

PERFORMANCE REPORT 2020



DIRECTORS' STATEMENT

On behalf of the Board of Directors of Sagicor Group Jamaica Limited (SGJ or the Group) we present the report on the 2020 performance of our Group of companies.

OVERVIEW –

In an extremely challenging environment marked by COVID-19, Sagicor Group Jamaica's full year 2020 results exhibited a notable robustness. Amid the pandemic, the Group's Insurance businesses continued to show remarkable performance, evidenced by net premium income being 8% above the prior year. The key metrics of our Commercial and Investment banking businesses have also performed satisfactorily and are expected to continue to improve as the economy shows greater activity.

Net profit attributable to stockholders for Q4 was \$3.45 billion compared to \$4.79 billion for 2019; the Q4 2020 results included additional impairment charges of \$2.94 billion. For the full year, profits were \$13.78 billion showing a 12% decline compared to prior year. Profits before results attributed to Associate show a 3% improvement compared to prior year. Total revenue decreased by 9% or \$8.03 billion, a decrease of 6% (\$5.39 billion) when adjusted for unrealized capital losses. Travel-related revenue continues to be impacted by the significant fall off in tourism, resulting in declines in the valuations of our holdings in this segment. The Group's earnings per share was \$3.53 compared to \$4.01 in the prior year.

Our results in Q4 continue to be impacted by:

- Unrealized capital losses driven by the broad decline in bond and equity prices earlier in the year. The local markets have rebounded somewhat and the impact of this has been reduced on a year to date basis;
- Unrealized IFRS 9 Expected Credit Losses (ECL) on loan portfolios and investment securities;
- Travel restrictions' effect on our investments in hotel operations, which has led to the Group recognizing:
 - i. A significant share of loss and impairment charge from its investment in Associate (Playa) and
 - ii. An impairment charge relating to the Goodwill that arose on the acquisition of the X-Fund Group in 2018

Despite these adverse effects, the operating cash flow of the company has increased significantly by \$16.60 billion and the Group continues to maintain strong liquidity, improving its cash position by \$20.03 billion year on year.

HIGHLIGHTS

	Dec 2020 Audited	Dec 2019 Audited	% Change
OPERATING RESULTS (INCOME STATEMENT DATA):			
Net Profit, attributable to Stockholders - J\$ billions	13.78	15.65	-12%
Total Revenue - J\$ billions	84.57	92.60	-9%
FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA):			
Total Assets of Sagicor Group Jamaica - J\$ billions	490.69	460.00	7%
Total Assets under management - J\$ billions	905.28	928.17	-2%
Stockholders' Equity - J\$ billions	106.38	91.25	17%
PROFITABILITY:			
Return on average Stockholders' Equity (ROE)	14%	19%	-26%
Earnings per stock unit (EPS) - J\$	3.53	4.01	-12%
OTHER MARKET INFORMATION:			
SGJ Share Price - J\$	49.95	77.95	-36%
Market capitalization - J\$ billions	195.09	304.44	-36%

NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS

\$13.78 B
2019: \$15.65 B

TOTAL REVENUE

\$84.57 B
2019: \$92.60 B

TOTAL ASSETS

\$490.69 B
2019: \$460.00 B

STOCKHOLDERS' EQUITY

\$106.38 B
2019: \$91.25 B

EARNINGS PER STOCK UNIT

\$3.53
2019: \$4.01

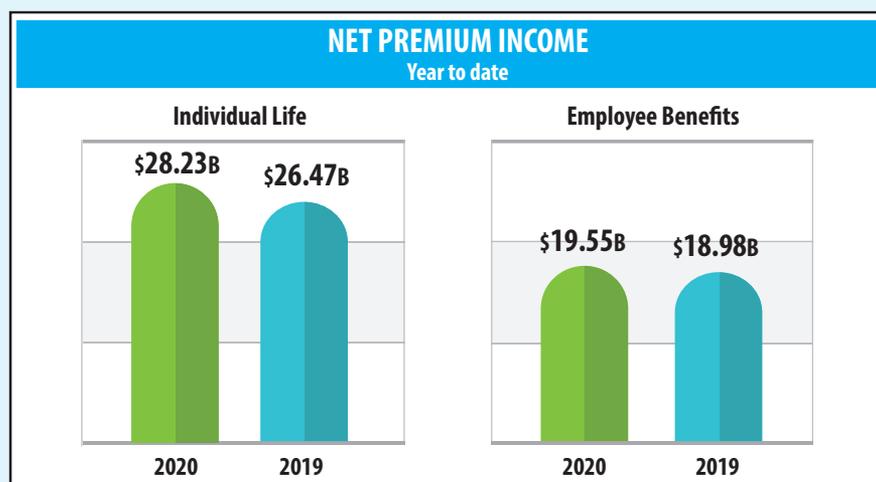
MARKET CAPITALIZATION

\$195.09 B
2019: \$304.44 B

FINANCIAL PERFORMANCE

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

Net Premium Income and Net Investment Income both showed an increase of 8% over 2019 (\$50.38 billion and \$18.12 billion respectively).



The Group has recorded substantial Expected Credit Losses (ECL) on its portfolios of loans and domestic and international investment securities and has continued to strengthen its provisions in this area given the slow economic recovery projected. Of note is that the value of our equity investments has shown improvement since the first quarter of 2020.

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

The Group recognized impairment charges of \$5.74 billion, 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 7% increase since December 2019.

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

Individual Insurance

The Individual Life segment continued its strong performance, posting improved net profits of \$7.95 billion compared to \$5.37 billion in 2019. Net premium income of \$28.23 billion was 7% higher than the comparative 2019 period. This was driven by exceptional new policy sales in Jamaica and Cayman, being 3% ahead of last year, resulting in a 6% growth of the portfolio year-to-date to over 600,000 policies. There were large unrealized capital losses related mainly to our Segregated Funds and an increase of \$2.28 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 continue to be positively influenced by improvements in mortality, morbidity and lapse experience.

Employee Benefits

The Employee Benefits segment produced profits of \$4.15 billion, being 3% less than in 2019. Net Group Insurance and annuity premiums earned of \$20.03 billion were ahead of last year. The segment capitalized on market opportunities during the period and showed improvement in its net investment income. Despite the Health claims ratio remaining stable, Group Life experienced unfavorable claims during the period. The increase in actuarial liabilities is higher than prior year primarily driven by annuities business written during the current year.

Commercial Banking

Sagikor Bank contributed net profits of \$2.46 billion for the year, a 19% reduction when compared to 2019. The results were 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. The Bank has continued to strengthen its provisions for Credit Card and Retail Loans & Overdrafts. Fee based income of \$3.97 billion was 2% less than prior year; Payments channels, Loans and Credit Cards business have slowed appreciably in 2020 as a direct result of the decline in consumer activity caused by COVID-19.

Total assets of \$157.61 billion were 11% higher than the December 2019 amount. Loans and advances, net of provision for loan losses, were \$87.42 billion, 3% ahead of December 2019. Customer deposit liabilities of \$122.57 billion shows growth of 14% over prior year.

Investment Banking

The Investment Banking segment showed good profitability during the period, contributing \$2.78 billion (excluding the share of AGIC earnings) to the Group, 4% lower than prior year. Despite total revenue of \$6.50 billion being 2% below 2019, this segment has benefited from the increased market activity in the last half of the year, recording higher trading gains and improvement in its net investment income. Fee income was down compared to last year as less corporate financing deals were closed and asset management fees were reduced in line with the reduction in value of assets under management. There has been a steady rise in market values since the second quarter resulting in a 14% increase in management fees over prior year.

