Sagicor Group Jamaica

Q2 2021
PERFORMANCE REPORT



DIRECTORS' STATEMENT

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

OVERVIEW –

The COVID-19 pandemic continues to create volatility in the global economy and financial markets, particularly with the uncertainties surrounding the incidence of new, more contagious variants of the virus. As such, it remains the biggest single threat to lives and livelihoods and indeed, the economic prospects of the productive sectors in our region.

Sagicor Group Jamaica remains committed to playing its part in Jamaica's plans for recovery, recently partnering with the International Finance Corporation (IFC), a member of the World Bank Group, in providing working capital solutions for Small and Medium-sized Enterprises (SMEs) affected by the pandemic. Our Group has also partnered with the Private Sector Organization of Jamaica (PSOJ) to aid in the Private Sector Vaccine Initiative, which aims to provide easy access to the COVID-19 vaccine for employees across all business sectors.

Within this context, the Group reported Net Profit Attributable to Shareholders of $4.85 billion, an 11% increase over prior year and an earnings per share of $1.24 (June 2020- $1.12). The Group has seen steady performance in our individual life insurance, commercial banking, and investment banking business lines and continues to experience strong sales of its insurance products.

HIGHLIGHTS

	June 2021 Unaudited	June 2020 Unaudited	% Change	Dec 2020 Audited
OPERATING RESULTS (INCOME STATEMENT DATA):				
Net Profit, attributable to Stockholders - J$ billions	4.85	4.36	11%	13.78
Total Revenue - J$ billions	48.20	38.85	24%	84.57
FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA):				
Total Assets of Sagicor Group Jamaica - J$ billions	507.53	472.13	7%	490.69
Total Assets under management - J$ billions	939.04	869.16	8%	901.40
Stockholders' Equity - J$ billions	106.75	93.73	14%	106.38
PROFITABILITY:				
Return on average Stockholders' Equity (ROE)	9%	10%	-1%	14%
Earnings per stock unit (EPS) - J$	1.24	1.12	11%	3.53
OTHER MARKET INFORMATION:				
SGJ Share Price - J$	57.15	46.01	24%	49.95
Market capitalization - J$ billions	223.21	179.70	24%	195.09

NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS
$4.85B
▲ 11%

TOTAL REVENUE
$48.20B
▲ 24%

TOTAL ASSETS
$507.53B
▲ 7%

STOCKHOLDERS' EQUITY
$106.75B
▲ 14%

EARNINGS PER STOCK UNIT
$1.24
▲ 11%

MARKET CAPITALIZATION
$223.21B
▲ 24%

FINANCIAL PERFORMANCE

Total revenues generated were $48.20 billion, being $9.35 billion or 24% higher than the prior period and consolidated net profit attributable to stockholders was $4.85 billion, compared to $4.36 billion in prior year. Prior year's revenues were adversely impacted by COVID-19, characterized by large unrealised fair value losses and high Expected Credit Losses (ECL); a direct result of the slow-down influenced by the pandemic. The current period has seen some reversal of these factors resulting in improved revenues but benefits and expenses, outcomes of higher policyholder claims and increases in actuarial reserves, have negatively impacted profitability.

Rising medical costs in our Employee Benefits Division (EBD) and increases in death claims contributed to an increase of 4% in net benefits, a direct result of the pandemic's effect on health security.

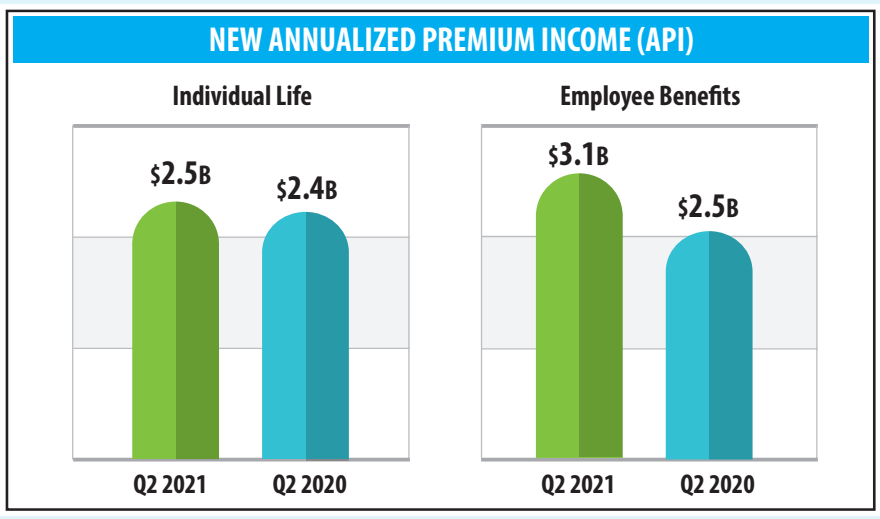
In 2021, driven by continued strong performance in new business sales, net premium income showed a 4% improvement over the first quarter of 2021 and ended 1% higher than the prior year. Net investment income increased by 3% over prior year; the Group recorded an increase of $6.7 billion in unrealised capital gains over the comparative period reflecting the price recovery in its marketable securities. Substantially lower ECLs were in part due to recoveries of outstanding loans and credit card accruals in the Commercial Banking segment. Fee and other income of $7.91 billion increased by approximately $1 billion compared to prior year as the Group benefited from increases in managed fund values as well as realised and unrealised foreign currency gains.

