SAGICOR GROUP JAMAICA LIMITED

Audited Group Results

YEAR ENDED 31 DECEMBER 2019

Sagicor Group Jamaica

2019



Performance Report

DIRECTORS' STATEMENT

On behalf of the Board of Directors of Sagicor Group Jamaica Limited (SGJ or the Group) we are pleased to report on the 2019 performance of our Group of companies.

OVERVIEW –

The Group performed well in 2019, producing profits attributable to stockholders of **$15.65 billion**, equivalent to $4.01 per share, a 10% improvement over prior year. Stockholders' equity reached $91.25 billion, a 23% growth for the year, after distributing dividends of $1.44 per share.

In addition to strong generic growth across our major business lines, we expanded our investment in Property and Casualty Insurance with the acquisition of a 60% interest in Advantage General Insurance company Limited (AGI). Our 2019 operations also include activities for a full year relating to the Sagicor X-Fund Group ("X-Fund") of which we took effective control and consolidated into SGJ from the 4th quarter of 2018 and TravelCash Jamaica Limited (TravelCash) which was acquired effective December 1, 2018.

Net profit attributable to stockholders for Q4 2019 was $4.79 billion as against $5.41 billion for Q4 2018. The Q4 2018 results included a significant "one-time" gain of $1.52 billion on consolidation of X-Fund. In addition, 2019 results include higher losses from Playa Hotel & Resorts (Playa), an associated company.

HIGHLIGHTS

	Dec 2019 Audited	Dec 2018 Audited	% Change
OPERATING RESULTS (INCOME STATEMENT DATA):			
Net Profit, attributable to Stockholders - J$ billions	15.65	14.23	10%
Total Revenue - J$ billions	92.67	70.66	31%
FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA):			
Total Assets of Sagicor Group Jamaica - J$ billions	456.00	394.13	17%
Total Assets under management - J$ billions	892.04	761.07	17%
Stockholders' Equity - J$ billions	91.25	74.34	23%
PROFITABILITY:			
Return on average Stockholders' Equity (ROE)	19%	20%	-5%
Earnings per stock unit (EPS) - J$	4.01	3.65	10%
OTHER MARKET INFORMATION:			
SGJ Share Price - J$	77.95	39.80	96%
Market capitalization - J$ billions	304.44	155.44	96%

10%
INCREASE IN NET PROFIT FOR THE YEAR ENDED 2019

NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS
$15.65 B
2018: $14.23B

TOTAL REVENUE
$92.67 B
2018: $70.66B

STOCKHOLDERS' EQUITY
$91.25 B
2018: $74.34B

EARNINGS PER STOCK UNIT
$4.01
2018: $3.65

FINANCIAL PERFORMANCE

Overall, the Group generated good results in an environment of low interest rates, a somewhat volatile J$/US$ exchange rate and vibrant equity markets, especially the Jamaica Stock Exchange (JSE).

Consolidated full year profit attributable to stockholders was $15.65 billion, a 10% increase over prior year. Earnings per stock unit were $4.01 compared to $3.65 in 2018. The annualized return on stockholders' equity was 19% as against 20% for 2018, and we distributed dividends of $5.62 billion to stockholders during 2019, compared to $4.69 billion in 2018 ($1.44 per share as against $1.20 in 2018). Market capitalization of SGJ at December 2019 was $304.44 billion, up 96% on December 2018.

Total Group assets at December 2019 were $456.00 billion up from $394.13 billion as at December 2018. Assets grew organically except for the acquisition of AGI on September 30, 2019 and a $2.91 billion recorded as Right-of- use assets from properties being leased under IFRS 16.

Total assets under management, as at December 2019, including Group Assets, Pension Funds' assets managed on behalf of clients and Unit Trusts, were $892.04 billion, a 17% increase over the December 2018 amount of $761.07 billion.

Group consolidated revenue for the year of $92.67 billion was 31% more than the $70.66 billion for 2018, in part influenced by the X-Fund consolidation from October 2018, the acquisition of TravelCash from December 2018 and the acquisition of AGI on 30 September, 2019. In 2018 we recorded large investment credit losses which did not repeat at the same level in 2019.