LIQUIDITY AND SOLVENCY

Group consolidated cash generated from operating activities was \$6.18 billion whereas cash used in operations for 2019 was \$10.42 billion. The liquidity of the Group remained strong with Cash and Cash Equivalents at the end of December 2020 being \$37.24 billion (2019: \$17.21 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	Dec 31, 2020	Dec 31, 2019
Sagikor Life Jamaica Limited	Minimum continuing capital and surplus requirements ratio (MCCSR)	150.0%	183.1%	178.6%
Sagikor Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	14.0%	14.1%
Sagikor Investments Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	15.2%	19.6%
Sagikor Life of the Cayman Islands Limited	Minimum capital requirement (MCR)	125.0%	364.0%	475.9%
Advantage General Insurance Company Limited	Minimum capital test ratio (MCT)	250.0%	371.9%	344.2%

CORPORATE SOCIAL RESPONSIBILITY

In the fourth quarter of 2020, Sagikor Group Jamaica's commitment to corporate social responsibility was highlighted through numerous donations in cash and kind to support individuals and institutions in the education and health sectors.

Recognised as breast cancer awareness month, Sagikor Foundation in October hosted a virtual education talk show 'Pink Talk', which featured various stakeholders who informed viewers about the disease. The Foundation also supported the Jamaica Cancer Society's Keeping Abreast luncheon by way of a cash donation of \$500,000 towards their virtual luncheon and concert, as well as provision of pink masks to be gifted to participants.

The Sagikor Foundation launched the Adopt-A-School programme for the 2020/2021 academic year, taking three rural basic schools under its umbrella to implement infrastructural improvements and provide the schools with needed educational resources. The schools are Cornwall Gardens Basic



1. Howard Smith (right), Manager, SME Business Banking, shares a photo op with (from left) Dr. Makesha Archer-Gooding and Dr. Judian Peart of the Victoria Jubilee Hospital, of the Sagikor Sigma Corporate Run beneficiaries, while standing in front a Sagikor donated Christmas tree at the facility.



2. Executive members of the University of the West Indies (UWI) Nursing Students' Association (from left) Shannon Pike, Vice President and Aaron Lawrence, President, accept a container of personal protective equipment (PPE) from Shelley Ebanks McGregor, Project Manager, Sagikor Bank Jamaica and Sagikor Foundation Volunteer, at the UWI School of Nursing.

3. Mark Chisholm (right) Sagikor Foundation director, presents a tablet to Damarie Thomas (centre), student of the Abilities Foundation, on November 13, at the special education institution. Thomas and four other students received tablets from the Sagikor Foundation to assist them in navigating the online learning environment. Also pictured is Susan Nelson, Managing Director of the Abilities Foundation.



4. Ochion Aarons is presented with his new toy by Michelle-Ann Letman (right), Manager, Public Relations and Corporate Social Responsibility, Sagikor Group Jamaica, while Sadilyn Forbes, principal, Sligoville Early Childhood Institution, looks on. Aarons was one of hundreds of the children at the foundation's three adopte schools who were treated to Christmas gifts.



School in Montego Bay, St James; Beeston Spring Early Childhood Institution (ECI) in Whitehouse, Westmoreland; and Sligoville Early Childhood Institution in St Catherine.

During the period, in support of education, the Foundation made a cash donation to the Dunoon Park Technical High School's Robotics Club; several tablets were donated to the following institutions to assist children with their online education - the Abilities Foundation, the Jamaica Kidney Kids Foundation and the Trench Town Seventh Day Adventist Basic School. Additionally, Sagikor Bank provided some students who have Star Savers account with other learning tools to include laptops, desks, chairs and internet connection.

The company's support of the health sector was realised through a donation of personal protective equipment to medical students at the University Hospital of the West Indies, some of whom were not able to procure the items themselves.

Other CSR contributions for the quarter also included a donation in cash and kind of \$300,000 to the Hear the Children's Cry organisation; gifting of a refrigerator and two microwaves to the Savanna-la-Mar Hospital in Westmoreland and a handover of household items to the Clifton Boys' Home, one of our 2020 Sigma Run beneficiaries.

For the yuletide season, Sagikor spread Christmas cheer through various activities across the island including the presentation of gifts to the students enrolled at the three Foundation adopted schools; the donation of a decorated Christmas trees to some of the past Sigma Corporate Run beneficiaries; as well as a contribution of baby-care items to the neonatal intensive care unit of the Spanish Town Hospital.

