Sagicor Group Jamaica

AUDITED GROUP RESULTS

YEAR ENDED 31 DECEMBER 2021

PERFORMANCE REPORT 2021



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 financial year ended December 2021.

OVERVIEW –

The Group reported net profit attributable to stockholders of $17.40 billion a 26% increase over the prior year, earnings per share of $4.46 (2020: $3.53) and return on equity of 16% (2020: 14%). In the final quarter of the year the group recorded net profits of $4.37 billion, a 27% increase over the prior year. The Individual Life segment continued to report strong new business sales and portfolio growth. The commercial and investment banking segments benefitted from improvements in commercial activity as a result of economic growth. Our Employee Benefits segment experienced higher levels of claims during 2021 compared to prior year as COVID-19 continued to impact the overall health of our customers. The Group's market capitalization improved to $227.5 billion (2020: $195.1 billion), a 17% increase over the prior period, indicating continuing shareholder confidence.

FINANCIAL PERFORMANCE

Sagicor Group's consolidated net profit attributable to stockholders has been its highest to date and was generated from total revenues of $102.56 billion, with growth of 21% or $17.99 billion year over year. The Group recorded increases in realized and unrealized capital gains of $7.14 billion over the corresponding period, primarily due to buoyancy of equity markets, improvements in debt security prices and increased market trading. Relative to the prior year, a slight upturn in the economic environment contributed to recoveries on loans and credit card facilities and accordingly, lower expected credit losses (ECL). Fee and other income increased compared to prior year, resulting primarily from increased capital market transactions, appreciation in value of assets under management and unrealized foreign currency gains. Net premium income of $52.78 billion grew

HIGHLIGHTS

	Dec 2021 Audited	Dec 2020 Audited	% Change
OPERATING RESULTS (INCOME STATEMENT DATA):			
Net Profit, attributable to Stockholders - J$ billions	17.40	13.78	26%
Total Revenue - J$ billions	102.56	84.57	21%
FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA):			
Total Assets of Sagicor Group Jamaica - J$ billions	527.99	490.69	8%
Total Assets under management - J$ billions	936.31	905.28	3%
Stockholders' Equity - J$ billions	114.82	106.38	8%
PROFITABILITY:			
Return on average Stockholders' Equity (ROE)	16%	14%	2%
Earnings per stock unit (EPS) - J$	4.46	3.53	26%
OTHER MARKET INFORMATION:			
SGJ Share Price - J$	58.25	49.95	17%
Market capitalization - J$ billions	227.50	195.09	17%

NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS
$17.40 B
▲ 26%

TOTAL REVENUE
$102.56B
▲ 21%

TOTAL ASSETS
$527.99B
▲ 8%

STOCKHOLDERS' EQUITY
$114.82 B
▲ 8%

EARNINGS PER STOCK UNIT
$4.46
▲ 26%

MARKET CAPITALIZATION
$227.50B
▲ 17%

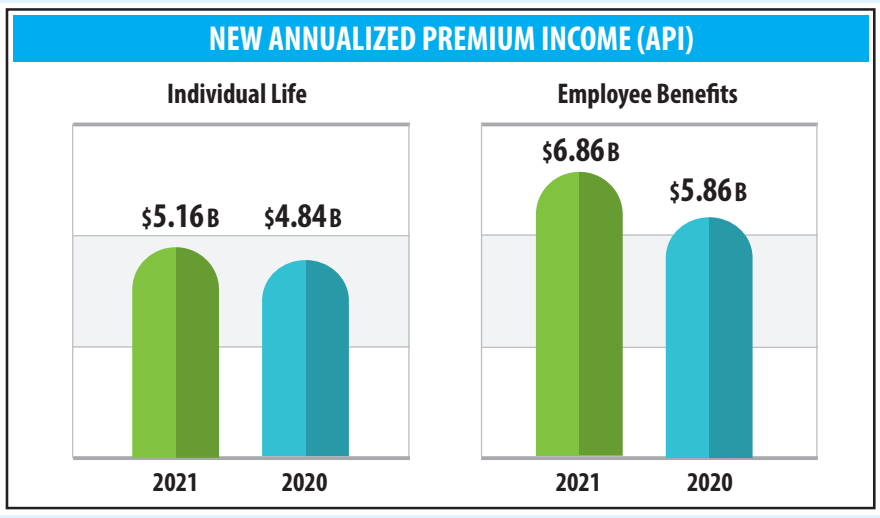
5% year over year. This was largely due to strong new business sales in both the Individual Life and Employee Benefits segments. Growth in the Group's interest earning asset base contributed to a 6% increase in net investment income from $18.12 billion in 2020 to $19.24 billion in the current year.