Net premium income of $46.51 billion, which accounted for 50% of revenue, was 17% up on 2018. A 14% increase when excluding premiums from AGI. Net investment income of $16.85 billion, before capital gains and losses, was 7% better than last year despite interest rates trending down in Jamaica. The Group earned substantial gains from trading and capital appreciation of $10.94 billion in 2019 (of which $4.50 billion relates to stockholders) compared to $4.19 billion in 2018. The JSE main index grew by 34% during the year.

Fee based income of $13.90 billion grew by 22% mainly from the expansion of our Payments channels and from increased corporate financing deals. By end of December 2019, the value of the J$ to the US$ declined by 3.5% with wider fluctuations at points through-out the year. The Group benefited from FX trading gains and picked-up unrealized gains from the revaluation of foreign currency denominated assets, net of liabilities.

Total benefits and expenses of $71.87 billion were 33% more than the $54.07 billion for 2018, due to:

a) Higher Actuarial Liabilities emanating mainly from growth of the inforce Insurance business and lower interest rates.

b) Increased policy benefits, including death claims, health claims, annuity payments, surrenders and withdrawals from Segregated policy funds, as portfolios grew. P&C claims for last quarter 2019 relating to AGI are also included in Net Benefits costs.

c) Consolidated administration expenses, including depreciation and amortization of software, of $22.63 billion was 20% higher than in 2018. Excluding the effect of acquisitions and consolidation of X-Fund, the increase was 12%. Despite this, we maintained the Group efficiency ratio of administration expenses to total revenue, a key measure of expense management, at 31% as it was in 2018.

Individual Insurance

This segment continued its strong profitability performance contributing $5.37 billion to the Group for the year, a 13% improvement.

Net premium income for the Individual Insurance lines of business of $26.47 billion was 11% higher than the comparative 2018, driven by very strong new business in both Jamaica and Cayman, and improved conservation of the inforce block of policies which grew by 7% to almost 600,000 policies. Meaningful capital gains were also earned in this segment during the year. Benefits accrued or paid to policyholders of $12.27 billion were higher than in 2018 as the business expanded. The increase in actuarial liabilities was much higher than last year due to our growth and lower interest rates while releases for mortality experience, expenses and other efficiencies were lower this year. Key performance indicators in this segment continue to trend positively, including market share.

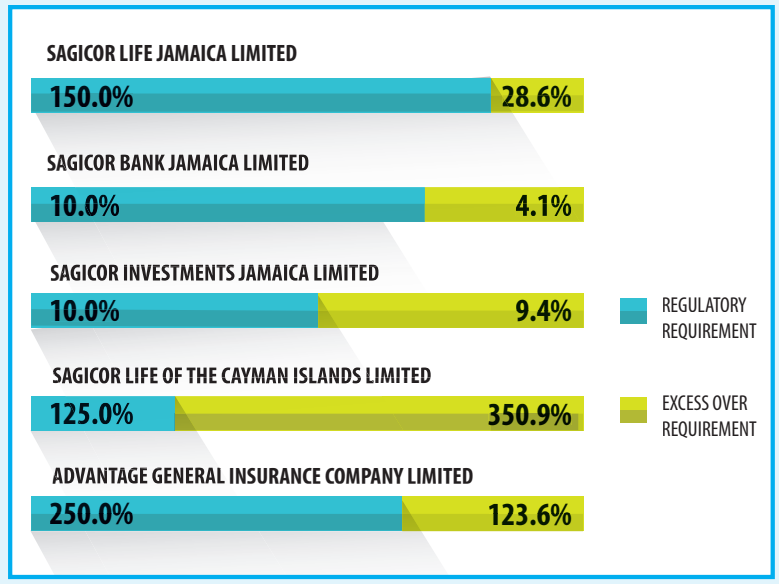
Employee Benefits

Segment revenue of $27.23 billion was 15% ahead of 2018 as a result of good premium income growth across all lines. New business annualized premium income was well over the 2018 levels. Claims cost grew with the business but the ratio of claims to premium income was much higher in 2019. The increase in actuarial liabilities was up on prior year as the business grew and interest rates were lower. However, the segment profit outcome was $4.29 billion, up 5% from 2018.