OUTLOOK

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

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

The risk of a prolonged spread of COVID-19 and continued travel restrictions may hinder Jamaica's road to economic recovery in 2021, at least until vaccines are widely available. Accordingly, a high degree of uncertainty persists and our company continues to carefully monitor and assess the economic conditions. We remain committed to the health and wellness of our team, clients and stakeholders by implementing a multidimensional approach to safeguard health, minimize risk and ensure business continuity. Sagikor 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 Sagikor'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

10 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

 as at 31 December 2020
 (Expressed in thousands of Jamaican dollars)

	December 2020 Audited	December 2019 Audited
ASSETS:		
Cash resources & Cash reserve at Central Bank	32,363,822	25,106,232
Financial investments	213,722,216	188,707,833
Derivative financial instruments	-	35,005
Loans & leases, after allowance for credit losses	87,843,528	84,996,376
Pledged assets	87,142,938	80,167,044
Investment properties	1,389,305	3,355,590
Investment in joint venture	683,234	436,493
Investment in associated company	15,844,876	24,509,615
Intangible assets	6,657,681	8,275,993
Property, plant and equipment	18,400,856	20,133,831
Right-of-use assets	2,488,231	2,910,614
Retirement benefit assets	1,187,248	863,638
Deferred income taxes	1,005,526	848,631
Taxation recoverable	2,438,233	2,264,183
Other assets	19,526,879	17,387,946
TOTAL ASSETS	490,694,573	459,999,024
STOCKHOLDERS' EQUITY AND LIABILITIES:		
Equity attributable to:		
Stockholders' of the parent company		
Share capital	8,991,044	8,848,274
Equity reserves	18,043,805	13,570,398
Retained earnings	79,349,157	68,832,882
	106,384,006	91,251,554
Non-controlling interests	20,462,993	29,672,714
Total Equity	126,846,999	120,924,268
Liabilities		
Deposit and security liabilities	207,358,482	180,170,778
Derivative financial instruments	-	35,005
Loans payable	10,689,746	14,375,012
Deferred income taxes	2,493,349	1,605,692
Taxation payable	1,687,589	135,054
Retirement benefit obligations	3,706,366	3,344,834
Lease liabilities	2,780,860	3,081,573
Other liabilities	15,434,188	19,335,837
Policyholders' Funds		
Life and health insurance contracts liabilities	90,777,722	91,441,962
Investment contracts liabilities	17,430,421	14,531,020
Property and casualty insurance contracts and other policy liabilities	11,488,851	11,017,989
	119,696,994	116,990,971
Total Liabilities	363,847,574	339,074,756
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	490,694,573	459,999,024

 PETER MELHADO
 Chairman

10 March 2021

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

 for the year ended 31 December 2020
 (Expressed in thousands of Jamaican dollars)