Rising medical costs and increased death claims were the primary contributors to the $2.31 billion or 7% increase in net benefits expense.

Total Group assets as at December 2021 were $527.99 billion, 8% up from $490.69 billion as at December 2020. Total assets under management as at December 2021, including Group Assets, Pension Funds' assets managed on behalf of clients and Unit Trusts, were $936.31 billion, a 3% increase over the December 2020. Stockholder's equity at December 2021 of $114.82 billion was 8% higher than $106.38 billion at December 2020.

Individual Insurance

The Individual Life segment continues to grow, improving net profits to $8.95 billion for the year, a 13% increase over the prior year. Results in this segment were driven mainly by new business sales in Jamaica and Cayman which grew by 8% and 15% respectively compared to 2020. Total revenue grew by 34% or $9.40 billion over the comparable period. The segment's results were impacted by a $1.50 billion increase in death claims, with total policyholder benefits incurred of $15.06 billion, being 4% higher than prior year. Actuarial reserves were impacted by the growth in policies due to new business sales and favourable morbidity and lapse experience.



Employee Benefits

The Employee Benefits segment recorded profits of $3.67 billion, a 13% decline against prior year. The segment was impacted by rising medical inflation, due largely to the effect of the Covid-19 pandemic on the global supply chain. The segment experienced a 12% increase in group health benefits compared to the prior year, partially offset by robust new business sales of annuity, group life and group health products, which were 30% higher than 2020. This helped to grow net premiums to $14.62 billion for the year. The segment's joint venture in Costa Rica contributed $0.60 billion (2020: $0.3 billion) to net profit for the period, indicating the company's position as a premier provider of insurance within that country.

Commercial Banking

The commercial banking segment ended 2021 with a net profit of $3.27 billion, a 32% increase over 2020. The segment saw significant increases in transaction volumes and demand for credit cards along with significant loan loss recovery in 2021, resulting in lower ECL and loan provisions. The loan portfolio results are reflective of improvements in the credit quality. The segment's operating efficiency improved to 67% for December 2021 against 73% in the prior year.

The segment's total assets of $175.87 billion grew 12% over December 2020, interest earning assets net of ECL provisions ended at $93.02 billion (2020: $87.42 billion). Customer deposit liabilities grew by 11% in comparison to December 2020 to close at $136.40 billion.

Investment Banking

The Investment Banking segment recorded net profits of $3.34 billion, 20% higher than 2020. Sagicor Investments Jamaica maintained its status as one of the premier investment brokers in Jamaica with over 25% of the trading value on the market. Overall, total revenues were $7.34 billion (2020 $6.50 billion). Net investment income of $2.77 billion was driven by growth in interest earning assets. Fee income grew 27% due to expansion of its assets under management and increasing capital market activity.

LIQUIDITY AND SOLVENCY

The Group's net cash provided from operating activities at the end of the period December 2021, was $3.03 billion against a comparative $6.18 billion at December 2020. Net cash from investing activities of $12.91 billion included $13.60 billion in proceeds from sale of Playa. Net cash from financing activities reflected a dividend paid to shareholders of $4.33 billion, significantly higher than prior year dividend of $562.93 million. In 2020, the Bank of Jamaica (BoJ) had suspended the payment of dividends to shareholders, subsequently excluding shareholders holding less than 1% of ordinary shares of the Company. Cash and Cash Equivalents at the end of December 2021 was $51.88 billion, up from $37.23 billion at December 2020. Regulatory capital requirements continue to be met across all operating entities.