SOLVENCY

CAPITAL RATIOS

Regulated Entities	Key Regulatory Ratios	Minimum Statutory Requirements	Dec 31, 2019	Dec 31, 2018
Sagicor Life Jamaica Limited	Minimum continuing capital and surplus requirements ratio (MCCSR)	150.0%	178.6%	183.8%
Sagicor Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	14.1%	15.2%
Sagicor Investments Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	19.4%	13.9%
Sagicor Life of the Cayman Islands Limited	Minimum capital requirement (MCR)	125.0%	475.9%	399.0%
Advantage General Insurance Company Limited	Minimum capital test ratio (MCT)	250.0%	373.6%	473.9%



Commercial Banking

Sagicor Bank contributed net profit of $3.04 billion which was 7% more than in 2018. Revenues of $13.86 billion were 12% more than prior year, reflecting business expansion, trading gains and improved credit losses. Fee based income was 10% more than in 2018 as our Payments channels continued to grow.

Total assets of $142.48 billion were 16% above the December 2018 amount. Loans and advances, net of provision for loan losses, were $84.66 billion, 23% higher than the December 2018 balance. Customer deposit liabilities of $107.25 billion were up 16% on last year.

Investment Banking

There was significant business growth in this segment, especially in the Corporate Finance area. By year-end, on-balance sheet assets of $94.85 billion were up 12%, revenue of $6.65 billion was more than in 2018 by 44% and profits of $2.89 billion, excluding the share of AGI earnings, grew by 40%. AGI was acquired at the end of September and made a positive contribution to Sagicor's earnings after all associated acquisition costs.

In December 2019, Regulatory approvals were obtained for the establishment of Sagicor Investments Cayman. This new entity will facilitate geographic expansion of our investments and wealth management business in 2020 and beyond.







1. *Christopher Zacca, President and CEO, Sagicor Group Jamaica, engages in conversation with students from the St Peter Claver Infant School, one of three Sagicor Foundation adopted schools for the 2019/2020 academic year, at the launch of the Foundation's adopt-a-school programme held at Hope Zoo in Kingston. The other adopted schools are: Petersville Early Childhood Institution and Prime Time Early Childhood Institution.*

2. *(From left) Michelle Distant, Relationship Manager, Human Resources Department, Sagicor Group Jamaica, and Wendy Wallace, Financial Advisor, Corporate Circle Branch, Sagicor Life, hand over a cheque valued at $1 million to Shullian Brown, Fundraising and Public Relations Officer, Jamaica Cancer Society (JCS), and Michael Leslie, Financial Manager, JCS. The presentation was done outside Sagicor Life, which bore a pink Sagicor logo, in observance of breast cancer awareness month. The money is Sagicor Foundation's donation to this year's staging of the JCS' Keeping Abreast luncheon.*

3. *Mischa McLeod-Hines (second left), Assistant Vice President – Capital Markets, Sagicor Investments takes a photo with some of the 2019 Prime Minister's Youth Awardees (from left) Rickardo Anderson, Jhanel Tomlinson and Jamila Falak James, following the official ceremony held at Jamaica House. Sagicor awarded grants valued $100,000 to 10 of the recipients.*

ACCOUNTING CHANGES

From 1 January 2019, the Group adopted the requirements of International Financial Reporting Standards (IFRS) 16 "Leases" which sets out the principles for the recognition, measurement and disclosure of leases that are in scope. Prior periods have not been restated as allowed by the standard. The impact on the December 2019 financial statements was recognition of a Right-of-use (ROU) Lease asset of $2.91 billion and a Leases liability of $3.08 billion on the balance sheet. The Income Statement includes Interest cost on the Leases liability of $194.45 million and amortization charges on the ROU asset of $557.63 million. The net charges to the Income Statement are higher than the leases payments which are now taken from the Leases liability balance. These accounting changes do not affect cash flow.

INDUSTRY RATINGS

In September 2019, A. M. Best rating agency affirmed the Sagicor Life Jamaica Limited (SLJ)'s Financial Strength Rating (FSR) of B++ (Good) and an Issuer Credit Rating (ICR) of bbb+ with a stable outlook.

SLJ also retained the highest creditworthiness rating of jmAAA on the Jamaica national scale with a stable outlook, from Caribbean Information and Credit Rating Services Limited (CariCRIS).