	Q4 2020 Unaudited	Q4 2019 Unaudited	December 2020 Full Year Audited	December 2019 Full Year Audited
Net (loss)/profit for the period	(517,998)	4,160,381	4,484,780	15,463,626
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Fair value reserve:				
Unrealised gains on FVTOCI bonds	4,301,070	1,546,248	6,367,726	8,758,394
Share of joint venture and associate unrealised (losses)/gains on FVTOCI bonds	(15,626)	28,537	(15,626)	28,537
	4,285,444	1,574,785	6,352,100	8,786,931
Currency translation	101,256	(1,144,804)	3,856,914	1,748,249
Losses recycled to the Income Statement on sale and maturity of FVTOCI securities	(568,870)	(1,069,787)	(2,881,119)	(897,904)
Provision for expected credit losses on securities designated as FVTOCI	(111,911)	191,821	451,314	742,264
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities	41,962	(290,958)	(39,103)	(1,523,248)
Change in actuarial liabilities recognised in other comprehensive income	(632,414)	(319,469)	(742,148)	(1,495,784)
Share of fair value losses on interest rate swap recycled on dilution of associate company	24,237	-	24,237	-
Share of fair value gains/(losses) on interest rate swap of associate company	41,899	(410,058)	(140,616)	(410,058)
	(1,205,097)	(1,898,451)	(3,327,435)	(3,584,730)
Items that will not be subsequently reclassified to profit or loss				
Owner-occupied properties (OOP):				
Unrealised gains/(losses) on OOP	(137,091)	558,307	(1,758,219)	558,307
Share of unrealised gains/(losses) on OOP of associate and joint venture	283,716	(349,530)	(245,447)	(742,763)
	146,625	208,777	(2,003,666)	(184,456)
Unrealised (losses)/gains on FVTOCI equities	(21,144)	-	(21,144)	2,241
Re-measurements of retirement benefits obligations	101,012	571,628	73,122	571,628
Re-measurements of retirement benefits obligations of associate	(11,075)	(16,676)	(2,799)	(16,676)
Total other income recognised directly in stockholders' equity, net of taxes	3,397,021	(704,741)	4,927,092	7,323,187
Total Comprehensive Income	2,879,023	3,455,640	9,411,872	22,786,813
Attributable to:				
Stockholders' of the parent company	6,730,390	5,260,244	18,354,711	22,737,047
Non-controlling interests	(3,851,367)	(1,804,604)	(8,942,839)	49,766
	2,879,023	3,455,640	9,411,872	22,786,813

CONSOLIDATED INCOME STATEMENT

 for the year ended 31 December 2020
 (Expressed in thousands of Jamaican dollars)

	Q4 2020 Unaudited	Q4 2019 Unaudited	December 2020 Full Year Audited	December 2019 Full Year Audited
Revenue:				
Net premium revenue	13,124,655	12,719,216	50,379,159	46,514,095
Net investment income	4,771,639	4,359,217	18,119,285	16,776,786
Realised and Unrealised gains/(losses)	2,589,583	4,480,144	1,829,672	10,935,031
Credit losses on loans and investment securities	80,922	(1,254,390)	(1,694,349)	(799,179)
Hotel revenue	576,584	1,399,911	2,427,344	5,274,284
Fees and other income	3,189,643	3,386,096	13,511,711	13,898,953
Total revenue, net of reinsurance, interest expense and credit losses	24,333,026	25,090,194	84,572,822	92,599,970
Benefits and Expenses:				
Net insurance benefits incurred	8,335,376	7,929,215	32,745,106	29,107,540
Net movement in actuarial liabilities	986,974	348,398	(4,058,410)	8,947,285
Administration expenses	5,923,560	6,273,966	21,794,562	20,158,377
Commissions and sales expenses	2,270,060	1,854,770	6,922,150	6,093,805
Hotel expenses	471,692	978,795	2,086,482	4,139,370
Depreciation and amortisation	678,736	749,588	2,870,006	2,708,419
Other taxes and levies	81	1,779	746,827	643,539
Total benefits and expenses	18,666,479	18,136,511	63,106,723	71,798,335
Profit before Associates and Joint Venture	5,666,547	6,953,683	21,466,099	20,801,635
Impairment of investment in associate	(2,712,955)	-	(4,508,146)	-
Impairment charge on goodwill	(228,413)	-	(1,231,913)	-
Share of profit from joint venture	117,846	23,249	310,860	14,624
Share of loss from associate	(2,073,252)	(778,715)	(5,467,297)	(98,662)
Loss on dilution of interest in associate	(3,143)	-	(391,296)	-
Profit before Taxation	766,630	6,198,217	10,178,307	20,717,597
Taxation	(1,284,628)	(2,037,836)	(5,693,527)	(5,253,971)
Net Profit	(517,998)	4,160,381	4,484,780	15,463,626
Net Profit attributable to:				
Stockholders' of the parent company	3,451,638	4,788,134	13,780,163	15,650,304
Non-controlling interests	(3,969,636)	(627,753)	(9,295,383)	(186,678)
	(517,998)	4,160,381	4,484,780	15,463,626