CAPITAL RATIOS

Regulated Entities	Key Regulatory Ratios	Minimum Statutory Requirements	December 31, 2021	December 31, 2020
Sagicor Life Jamaica Limited	Minimum continuing capital and surplus requirements ratio (MCCSR)	150.0%	162.0%	183.1%
Sagicor Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	14.1%	14.0%
Sagicor Investments Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	17.7%	15.2%
Sagicor Life of the Cayman Islands Limited	Minimum capital requirement (MCR)	125.0%	287.1%	364.0%
Advantage General Insurance Company Limited	Minimum capital test ratio (MCT)	250.0%	328.9%	371.9%

CORPORATE SOCIAL RESPONSIBILITY

As an active corporate citizen committed to improving the lives of the people in the communities in which it operates, Sagicor Group Jamaica, primarily through its charitable arm – the Sagicor Foundation, continues to care, inspire, and serve its various stakeholders. In the 4th quarter of 2021, the Foundation executed numerous donations to a number of organisations and groups whilst supporting many yuletide activities during the festive season.

A major activity for the Group during the period was the hosting of the inaugural Sagicor Community Heroes Awards ceremony, which was held in December. The event celebrated and recognized fifty (50) 'everyday' Jamaicans who were nominated by members of the public for their selfless service and acts of kindness. Each recipient received a special commemorative plaque and a fifty thousand dollar stipend. The Sagicor Community Heroes Awards was launched in 2020 in honour of the Group's 50th anniversary celebration.

During the quarter, the close-out ceremonies for the 2020/2021 Sagicor Foundation's adopted schools were held, with major renovations completed at the three basic schools valued over $21 million. The three schools that received major upgrades to their physical infrastructure were Beeston Spring Early Childhood Institution in Westmoreland, Cornwall Gardens Basic School in St. James, and Sligoville Early Childhood Development Centre in St. Catherine.

The new basic schools for the 2021/2022 Adopt-A-School programme were also selected during the period. The schools are Charles Town Basic School, Charles Town, Portland; Bermaddy Basic School, Linstead, St. Catherine, and John Anglin Basic School, Warsop, Trelawny. The schools are set to receive facelifts with major renovations scheduled to start in the second quarter of 2022.



1. *Kerry-Ann Frazer (left) teacher at Sligoville Early Childhood Development Centre, and Mischa McLeod-Hines, Vice President, Capital Markets, Sagicor Investments, unveil the newly installed school sign as the institution was officially handed over by the Sagicor Foundation on in October 2021. The St Catherine-based school was among three early childhood facilities that were adopted and renovated by the Sagicor Foundation's Adopt-A-School Programme for the 2020-2021 academic year.*

2. *Sagicor Life Financial Advisor, Ryan Brown, shares an elbow bump with Sylvia Banks Claire, Principal of the Boys Town Primary and Infant School while presenting a laptop computer to her on the school compound in October 2021. Sagicor Foundation donated two computers to the institution to assist teachers with online classes.*





3. *Debbie Bissoon (left), host, and Chelan Smith (centre), breast cancer survivor listen keenly as Dr Danielle Smellie, haematologist and medical oncologist speak about the various stages of breast cancer - from diagnosis to treatment and life after treatment at the Sagicor Foundation-powered Keeping Abreast Conversation and Concert.*



4. *Karen Richards (left), assistant vice-president, investment client services, Sagicor Investments Jamaica, on behalf of the Sagicor Foundation, presents grocery vouchers valued at more than $700,000 as a Christmas gift to health-care workers at the Kingston Public Hospital (KPH), the 2022 Sagicor Sigma Run beneficiary. Dr Natalie Whylie, acting CEO at KPH, receives the items on behalf of the team.*

Another major activity that happened during the final quarter of 2021 was the announcement of the Sagicor Sigma Run 2022 beneficiary – the Kingston Public Hospital. As the newest beneficiary for the flagship charity event, the Sagicor Foundation treated the staff at the hospital to grocery vouchers and other goodies during the Christmas season. In recognition of the season, Sagicor Foundation also donated Christmas trees to the Kingston Public Hospital and past Sigma Run beneficiary hospitals – Annotto Bay Hospital, Port Antonio Hospital and Bustamante Hospital for Children.

