prior year. Profits before results attributed to Associate show a 3% decline compared to prior year. Total revenue before unrealized capital losses increased by 3% or $1.25 billion. Hotel revenue has been deeply impacted since the worldwide collapse of the Tourism market, resulting in declines in the valuations of our Hotel businesses. The Group’s earnings per share was reduced to $1.12 from $1.64 in the prior year.

Despite these adverse effects, the operating cash flow of the company has increased by $2.48 billion and the Group continues to maintain strong liquidity by improving its cash position by $6.63 billion.
CORPORATE SOCIAL RESPONSIBILITY

During the second quarter of 2020, Sagicor Group Jamaica’s corporate social responsibility initiatives were significantly geared towards assistance in the fight against COVID-19. The Group donated $20 million towards the Private Sector Organization of Jamaica (PSOJ) COVID-19 Jamaica Response Fund, which helped to procure important critical care equipment. Additionally, during the period, the company invested over $2 million in providing handwash stations for the markets in the Kingston and St. Andrew Municipal, as well as providing a handwash station at the Bustamante Hospital for Children.

Other COVID-19 related donations included: $3 million to Ready TV for management and distribution of an E-Homeschool channel which provides educational content daily on local TV for primary level school children, $2.5 million to Citizens Response Jamaica to help towards COVID-19 response and $5 million to Edufocal to support over 30,000 students to access study materials online. Several other donations were done at the community level through the company’s various branches.

The various renovation and upgrade work for schools under Sagicor Foundation’s Adopt-A-School programme were also completed in the second quarter. The foundation donated a printer and desktop computer to each school, in an effort to assist the little ones with preparing schoolwork as they have had to stay home due to the pandemic.

Also, Sagicor Foundation opened its annual Scholarship programme, offering scholarships to students exiting primary school and matriculating to the secondary school level, as well as students pursuing tertiary level education. Over $25 million dollars will be donated to students towards their tertiary and secondary education.

OUTLOOK

The IMF world economic forecast of April 2020 indicated an unprecedented decline in global activity due to the COVID-19 pandemic and data releases since then suggest even deeper downturns than previously projected for several economies. The outlook for the Jamaican economy has worsened since March 2020 with recovery expected to be more gradual than first thought; the current estimated contraction of GDP for 2020 is 5.6%.

In April 2020 the Government of Jamaica (GOJ) put in place measures to support the country’s Balance of Payments account, hard hit by the fall-out in the Tourism and Remittance sectors inflows. The measures implemented by the GOJ supplemented by swift action by the central bank have enhanced liquidity provision and limited the rise in borrowing costs, effectively forestalling significant near-term losses. Jamaica’s Consumer Confidence Index fell from 172.9 in March 2020 to 165.2 in June 2020, and investment is expected to be subdued as firms defer capital expenditures amid high uncertainty. Tax revenues are also expected to remain muted due to lower economic activity.

A high degree of uncertainty exists with the possibility of a second wave of infection having a longer and more debilitating effect on economies worldwide. We continue to carefully monitor and assess the economic conditions. We remain committed to the health and wellness of our team, clients and stakeholders by implementing a multidimensional approach to safeguard health, minimize risk and ensure business continuity. Sagicor Group Jamaica remains cautiously optimistic about the future but feels it prudent to take a conservative view of the potential impact of COVID-19 and manage our businesses accordingly.

ACKNOWLEDGEMENT

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

On behalf of The Board of Directors:

PETER MELHADO
Chairman

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

4 August 2020
CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION
for the six-months ended June 30, 2020
(Expressed in thousands of Jamaican dollars)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Jamaica</th>
<th>Cayman</th>
<th>United States of America</th>
<th>Group</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>33,231,555</td>
<td>14,733,555</td>
<td>3,127,860</td>
<td>6,802,463</td>
<td>9,493,782</td>
</tr>
<tr>
<td>Expenses</td>
<td>6,208</td>
<td>19,858</td>
<td>2,756,952</td>
<td>2,126,922</td>
<td>3,284,682</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>36,832,823</td>
<td>16,645,413</td>
<td>3,063,243</td>
<td>6,829,530</td>
<td>9,778,464</td>
</tr>
<tr>
<td>Benefits and expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total benefits and expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other segments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Eliminations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Profit</td>
<td>15,207,141</td>
<td>12,782,379</td>
<td>7,540,867</td>
<td>7,059,933</td>
<td>18,655,063</td>
</tr>
</tbody>
</table>