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

	Q4 2020	Q4 2019	December 2020	December 2019
Basic and fully diluted	\$0.88	\$1.23	\$3.53	\$4.01

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

 for the year ended 31 December 2020
 (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 December 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 income/(loss) for the period	-	4,462,563	13,892,148	18,354,711	(8,942,839)	9,411,872
Transactions with owners -						
Employee stock option plan	-	26,015	-	26,015	-	26,015
- value of services provided	-	-	-	-	-	-
- options exercised/expired	-	(8,210)	-	(8,210)	-	(8,210)
Dividends paid to owners of the parent	-	-	(3,304,558)	(3,304,558)	(251,549)	(3,556,107)
Treasury shares	142,770	-	(78,276)	64,494	-	64,494
Acquisition of Advantage General Insurance	-	-	-	-	(15,333)	(15,333)
Total transactions with owners	142,770	17,805	(3,382,834)	(3,222,259)	(266,882)	(3,489,141)
Transfer between reserves -						
To special investment reserve	-	33,033	(33,033)	-	-	-
To retained earnings	-	(159,380)	159,380	-	-	-
From loan loss reserve	-	(496,851)	496,851	-	-	-
To retained earnings reserve	-	616,237	(616,237)	-	-	-
Transfers between retained earnings and reserves	-	(6,961)	6,961	-	-	-
Balance as at December 31, 2020	8,991,044	18,043,805	79,349,157	106,384,006	20,462,993	126,846,999
Period ended December 31, 2019:						
Balance as reported December 31, 2018	8,863,302	4,286,773	61,189,933	74,340,008	27,354,811	101,694,819
Total comprehensive income for the period	-	6,603,946	16,133,101	22,737,047	49,766	22,786,813
Transactions with owners -						
Employee stock option plan	-	30,986	-	30,986	-	30,986
- value of services provided	-	-	-	-	-	-
- options exercised/expired	-	(24,876)	-	(24,876)	-	(24,876)
Dividends paid to owners of the parent	-	-	(5,624,115)	(5,624,115)	-	(5,624,115)
Treasury shares	(15,028)	-	(192,468)	(207,496)	-	(207,496)
Acquisition of Advantage General Insurance	-	-	-	-	2,071,415	2,071,415
Acquisition of Bailey Williams Limited	-	-	-	-	196,722	196,722
Total transactions with owners	(15,028)	6,110	(5,816,583)	(5,825,501)	2,268,137	(3,557,364)
Transfers between retained earnings and reserves						

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

 for the year ended 31 December 2020
 (Expressed in thousands of Jamaican dollars)