Likewise, Sagicor Group Jamaica Limited (SGJ) retained the highest credit rating in Jamaica from Caribbean Information and Credit Rating Services Limited (CariCRIS). The ratings attributed to SGJ carry a stable outlook and are:

- **CariA** (Regional Scale Foreign Currency)
- **CariA+** (Regional Scale Local Currency)
- **jmAA+** (Local Scale Foreign Currency)
- **jmAAA** (Local Scale Local Currency)

The CariCRIS ratings were awarded following a review in February 2020.

A.M. Best - SLJ

B++

FINANCIAL STRENGTH RATING

bbb+

ISSUER CREDIT RATING

Stable

OUTLOOK

CariCRIS - SLJ

jmAAA

JAMAICA NATIONAL SCALE

HIGHEST CREDIT WORTHINESS RATING FOR A JAMAICAN COMPANY

Stable

OUTLOOK

CariCRIS - SGJ

- **CariA** (Regional Scale Foreign Currency)
- **CariA+** (Regional Scale Local Currency)
- **jmAA+** (Local Scale Foreign Currency)
- **jmAAA** (Local Scale Local Currency

HIGHEST CREDIT WORTHINESS RATING FOR A JAMAICAN COMPANY

Stable

OUTLOOK

CORPORATE SOCIAL RESPONSIBILITY

In the fourth quarter of 2019, Sagicor Group Jamaica's commitment to corporate social responsibility was highlighted through the numerous activities undertaken by the Sagicor Foundation as well as through the various business segments of the Group.

Recognised as breast cancer awareness month, October saw focused awareness on the disease through several initiatives. To recognize the month, Sagicor draped Head Office building signage in pink, representing the color for breast cancer awareness. Additionally, the Group held several fundraising activities with proceeds being donated to the Jamaica Cancer Society. The Sagicor Foundation also supported the Jamaica Cancer Society's annual fundraising event - Keeping Abreast Luncheon through a donation of $1 million.

In support of education, the Sagicor Foundation launched its 2019/2020 Adopt-A-School programme, welcoming three new early childhood institutions to the programme - Petersville Early Childhood Institution in White House, Westmoreland; Prime Time Early Childhood Institution in May Pen, Clarendon; and the St. Peter Claver Primary and Infant School in St Andrew. The programme is geared towards helping the schools with infrastructural development in a bid to getting them closer to certification by the Early Childhood Commission. $15 Million will be invested in the three schools over the academic year.

During the quarter, Sagicor Foundation also provided a total of $1 million in grants to ten (10) of the awardees at the Prime Minister's Youth Awards for Excellence.

OUTLOOK

The current economic environment is characterised by low interest rates, moderate inflation and modest economic growth. The improvement in the Government of Jamaica's fiscal position has created space for higher levels of capital expenditure, mostly geared towards infrastructure. The extent of the current threat posed by the novel Coronavirus is still being assessed locally and globally. Future uncertainties also include upcoming elections in Jamaica and the United States as well as the unfolding of BREXIT. Given our economy's exposure to tourism, while cautiously optimistic about the future, we are taking a conservative view of the potential impact of the Coronavirus and managing our businesses accordingly, especially with regard to the welfare of our team members and our customers.

ACKNOWLEDGEMENT

To all our Team members, Financial Advisors and Brokers who serve with passion and contribute to the achievements of the Group and every day exemplify the Sagicor Values. To our loyal clients for their trust and commitment. To our supportive business partners. To our stockholders for their continued confidence and to our Directors for their diligence and wise counsel. We say thank you!

On behalf of The Board of Directors:

PETER MELHADO
Chairman

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

12 March 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019
(Expressed in thousands of Jamaican dollars)

	December 2019 Audited	December 2018 Audited
ASSETS:		
Cash resources & Cash reserve at Central Bank	25,106,232	23,883,674
Financial investments	188,707,833	158,837,169
Derivative financial instruments	35,005	31,464
Loans & leases, after allowance for credit losses	84,996,376	69,284,592
Pledged assets	80,167,044	70,485,620
Investment properties	3,355,590	2,552,460
Investment in joint venture	436,493	330,804
Investment in associated company	24,509,615	24,764,690
Intangible assets	8,275,993	6,651,581
Property, plant and equipment	20,133,831	19,000,411
Right-of-use assets	2,910,614	-
Retirement benefit assets	863,638	183,351
Deferred income taxes	848,631	3,405,053
Taxation recoverable	2,264,183	3,256,419
Other assets	17,387,946	11,465,465
TOTAL ASSETS	**459,999,024**	**394,132,753**
STOCKHOLDERS' EQUITY AND LIABILITIES:		
Equity attributable to:		
Stockholders' of the parent company		
Share capital	8,848,274	8,863,302
Equity reserves	13,570,398	4,286,773
Retained earnings	68,832,882	61,189,933
	91,251,554	74,340,008
Non-controlling interests	29,672,714	27,354,811
Total Equity	**120,924,268**	**101,694,819**
Liabilities		
Deposit and security liabilities	180,170,778	164,933,500
Derivative financial instruments	35,005	31,464
Lease liabilities	3,081,573	-
Loans payable	14,375,012	9,970,102
Deferred income taxes	1,605,692	412,486
Taxation payable	135,054	1,880,810
Retirement benefit obligations	3,344,834	3,076,400
Other liabilities	19,335,837	14,510,124
Policyholders' Funds		
Life and health insurance contracts liabilities	91,441,962	79,962,032
Investment contracts liabilities	14,531,020	13,408,342
Property and casualty insurance contracts and other policy liabilities	11,017,989	4,252,674
	116,990,971	97,623,048
Total Liabilities	339,074,756	292,437,934
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	**459,999,024**	**394,132,753**

PETER MELHADO
Chairman

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

12 March 2020

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2019
(Expressed in thousands of Jamaican dollars)

	Q4 2019 Unaudited	Q4 2018 Unaudited	December 2019 Full Year Audited	December 2018 Full Year Audited
Revenue:				
Net premium revenue	12,719,216	11,060,675	46,514,095	39,814,784
Net investment income	7,654,324	4,621,846	26,981,991	18,246,692
Hotel revenue	1,399,911	1,247,215	5,274,284	1,247,215
Fees and other income	3,386,096	2,250,209	13,898,953	11,348,102
Total revenue, net of reinsurance, interest expense and credit losses	**25,159,547**	**19,179,945**	**92,669,323**	**70,656,793**
Benefits and Expenses:				
Net insurance benefits incurred	7,929,215	6,496,702	29,107,540	25,474,549
Net movement in actuarial liabilities	348,398	(442,757)	8,947,285	2,252,471
Administration expenses	6,691,892	5,107,192	21,591,517	18,323,030
Hotel expenses	978,795	892,631	4,139,370	892,631
Commissions and sales expenses	1,854,770	1,956,519	6,093,805	5,782,073
Amortization of lease liabilities	170,279	-	557,631	-
Amortization of intangible assets	230,736	183,120	787,001	704,200
Other taxes and levies	1,779	129	643,539	638,047
Total benefits and expenses	**18,205,864**	**14,193,536**	**71,867,688**	**54,067,001**
Share of profit/(loss) from joint venture	23,249	(24,591)	14,624	18,007
Gain on step acquisition of Sagicor X Fund	-	1,521,065	-	1,521,065
Share of (loss)/profit from associate	(778,715)	89,992	(98,662)	(80,539)
Profit before Taxation	**6,198,217**	**6,572,875**	**20,717,597**	**18,048,325**
Taxation	(2,037,836)	(1,516,771)	(5,253,971)	(4,170,507)
NET PROFIT	**4,160,381**	**5,056,104**	**15,463,626**	**13,877,818**
Net Profit attributable to:				
Stockholders' of the parent company	**4,788,134**	**5,410,268**	**15,650,304**	**14,231,982**
Non-controlling interests	(627,753)	(354,164)	(186,678)	(354,164)
	4,160,381	5,056,104	15,463,626	13,877,818
Earnings per stock unit for profit attributable to the stockholders' of the parent company during the year:				
Basic and fully diluted	$1.23	$1.39	$4.01	$3.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019
(Expressed in thousands of Jamaican dollars)