During the month of October, in recognition of Breast Cancer Awareness month, the Sagicor Foundation as is customary was the title sponsor for the Jamaica Cancer Society's Keeping Abreast fundraising event. The hybrid 'Conversation and Concert' event was also streamed live on Sagicor's social media platforms for viewers to enjoy, as well as participate by donating to the Cancer Society.

The Group also continued its support for students and teachers in need of electronic devices to facilitate online learning by donating tablets and computers to schools.

OUTLOOK

As Jamaica and the world nears the two year anniversary of the Covid-19 pandemic, the future remains highly uncertain. The pandemic continues to obscure the global view with recovery seeming fragile, as variants arise, and other geo-political risks escalate. Economic growth has been strong as developed countries open up, however, the supply-side has struggled to keep up with resurgent demand, the consequence being a sharp increase in inflation. In January 2022, the International Monetary Fund (IMF) projected the global economy to grow 5.9% in 2021 and 4.4% in 2022, an Omicron influenced 0.5% decline on October's projection, indicating the volatility induced by fears of continued disruption.

The growth in developing countries, such as Jamaica continued to be stymied by the pandemic and inflation. In a survey conducted by the Bank of Jamaica in November 2021, it indicated an expected point-to-point inflation of 8.7% as at December 2021, which was higher than the initial forecast of 4% to 6% over the next two years. In response, the BOJ increased its lending rate to 4%, the highest since 2017. In February 2022, the IMF projected a 4.7% growth in real GDP for Jamaica and 4.3% in 2022, pending the absence of any significant disruptors such as a renewed Covid-19 wave, prolonged inflationary pressures, or natural disasters. The Jamaican dollar has especially struggled over the calendar year, the average rate depreciating by 8.6%, a loss of $12 to the US dollar. On the first day of February 2022, the dollar had already lost $2.51 with an average rate of $156.43 from $153.92 at 31 December 2021.

The Finance and Insurance industry showed promising growth in the third quarter, registering a Gross Domestic Product (GDP) of 2.3% over the prior period comparative quarter according to STATIN. This despite the burden of rising healthcare expenses, including the cost of medicines and hospital admission charges, among other factors in the insurance industry. Claims remain unpredictable, more so with the introduction of new variants and stressors added to individual's lives. Furthermore, a decline in economic activity of households continues to affect the financial sector and the likelihood of non-performing loans, which remained below 3% as at November 2021.

We also note the significant gains in employment and the relative buoyancy in the tourism sector as two positive factors that we expect to contribute to increased consumption and greater stability in the economy.

Sagicor Group Jamaica continues to monitor all of these macro variables in its management of the company and remains conservative in its outlook. The mental and physical wellbeing of our team, our clients and Jamaica as a whole, are as always at the forefront of what we do and who we are. Providing a multidimensional solution to the preservation of health and mitigation of risk is how we will strive for business continuity.

ACKNOWLEDGEMENT

Our Team Members, Financial Advisors and Brokers are the heart and soul of Sagicor Group Jamaica and we would like to express our deepest gratitude for their tremendous work ethic in contributing to our customer experience, especially in these times of uncertainty. To our customers, thank you for the trust and confidence you repose in us; we are Sagicor Strong in our commitment to help you navigate these challenging times. Thank you to our supportive business partners and to our stockholders for the continued support and not least, our Directors for their diligence, wise counsel and continued guidance.