	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Audited December 2020 Group
Operating results:							
External revenues	27,965,469	28,044,855	6,570,011	13,199,445	8,793,042	-	84,572,822
Inter-segment revenues	12,911	-	(68,184)	7,237	144,323	(96,287)	-
Total revenue	27,978,380	28,044,855	6,501,827	13,206,682	8,937,365	(96,287)	84,572,822
Benefits and expenses	(23,446,084)	(20,459,454)	(2,199,798)	(8,464,670)	(9,392,204)	413,910	(63,548,300)
Change in actuarial liabilities	6,329,076	(2,924,451)	-	-	-	653,785	4,058,410
Depreciation and amortisation	(213,046)	(188,671)	(113,869)	(619,700)	(1,734,720)	-	(2,870,006)
Other taxes	-	-	-	-	(226)	-	(226)
Asset tax	(115,312)	(33,172)	(196,523)	(326,855)	(74,739)	-	(746,601)
Total benefits and expenses	(17,445,366)	(23,605,748)	(2,510,190)	(9,411,225)	(11,201,889)	1,067,695	(63,106,723)
Impairment of investment in associate	-	-	-	-	(4,508,146)	-	(4,508,146)
Impairment of goodwill	-	-	-	-	(1,231,913)	-	(1,231,913)
Share of profit from joint venture	-	310,860	-	-	-	-	310,860
Share of loss from associate	-	-	-	-	(5,467,297)	-	(5,467,297)
Share of loss arising from dilution of interest in associate	-	-	-	-	(391,296)	-	(391,296)
Profit before taxation	10,533,014	4,749,967	3,991,637	3,795,457	(13,863,176)	971,408	10,178,307
Investment and corporation taxes	(2,583,406)	(596,345)	(1,215,742)	(1,336,161)	38,127	-	(5,693,527)
Net Profit	7,949,608	4,153,622	2,775,895	2,459,296	(13,825,049)	971,408	4,484,780
Segment assets:	70,593,975	78,601,429	113,712,735	157,544,547	61,102,591	(9,581,588)	471,973,689
Unallocated assets -							
Investments in joint venture	-	-	-	-	-	-	683,234
Investments in associate	-	-	-	-	-	-	15,844,876
Deferred income taxes	-	-	-	-	-	-	1,005,526
Retirement benefit assets	-	-	-	-	-	-	1,187,248
Total assets							490,694,573
Segment liabilities:	56,986,655	64,828,654	86,530,345	130,082,377	30,721,557	(11,501,729)	357,647,859
Unallocated liabilities -							
Deferred income taxes	-	-	-	-	-	-	2,493,349
Retirement benefit obligations	-	-	-	-	-	-	3,706,366
Total liabilities							363,847,574
Other Segment items:							
Capital expenditure: Computer software	-	-	-	-	-	-	308,473
Property, plant and equipment	-	-	-	-	-	-	1,041,576

Geographical information:

	Jamaica	Cayman Islands	United States of America	Other	Total Group
Revenue	76,853,461	5,292,017	2,427,344	-	84,572,822
Total assets	426,116,915	30,181,605	33,712,820	683,233	490,694,573

	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Audited December 2019 Group
Operating results:							
External revenues	33,645,272	27,230,885	6,677,286	13,845,188	11,201,339	-	92,599,970
Inter-segment revenues	20,385	-	(28,022)	8,268	(570,133)	569,502	-
Total revenue	33,665,657	27,230,885	6,649,264	13,853,456	10,631,206	569,502	92,599,970
Benefits and expenses	(20,401,161)	(20,231,123)	(2,207,390)	(8,339,100)	(8,635,498)	315,180	(59,499,092)
Change in actuarial liabilities	(6,097,521)	(1,979,093)	-	-	-	(870,671)	(8,947,285)
Depreciation and amortisation	(78,985)	(136,797)	(84,798)	(607,577)	(1,800,262)	-	(2,708,419)
Other taxes	-	-	-	-	(492)	-	(492)
Asset tax	(97,364)	(33,166)	(180,907)	(281,264)	(50,346)	-	(643,047)
Total benefits and expenses	(26,675,031)	(22,380,179)	(2,473,095)	(9,227,941)	(10,486,598)	(555,491)	(71,798,335)
Share of profit from joint venture	-	14,624	-	-	-	-	14,624
Share of loss from associate	-	-	-	-	(98,662)	-	(98,662)
Profit before taxation	6,990,626	4,865,330	4,176,169	4,625,515	45,946	14,011	20,717,597
Investment and corporation taxes	(1,619,765)	(562,739)	(1,289,717)	(1,582,109)	(199,641)	-	(5,253,971)
Net Profit	5,370,861	4,302,591	2,886,452	3,043,406	(153,695)	14,011	15,463,626
Segment assets:	68,201,620	72,578,250	99,567,541	137,371,494	64,227,122	(8,605,380)	433,340,647
Unallocated assets -							
Investments in joint venture	-	-	-	-	-	-	436,493
Investments in associate	-	-	-	-	-	-	24,509,615
Deferred income taxes	-	-	-	-	-	-	848,631
Retirement benefit assets	-	-	-	-	-	-	863,638
Total assets							459,999,024
Segment liabilities:	57,225,121	59,329,991	80,143,402	117,532,006	29,882,359	(9,988,649)	334,124,230
Unallocated liabilities -							
Deferred income taxes	-	-	-	-	-	-	1,605,692
Retirement benefit obligations	-	-	-	-	-	-	3,344,834
Total liabilities							339,074,756
Other Segment items:							
Capital expenditure: Computer software	-	-	-	-	-	-	392,414
Property, plant and equipment	-	-	-	-	-	-	1,016,648