	Q4 2019 Unaudited	Q4 2018 Unaudited	December 2019 Full Year Audited	December 2018 Full Year Audited
Net profit for the period	4,160,381	5,056,104	15,463,626	13,877,818
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Fair value reserve:				
Unrealised gains/(losses) on securities designated as FVTOCI bonds	1,568,090	(1,915,041)	8,758,394	(4,646,873)
Share of joint venture and associate unrealised gains/(losses) on securities designated as FVTOCI	6,695	(3,631)	28,537	(21,649)
	1,574,785	(1,918,672)	8,786,931	(4,668,522)
Currency translation	(1,144,804)	(2,486,903)	1,748,249	(1,433,832)
Gains recycled to the Income Statement on sale and maturity of FVTOCI securities	(1,069,787)	(299,966)	(897,904)	(710,315)
Provision for expected credit losses on securities designated as FVTOCI	191,821	217,173	742,264	852,500
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities	(290,958)	(305,884)	(1,523,248)	(416,567)
Change in actuarial liabilities recognised in other comprehensive income	(319,469)	736,510	(1,495,784)	1,056,028
Net gains recycled on change of accounting from associate to subsidiary	-	(393,774)	-	(393,774)
Transfer of share of accumulated unrealised revaluation gains on owner occuiped property (OOP)	-	(202,411)	-	(202,411)
Share of fair value losses on interest rate swap of associate company	(410,058)	-	(410,058)	-
	(1,898,451)	(248,352)	(3,584,730)	185,461
Items that will not be subsequently reclassified to profit or loss				
Owner-occupied properties (OOP):				
Unrealised gains on OOP	558,307	239,723	558,307	239,723
Share of unrealised (losses)/gains on OOP of associate and joint venture	(349,530)	786,467	(742,763)	890,869
	208,777	1,026,190	(184,456)	1,130,592
Unrealised gains on FVTOCI equities	-	9,304	2,241	9,304
Re-measurements of retirement benefits obligations	571,628	358,070	571,628	358,070
Re-measurements of retirement benefits obligations of associate	(16,676)	-	(16,676)	-
Total other (loss)/income recognised directly in stockholders' equity, net of taxes	(704,741)	(3,260,363)	7,323,187	(4,418,927)
Total Comprehensive Income	**3,455,640**	**1,795,741**	**22,786,813**	**9,458,891**
Attributable to:				
Stockholders' of the parent company	**5,260,244**	**3,075,372**	**22,737,047**	**10,738,522**
Non-controlling interests	(1,804,604)	(1,279,631)	49,766	(1,279,631)
	3,455,640	1,795,741	22,786,813	9,458,891

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019
(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, 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						
- value of services provided	-	30,986	-	30,986	-	30,986
- 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	-	2,673,569	(2,673,569)	-	-	-
Balance as at December 31, 2019	**8,848,274**	**13,570,398**	**68,832,882**	**91,251,554**	**29,672,714**	**120,924,268**
Period ended December 31, 2018:						
Balance as reported December 31, 2017	8,415,051	7,522,083	52,564,997	68,502,131	-	68,502,131
Changes on initial application of IFRS 9	-	(295,446)	(164,352)	(459,798)	-	(459,798)
Restated balance as at January 1, 2018	**8,415,051**	**7,226,637**	**52,400,645**	**68,042,333**	**-**	**68,042,333**
Total comprehensive income for the period	-	(3,851,528)	14,590,050	10,738,522	(1,279,631)	9,458,891
Transactions with owners -						
Non-controlling interest on acquisition of Travel Cash Limited	-	-	-	-	192,163	192,163
Non-controlling interest on acquisition of Sagicor Real Estate X Fund Limited	-	-	-	-	28,442,279	28,442,279
Employee stock option plan						
- value of services provided	-	21,097	-	21,097	-	21,097
- options exercised/expired	-	(27,980)	-	(27,980)	-	(27,980)
Dividends paid to owners of the parent	-	-	(4,686,765)	(4,686,765)	-	(4,686,765)
Treasury shares	448,251	-	(195,450)	252,801	-	252,801
Total transactions with owners	448,251	(6,883)	(4,882,215)	(4,440,847)	28,634,442	24,193,595
Transfers between retained earnings and reserves	-	918,547	(918,547)	-	-	-
Balance as at December 31, 2018	**8,863,302**	**4,286,773**	**61,189,933**	**74,340,008**	**27,354,811**	**101,694,819**