CONSOLIDATED STATEMENT OF CASH FLOWS
for the six-months ended June 30, 2020
(Expressed in thousands of Jamaican dollars)

<table>
<thead>
<tr>
<th>Year-to-date</th>
<th>Unaudited</th>
<th>Year-to-date</th>
<th>Unaudited</th>
<th>Full Year</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2020</td>
<td>846,709</td>
<td>December 2019</td>
<td>15,463,625</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2019</td>
<td></td>
<td></td>
<td>17,295,813</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cash Flows from Operating Activities:
Net Profit | 846,709 | 17,295,813 |

Adjustments for:
Items not affecting cash and changes to policyholders’ funds: | 3,316,186 | 8,378,474 |

Consolidated Cash Flows:
Cash Flows from Investing Activities:
Cash outflows on acquisition of Advantage General Insurance Company and Bailey Williams Limited | (5,631,703) | (22,428,746) |

Purchase of property, plant, equipment and net investment | (146,307) | 27,074,898 |

Purchase of intangible assets, net | (92,996) | (2,654,669) |

Net cash generated from (used in) operating activities | 10,392,681 | (10,417,182) |

Cash Flows from Financing Activities:
Redemption of preference shares | (1,304,000) | (4,617,000) |

Dividends paid to non-controlling interests | (105,858) | (207,496) |

Dividends paid to stockholders | (280,000) | (5,621,654) |

Net cash used in investing activities | (698,498) | (14,449,602) |

Net cash used in financing activities | (3,228,309) | (37,714,107) |

Cash and cash equivalents at beginning of year | 845,228,696 | 8,563,075 |

Change in cash and cash equivalents | 17,649,691 | 26,374,092 |

Cash and cash equivalents at end of year | 11,216,387 | 40,917,167 |

Consolidated Group Jamaica Limited comprises many companies operating under a wide range of brands in multiple sectors and jurisdictions. These include life and health insurance; property and casualty insurance; annuities; pensions administration; investment services; commercial banking; investment banking; corporate capital and management; retail and real estate sales and rentals.

1. Identification and Principal Activities

Sagicor Group Jamaica Limited (SGL), the company is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. It is 34.45% (2019 – 34.45%) owned by LOH Holdings Limited (LOH) which is also incorporated and domiciled in Jamaica and 16.66% owned by Sagicor Life Inc. (SLI) which is domiciled in Bermuda. Both LOH and SLI are wholly owned by Sagicor Financial Company Limited (Sagicor), the ultimate parent company, which is incorporated and domicoted in Barbados. Sagicor has an overall interest of 49.11% (2018 – 49.11%) in the company. The core business of Sagicor Group Jamaica Limited is insurance management, risk management and investment management. SAGICOR Jamaica Limited is at 28 -48 Barbados Avenue, Kingston 5, Jamaica.

2. Basis of preparation

For the period ended 30 June 2020, the Group recorded impairment charges of $385.50 million in respect of goodwill arising on consolidation of the X-Fund Group. These impairment charges are recognized in the consolidated income statement. The recoverable amount used for X-Fund’s cash generating units (CGUs) was based on the higher of fair value less cost of disposal and value in use. Assumptions used in determining the recoverable amounts of the CGUs of the X-Fund Group included discount rates, projected capital expenditure, growth rates and management forecasts as well as the ability to generate sufficient funding to remain as going concerns.

4. 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 valuation, interest rates and other factors. Actual results may differ from the estimates and assumptions made. Internal results are not necessarily indicative of full year results.

The carrying value of our Investment in Associates has been impaired in its carrying amount of US$206.40 million due to expected credit losses, US$129.14 million due to other impairments and US$34.08 million due to fair value losses.

5. Impact of COVID-19

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