Geographical information:

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

CONSOLIDATED STATEMENT OF CASH FLOWS

 for the year ended 31 December 2020
 (Expressed in thousands of Jamaican dollars)

	December 2020 Full Year Audited	December 2019 Full Year Audited
Cash Flows from Operating Activities:		
Net Profit	4,484,780	15,463,626
Adjustments for:		
Items not affecting cash and changes to policyholders' funds:		
Adjustments for non-cash items, interest and dividends	1,481,662	(8,378,474)
Changes in other operating assets and liabilities	(6,499,004)	(4,934,131)
Net investment purchases	(7,924,484)	(22,428,746)
Interest and dividends received	24,863,848	21,097,987
Interest paid	(5,097,414)	(4,932,875)
Income taxes paid	(5,128,554)	(6,304,769)
Net cash generated from/(used in) operating activities	6,180,834	(10,417,382)
Cash Flows from Investing Activities:		
Net cash outflows on acquisition of Advantage General Insurance Company and Bailey Williams Limited	-	(4,355,569)
Disposal of investment property, net	1,641,079	166,571
Purchase of property, plant and equipment, net	(904,034)	(171,704)
Purchase of intangible assets, net	(308,160)	(392,414)
Net cash generated from/(used in) investing activities	428,885	(4,753,116)
Cash Flows from Financing activities:		
Redemption of preference shares	-	(1,414,700)
Deposits and securities liabilities	13,958,897	24,082,586
Finance lease repayment	(469,842)	(386,673)
Disposal/(Purchase) of treasury shares, net	64,494	(207,496)
Dividends paid to non-controlling interests	(251,549)	-
Dividends paid to stockholders	(562,930)	(5,624,115)
Net cash generated from financing activities	12,739,070	16,449,602
Cash and cash equivalents:		
Effect of exchange rate on cash and cash equivalents	681,659	397,843
Increase in cash and cash equivalents	20,030,448	1,676,947
Cash and cash equivalents at beginning of year	17,205,528	15,528,581
Cash and cash equivalents at end of period	37,235,976	17,205,528
Comprising:		
Balances with Banks	21,019,199	13,390,883
Short - Term Deposits	4,186,193	426,414
USA Government Treasury Bills and BOJ CD's	4,603,143	2,688,274
Securities purchased under resale agreements	7,490,326	1,439,884
Bank overdraft	(62,885)	(739,927)
	37,235,976	17,205,528

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% (2018 – 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% (2018 – 49.11%) in the company. The other significant shareholder in SGJ is PanJam Investment Limited with a 30.20% (2018 – 31.55%) 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. Impairment of Goodwill

The containment of COVID-19 has been a global priority, resulting in quarantine measures, travel bans and border closures worldwide. The outbreak has brought the international tourism sector to a standstill, causing a sharp drop in tourist arrivals and significant loss in revenues. These factors, coupled with the high level of uncertainty surrounding the virus, triggered the impairment assessment.

For the year ended 31 December 2020, the Group recorded impairment charges of \$1.23 billion 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 obtain 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 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.

The carrying value of our Investment in Associate has been impacted by issuance of US\$204 million of additional debt financing and the sale of US\$20 million of its ordinary shares in a private transaction.

5. 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.

6. Subsequent Events

Subsequent to the year-end on 11 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 Sagikor Group Jamaica 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 recognized upon completion of this disposal in 2021.

The pandemic has caused significant deterioration and instability in the tourism sector and has altered the risk profile of the Group's investment in Associate. Management has assessed the impact of these changes on its operating results, liquidity and earnings potential in the medium to long term and as such, has decided to restructure its investment in this sector.