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the year ended 31 December 2019
(Expressed in thousands of Jamaican dollars)

	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	13,853,507	11,262,373	-	92,669,323
Inter-segment revenues	20,385	-	(28,022)	8,268	(570,133)	569,502	-
Total revenue	33,665,657	27,230,885	6,649,264	13,861,775	10,692,240	569,502	92,669,323
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 - property, plant and equioment	(63,749)	(31,776)	(15,890)	(256,484)	(995,888)	-	(1,363,787)
Amortisation of right-of-use assets	-	(15,257)	-	(147,050)	(395,324)	-	(557,631)
Amortisation of intangibles	(15,236)	(89,764)	(68,908)	(204,043)	(409,050)	-	(787,001)
Amortisation of loan costs	-	-	-	(8,319)	(61,034)	-	(69,353)
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)	(9,236,260)	(10,547,632)	(555,491)	(71,867,688)
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	4,850,706	4,176,169	4,625,515	60,570	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	4,287,967	2,886,452	3,043,406	(139,071)	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	83,299,011	4,096,028	5,274,284	-	92,669,323
Total assets	387,059,293	27,616,455	44,886,783	436,493	459,999,024

	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Audited December 2018 Group
Operating results:							
External revenues	26,827,239	23,753,535	4,582,566	12,433,312	3,060,141	-	70,656,793
Inter-segment revenues	16,636	-	40,178	(35,391)	246,184	(267,607)	-
Total revenue	26,843,875	23,753,535	4,622,744	12,397,921	3,306,325	(267,607)	70,656,793
Benefits and expenses	(19,063,795)	(17,874,717)	(1,585,777)	(7,760,743)	(3,718,236)	267,609	(49,735,659)
Change in actuarial liabilities	(1,329,992)	(663,207)	-	-	103	(259,375)	(2,252,471)
Depreciation	(63,974)	(34,460)	(11,814)	(256,618)	(377,100)	-	(743,966)
Amortization of intangibles	(14,428)	(129,141)	(65,316)	(172,769)	(322,546)	-	(704,200)
Amortization of loan costs	-	-	-	(12,663)	20,005	-	7,342
Other taxes	-	331	-	-	(5,115)	-	(4,784)
Asset tax	(92,684)	(24,945)	(183,920)	(264,757)	(66,957)	-	(633,263)
Total benefits and expenses	(20,564,873)	(18,726,139)	(1,846,827)	(8,467,550)	(4,469,846)	8,234	(54,067,001)
Share of profit from joint venture	-	-	-	-	18,007	-	18,007
Share of loss from associate	-	-	-	-	(80,539)	-	(80,539)
Gain on step acquisition of X Fund	-	-	-	-	1,521,065	-	1,521,065
Profit before taxation	6,279,002	5,027,396	2,775,917	3,930,371	295,012	(259,373)	18,048,325
Investment and corporation taxes	(1,520,038)	(934,082)	(743,543)	(1,077,436)	104,592	-	(4,170,507)
Net Profit	4,758,964	4,093,314	2,032,374	2,852,935	399,604	(259,373)	13,877,818
Segment assets:	56,956,446	68,163,163	79,877,725	121,521,703	47,625,653	(8,695,835)	365,448,855
Unallocated assets -							
Investments in joint venture							330,804
Investments in associate							24,764,690
Deferred income taxes							3,405,053
Retirement benefit assets							183,351
Total assets							394,132,753
Segment liabilities:	47,321,224	54,628,147	69,785,004	100,585,572	26,586,828	(9,957,727)	288,949,048
Unallocated liabilities -							
Deferred income taxes							412,486
Retirement benefit obligations							3,076,400
Total liabilities							292,437,934
Other Segment items:							
Capital expenditure: Computer software							314,905
Property, plant and equipment							588,193

Geographical information:

	Jamaica	Cayman Islands	United States of America	Other	Total Group
Revenue	66,183,859	3,303,867	1,169,067	-	70,656,793
Total assets	330,538,079	18,980,562	44,283,308	330,804	394,132,753

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019
(Expressed in thousands of Jamaican dollars)