On behalf of The Board of Directors:

PETER MELHADO
Chairman

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

25 February 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	December 2021 Audited	December 2020 Audited
ASSETS:		
Cash resources & Cash reserve at Central Bank	34,468,878	32,363,822
Financial investments	238,745,309	213,722,216
Loans & leases, after allowance for credit losses	96,889,917	87,843,528
Pledged assets	93,636,126	87,142,938
Investment properties	1,220,324	1,389,305
Investment in joint venture	1,329,797	683,234
Investment in associated company	-	15,844,876
Intangible assets	5,872,442	6,657,681
Property, plant and equipment	20,782,133	18,400,856
Right-of-use assets	2,155,117	2,488,231
Retirement benefit assets	472,179	1,187,248
Deferred income taxes	1,980,237	1,005,526
Taxation recoverable	4,186,609	2,438,233
Other assets	26,251,636	19,526,879
TOTAL ASSETS	**527,990,704**	**490,694,573**
STOCKHOLDERS' EQUITY AND LIABILITIES:		
Equity attributable to:		
Stockholders' of the parent company		
Share capital	8,816,093	8,991,044
Equity reserves	17,163,717	18,043,805
Retained earnings	88,843,812	79,349,157
	114,823,622	106,384,006
Non-controlling interests	19,956,091	20,462,993
Total Equity	**134,779,713**	**126,846,999**
Liabilities		
Deposit and security liabilities	221,851,641	207,358,482
Loans payable	9,284,518	10,689,746
Deferred income taxes	2,169,101	2,493,349
Taxation payable	703,344	1,687,589
Retirement benefit obligations	5,780,581	3,706,366
Lease liabilities	2,521,790	2,780,860
Other liabilities	20,395,035	15,434,188
Policyholders' Funds		
Life and health insurance contracts liabilities	97,996,749	90,777,722
Investment contracts liabilities	19,356,485	17,430,421
Property and casualty insurance contracts and other policy liabilities	13,151,747	11,488,851
	130,504,981	119,696,994
Total Liabilities	393,210,991	363,847,574
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	**527,990,704**	**490,694,573**

PETER MELHADO
Chairman

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

25 February 2022

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2021
(Expressed in thousands of Jamaican dollars)

	Q4 2021 Audited	Q4 2020 Audited	December 2021 Full Year Audited	December 2020 Full Year Audited
Revenue:				
Net premium revenue	14,585,382	13,124,655	52,784,590	50,379,159
Net investment income	4,902,827	4,771,639	19,241,422	18,119,285
Realised and Unrealised gains/(losses)	3,633,396	2,589,583	8,965,509	1,829,672
Credit losses on loans and investment securities	(55,838)	80,922	(245,288)	(1,694,349)
Hotel revenue	1,390,772	576,584	4,418,749	2,427,344
Fees and other income	4,959,059	3,189,643	17,395,697	13,511,711
Total revenue, net of reinsurance, interest expense and credit losses	**29,415,598**	**24,333,026**	**102,560,679**	**84,572,822**
Benefits and Expenses:				
Net insurance benefits incurred	9,834,053	8,335,376	35,053,288	32,745,106
Net movement in actuarial liabilities	1,473,363	986,974	4,279,198	(4,058,410)
Administration expenses	6,981,565	5,923,560	24,421,497	21,794,562
Commissions and sales expenses	2,251,024	2,270,060	7,556,465	6,922,150
Hotel expenses	985,983	471,692	3,367,407	2,086,482
Depreciation and amortisation	700,576	678,736	2,719,286	2,870,006
Other taxes and levies	5,041	81	830,767	746,827
Total benefits and expenses	**22,231,605**	**18,666,479**	**78,227,908**	**63,106,723**
Profit before Associates and Joint Venture	**7,183,993**	**5,666,547**	**24,332,771**	**21,466,099**
Impairment of investment in associate	-	(2,712,955)	-	(4,508,146)
Impairment charge on goodwill	(614,400)	(228,413)	(614,400)	(1,231,913)
Share of profit from joint venture	(97,336)	117,846	607,764	310,860
Share of loss from associate	-	(2,073,252)	-	(5,467,297)
Loss on sale/dilution of interest in associate	1.00	(3,143)	(233,088)	(391,296)
Profit before Taxation	6,472,258	766,630	24,093,047	10,178,307
Taxation	(2,377,697)	(1,284,628)	(6,449,959)	(5,693,527)
Net Profit	4,094,561	(517,998)	17,643,088	4,484,780
Net Profit attributable to:				
Stockholders' of the parent company	**4,368,821**	**3,451,638**	**17,395,431**	**13,780,163**
Non-controlling interests	(274,260)	(3,969,636)	247,657	(9,295,383)
	4,094,561	(517,998)	17,643,088	4,484,780
Earnings per stock unit for profit attributable to the stockholders' of the parent company:				
Basic and fully diluted	$1.12	$0.88	$4.46	$3.53

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021
(Expressed in thousands of Jamaican dollars)

	Q4 2021 Audited	Q4 2020 Audited	December 2021 Full Year Audited	December 2020 Full Year Audited
Net profit/(loss) for the period	4,094,561	(517,998)	17,643,088	4,484,780
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Fair value reserve:				
Unrealised (losses)/gains on FVTOCI bonds	(1,882,423)	4,301,070	(2,397,323)	6,367,726
Share of joint venture and unrealised (losses)/gains on FVTOCI bonds	(3,122)	(15,626)	32,733	(15,626)
	(1,885,545)	4,285,444	(2,364,590)	6,352,100
Currency translation	(255,019)	101,256	(359,171)	3,856,914
Gains recycled to the Profit or Loss Statement on sale and maturity of FVTOCI securities	(1,069,361)	(568,870)	(1,726,068)	(2,881,119)
Provision for expected credit losses on securities designated as FVTOCI	60,037	(111,911)	32,450	451,314
Expected credit losses recycled to the Profit or Loss Statement on sale and maturity of FVTOCI securities	(539,455)	41,962	(539,455)	(39,103)
Change in actuarial liabilities recognised in other comprehensive income	50,696	(632,414)	121,612	(742,148)
Share of fair value gains on interest rate swap recycled on sale/dilution of associate company	526,436	24,237	526,436	24,237
Share of fair value gains/(losses) on interest rate swap of associate company	-	41,899	-	(140,616)
	(971,647)	(1,205,097)	(1,585,025)	(3,327,435)
Items that will not be subsequently reclassified to profit or loss				
Owner-occupied properties (OOP):				
Unrealised gains/(losses) on OOP	323,377	(137,091)	1,745,785	(1,758,219)
Share of unrealised gains/(losses) on OOP of associate	-	283,716	-	(245,447)
	323,377	146,625	1,745,785	(2,003,666)
Unrealised (losses)/gains on FVTOCI equities	-	(21,144)	-	(21,144)
Re-measurements of retirement benefits obligations	(1,934,186)	101,012	(1,934,186)	73,122
Re-measurements of retirement benefits obligations of associate	-	(11,075)	-	(2,799)
Total other income recognised directly in stockholders' equity, net of taxes	(4,723,020)	3,397,021	(4,497,187)	4,927,092
Total Comprehensive Income	**(628,459)**	**2,879,023**	**13,145,901**	**9,411,872**
Attributable to:				
Stockholders' of the parent company	**169,169**	**6,730,390**	**12,992,803**	**18,354,711**
Non-controlling interests	(797,628)	(3,851,367)	153,098	(8,942,839)
	(628,459)	2,879,023	13,145,901	9,411,872

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021
(Expressed in thousands of Jamaican dollars)