	December 2019 Full Year Audited	December 2018 Full Year Audited
Cash Flows from Operating Activities:		
Net Profit	**15,463,626**	**13,877,818**
Adjustments for:		
Items not affecting cash and changes to policyholders' funds:		
Adjustments for non-cash items, interest and dividends	(8,378,474)	(11,279,033)
Changes in other operating assets and liabilities	(4,934,131)	3,782,086
Net Investment purchases	(22,428,746)	(17,734,335)
Interest and dividends received	21,097,987	20,991,596
Interest paid	(4,932,875)	(4,904,762)
Income taxes paid	(6,304,769)	(3,299,646)
Net cash (used in)/generated from operating activities	**(10,417,382)**	**1,433,724**
Cash Flows from Investing Activities:		
Investment in joint venture	-	(18,724)
Net cash arising on acquisition of Travel Cash and consolidation of Sagicor X Fund	-	1,686,418
Net cash outflows on acquisition of Advantage General Insurance Company and Bailey Williams Limited	(4,355,569)	-
Disposal of investment poroperty, net	166,571	8,207
Property, plant and equipment, net (purchases)/disposals	(171,704)	879,234
Purchase of intangible assets, net	(392,414)	(314,905)
Net cash (used in)/generated from investing activities	**(4,753,116)**	**2,240,230**
Cash Flows from Financing activities:		
Redemption of preference shares	(1,414,700)	(646,800)
Deposits and securities liabilities	24,082,586	(3,575,039)
Finance lease repayment	(386,673)	-
(Purchase)/disposal of treasury shares, net	(207,496)	252,806
Dividends paid to stockholders	(5,624,115)	(4,686,765)
Net cash generated from/(used in) financing activities	**16,449,602**	**(8,655,798)**
Cash and cash equivalents:		
Effect of exchange rate on cash and cash equivalents	397,843	126,111
Increase/(decrease) in cash and cash equivalents	1,676,947	(4,855,733)
Cash and cash equivalents at beginning of year	15,528,581	20,384,314
Cash and cash equivalents at end of year	**17,205,528**	**15,528,581**
Comprising:		
Balances with Banks	13,390,883	11,190,101
Short - Term Deposits	426,414	2,513,096
USA Government Treasury Bills and BOJ CD's	2,688,274	1,826,447
Securities purchased under resale agreements	1,439,884	-
Bank overdraft	(739,927)	(1,063)
	17,205,528	**15,528,581**

Explanatory Notes

1. Identification and Principal Activities

Sagicor Group Jamaica Limited (SGJ, the company) is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. It is 32.45% (2018 – 32.45%) owned by LOJ Holdings Limited (LOJH) which is also incorporated and domiciled in Jamaica and 16.66% owned by Sagicor Life Inc. (SLI) which is domiciled in Barbados. Both LOJH and SLI are wholly owned by Sagicor Financial Company Limited (Sagicor), the ultimate parent company, which is incorporated and domiciled in Bermuda. Sagicor 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 Sagicor Group Jamaica Limited is located at 28 - 48 Barbados Avenue, Kingston 5, Jamaica.

Sagicor 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 2019.

3. Subsequent Events

Subsequent to the end of the financial year, the WHO has declared the Coronavirus to be a global pandemic. The pandemic has resulted in a significant downturn in commercial activity as there is currently no cure, and the means most recommended to manage contagion is social distancing. Schools have therefore been temporarily closed, entertainment and sporting events which typically generate huge revenues and profits have been either cancelled or suspended, global travel restrictions have been implemented, all of which will have negative global economic consequences.

The Group is exposed to the potential economic effects of the Coronavirus through its various operations as follows:

- Hotel operations – Travel restrictions and the impact on tour and holiday bookings and cancellations. This may result in a downturn in revenues and profits.
- Insurance operations – The potential impact on factors such as morbidity and mortality in its assessment of insurance reserves. Unsuccessful attempts at managing contagion could lead to increases in death benefits from the individual life portfolio, as well as increased health claims from the health insurance portfolio. Economic downturns could also negatively impact the generation of new business, as well as persistency of existing business.
- Banking operations and investments – An economic downturn could lead to depressed asset values from a market risk perspective, lower fees and interest income as well as increased ECL's consequent on higher PD's and LGD's associated with financial assets to which the Group has exposure.

There has not been a sufficient passage of time for management to quantify the impact of the foregoing on its financial results at the time of reporting.