	Share Capital	Equity Reserves	Retained Earnings	Equity Owners' Total	Non-controlling Interests Total	Total Stockholders' Equity Audited
Period ended December 31, 2021:						
Balance as reported December 31, 2020	8,991,044	18,043,805	79,349,157	106,384,006	20,462,993	126,846,999
Total comprehensive (loss)/income for the period	-	(2,518,114)	15,510,917	12,992,803	153,098	13,145,901
Transactions with owners -						
Employee stock option plan						
- value of services provided	-	31,122	-	31,122	-	31,122
- options exercised/expired	-	(20,768)	-	(20,768)	-	(20,768)
Dividends paid to owners of the parent	-	-	(4,331,349)	(4,331,349)	(660,000)	(4,991,349)
Treasury shares	(174,951)	-	(57,241)	(232,192)	-	(232,192)
Total transactions with owners	(174,951)	10,354	(4,388,590)	(4,553,187)	(660,000)	(5,213,187)
Transfer between reserves -						
To special investment reserve	-	35,229	(35,229)	-	-	-
To retained earnings	-	(27,760)	27,760	-	-	-
From loan loss reserve	-	858,967	(858,967)	-	-	-
To retained earnings reserve	-	761,236	(761,236)	-	-	-
Transfers between retained earnings and reserves	-	1,627,672	(1,627,672)	-	-	-
Balance as at December 31, 2021	**8,816,093**	**17,163,717**	**88,843,812**	**114,823,622**	**19,956,091**	**134,779,713**
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						
- value of services provided	-	26,015	-	26,015	-	26,015
- 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)
Dividends accrued to owners of the parent	-	-	-	-	-	-
Treasury shares	142,770	-	(78,276)	64,494	-	64,494
Acquisition of Bailey Williams Limited	-	-	-	-	(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**

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the year ended 31 December 2021
(Expressed in thousands of Jamaican dollars)

	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	All other	Eliminations	Audited December 2021 Group
Operating results:							
External revenues	37,359,587	29,709,853	15,523,596	7,379,857	12,587,786	-	102,560,679
Inter-segment revenues	19,623	-	35,924	(44,272)	629,844	(641,119)	-
Total revenue	37,379,210	29,709,853	15,559,520	7,335,585	13,217,630	(641,119)	102,560,679
Benefits and expenses	(24,898,663)	(22,721,910)	(9,529,138)	(2,230,157)	(11,398,817)	380,028	(70,398,657)
Change in actuarial liabilities	(570,651)	(3,783,394)	-	-	-	74,847	(4,279,198)
Depreciation and amortisation	(210,808)	(161,169)	(679,156)	(130,494)	(1,537,659)	-	(2,719,286)
Other taxes	-	-	-	-	(185)	-	(185)
Asset tax	(105,518)	(35,634)	(363,645)	(231,484)	(94,301)	-	(830,582)
Total benefits and expenses	(25,785,640)	(26,702,107)	(10,571,939)	(2,592,135)	(13,030,962)	454,875	(78,227,908)
Share of profit from joint venture	-	607,764	-	-	-	-	607,764
Share of loss arising from sale of interest in associate	-	-	-	-	(233,088)	-	(233,088)
Impairment of goodwill	-	-	-	-	(614,400)	-	(614,400)
Profit before taxation	11,593,570	3,615,510	4,987,581	4,743,450	(660,820)	(186,244)	24,093,047
Investment and corporation taxes	(2,641,512)	51,711	(1,719,914)	(1,402,284)	(737,960)	-	(6,449,959)
Net Profit	8,952,058	3,667,221	3,267,667	3,341,166	(1,398,780)	(186,244)	17,643,088
Segment assets:	75,785,742	85,565,773	175,020,962	126,063,260	77,641,024	(15,868,270)	524,208,491
Unallocated assets -							
Investments in joint venture							1,329,797
Deferred income taxes							1,980,237
Retirement benefit assets							472,179
Total assets							527,990,704
Segment liabilities:	60,516,060	72,157,243	148,980,811	100,825,423	43,533,671	(40,751,899)	385,261,309
Unallocated liabilities -							
Deferred income taxes							2,169,101
Retirement benefit obligations							5,780,581
Total liabilities							393,210,991
Other Segment items:							
Capital expenditure: Computer software							390,564
Property, plant and equipment							590,467

Geographical information:	Jamaica	Cayman Islands	United States of America	Other	Total Group
Revenue	92,662,161	5,479,772	4,418,746	-	102,560,679
Total assets	474,449,190	35,140,731	18,400,783	-	527,990,704

	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	All other	Eliminations	Audited December 2020 Group
Operating results:							
External revenues	27,965,469	28,044,855	13,199,445	6,570,011	8,793,042	-	84,572,822
Inter-segment revenues	12,911	-	7,237	(68,184)	144,323	(96,287)	-
Total revenue	27,978,380	28,044,855	13,206,682	6,501,827	8,937,365	(96,287)	84,572,822
Benefits and expenses	(23,446,084)	(20,459,454)	(8,464,670)	(2,199,798)	(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)	(619,700)	(113,869)	(1,734,720)	-	(2,870,006)
Other taxes	-	-	-	-	(226)	-	(226)
Asset tax	(115,312)	(33,172)	(326,855)	(196,523)	(74,739)	-	(746,601)
Total benefits and expenses	(17,445,366)	(23,605,748)	(9,411,225)	(2,510,190)	(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	3,795,457	3,991,637	(13,863,176)	971,408	10,178,307
Investment and corporation taxes	(2,583,406)	(596,345)	(1,336,161)	(1,215,742)	38,127	-	(5,693,527)
Net Profit	7,949,608	4,153,622	2,459,296	2,775,895	(13,825,049)	971,408	4,484,780
Segment assets:	70,593,975	78,601,429	157,544,547	113,712,735	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	130,082,377	86,530,345	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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021
(Expressed in thousands of Jamaican dollars)

	December 2021 Full Year Audited	December 2020 Full Year Audited
Cash Flows from Operating Activities:		
Net Profit	**17,643,088**	**4,484,780**
Adjustments for:		
Items not affecting cash and changes to policyholders' funds:		
Adjustments for non-cash items, interest and dividends	(11,894,938)	1,481,662
Changes in other operating assets and liabilities	(2,765,801)	(6,499,004)
Net Investment purchases	(12,697,937)	(7,924,484)
Interest and dividends received	25,639,706	24,863,848
Interest paid	(5,016,176)	(5,097,414)
Income taxes paid	(7,875,003)	(5,128,554)
Net cash generated from operating activities	**3,032,939**	**6,180,834**
Cash Flows from Investing Activities:		
Disposal of investment property, net	193,381	1,641,079
Purchase of property, plant and equipment, net	(496,745)	(904,034)
Purchase of intangible assets, net	(390,564)	(308,160)
Proceeds from sale of associates	13,604,064	-
Net cash generated from investing activities	**12,910,136**	**428,885**
Cash Flows from Financing activities:		
Deposits and securities liabilities	4,866,676	18,298,952
Loan payable	(2,065,939)	(4,340,055)
Finance lease repayment	(525,324)	(469,842)
Purchase of treasury shares, net	(232,192)	64,494
Dividends paid to non-controlling interests	(660,000)	(251,549)
Dividends paid to stockholders	(4,331,349)	(562,930)
Net cash (used in)/generated from financing activities	**(2,948,128)**	**12,739,070**
Cash and cash equivalents:		
Effect of exchange rate on cash and cash equivalents	1,653,173	681,659
(Decrease)/Increase in cash and cash equivalents	14,648,120	20,030,448
Cash and cash equivalents at beginning of year	37,235,976	17,205,528
Cash and cash equivalents at end of period	**51,884,096**	**37,235,976**
Comprising:		
Balances with Banks	22,442,346	21,019,199
Short - Term Deposits	17,450,177	4,186,193
USA Government Treasury Bills and BOJ CD's	5,063,510	4,603,143
Securities purchased under resale agreements	6,928,063	7,490,326
Bank overdraft	-	(62,885)
	51,884,096	**37,235,976**

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% (2020 – 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% (2020 – 49.11%) in the company. The other significant shareholder in SGJ is PanJam Investment Limited with a 30.21% (2020 – 30.22%) 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 2021.

3. **Accounting estimates and judgements**

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

4. **Disposal of interest in PLAYA**

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

5. **Subsequent Event**

   On 9 February 2022, SGJ entered into a Definitive Agreement for the purchase of 100% of the shares in Alliance Financial Services Limited (AFSL). The transaction is subject to due diligence and regulatory approval and we have already commenced the process of applying for a cambio license and a remittance license from the Bank of Jamaica.