The Group maintained a strong liquidity position, increasing its cash holdings by $10.44 billion and growing its total asset base by 7% when compared to the prior year. Stockholders' Equity of $106.75 billion as at June 2021 increased by 14% over the prior year, with an annualized return of 9%.

On 9 April 2021, the Board of Directors declared a final dividend for the year ended December 2020 of $0.61 per share, these dividends were paid in May 2021.

Individual Insurance

The Individual Life segment posted net profits of $1.71 billion, 11% lower than 2020. This was driven by increases in actuarial liabilities in the current year. The segment continues to write exceptional levels of new business in Jamaica and Cayman, being 38% ahead of prior year and seeing 6% growth in its portfolio of policies. Net revenue showed significant growth over the comparative 2020 period.



Employee Benefits

The Employee Benefits segment produced profits of $1.36 billion, significantly lower than 2020 ($2.60 billion). Net group insurance and annuity premiums earned of $9.66 billion, included 25% growth in new annualized premium income. However, rapidly rising medical costs and death claims led to a 20% increase in benefits incurred compared to the prior year. The joint venture in Costa Rica continued its strong performance and contributed $496 million (2020: $149 million) to net profit for the six-month period.

Commercial Banking

Sagicor Bank contributed net profits of $987 million for the current period, a significant improvement over the $716 million in 2020 . The results were positively influenced by $752 million net positive movement in its ECL account compared to 2020, due to significant recoveries on outstanding loans during the current period. Fee based income of $2.73 billion was 9.3% higher than prior year, driven by a 10.6% increase in the credit card business, which yielded $1.13 billion in fee income.

Total assets of $168.14 billion increased by 9.75% against prior year and 7% since December 2020 driven mainly by increases in loans and advances, which ended the period at $89.22 billion, an improvement over the prior year December 2020 position. Customer deposit liabilities of $127.43 billion also increased by $13 billion and $5 billion against prior year and December 2020 respectively.

Investment Banking

The Investment Banking segment contributed $1.22 billion to the Group's net profit, a 5% decrease over prior year. Total revenue grew by 2% due to increases in unrealised foreign exchange gains and interest income, helped by a 3% increase in interest earning assets. Growth in fee income has been challenged due to lower levels of capital market transactions but we expect an uptick in future market activity, as signaled by our recently announced US$280 million financing transaction for New Fortress Energy Inc (NFE).

LIQUIDITY AND SOLVENCY

Group consolidated cash generated from investing activities was bolstered by $13.60 billion from the sale of the entire block of Playa shares in January 2021. The liquidity of the Group has remained strong with Cash and Cash Equivalents at the end of June 2021 being $37.86 billion (June 2020: $25.69 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	June 30, 2021	June 30, 2020
Sagicor Life Jamaica Limited	Minimum continuing capital and surplus requirements ratio (MCCSR)	150.0%	162.7%	189.9%
Sagicor Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	13.5%	13.2%
Sagicor Investments Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	16.3%	17.4%
Sagicor Life of the Cayman Islands Limited	Minimum capital requirement (MCR)	125.0%	377.9%	353.5%
Advantage General Insurance Company Limited	Minimum capital test ratio (MCT)	250.0%	329.3%	334.0%

CORPORATE SOCIAL RESPONSIBILITY

During the second quarter of 2021, Sagicor Group Jamaica through the Sagicor Foundation carried out various corporate social responsibility initiatives in support of the communities in which it operates.

With one of the primary pillars of the Sagicor Foundation focused on education, many of the activities during the period were geared towards recognizing and celebrating stakeholders in the education sector, including students for their outstanding academic performance during Child month.

The Sagicor Foundation also made a cash donation to the National Child's Month Committee in support its activities.

In celebration of Teacher's Day, the Foundation launched its 'My Teacher, My Hero' initiative via its social media platforms encouraging students to nominate

1. *Sagicor Life Financial Advisor, Kadeen Stern-Francis (right) engages in conversation with (from left) Dinthill Technical High School student, Mickaila Small, and Polly Ground Primary School student, Bassillius Lennox after the Sagicor Foundation sponsored a Child's Month celebratory project organized by the True United Sisters Foundation. Dubbed Rising to the top against the Odds, the event highlighted and rewarded high achievers in St. Catherine who excelled academically despite their challenges.*

2. *Darcy Tulloch-Williams (left) Executive Director, Mustard Seed Communities Jamaica shares an elbow bump greeting with Lynette Chin-McDaniel, Sagicor Life Financial Advisor, following the presentation of grocery items to the charity. The items were procured using funds donated by Chin-McDaniel and a group of her colleagues, along with donation from the Million Dollar Round Table Foundation.*









3. *Yvette Morris (left), Assistant Branch Manager, Sagicor Bank May Pen, and Natalie Powell (right) Branch Manager take a photo with excited educators from the York Town Primary School, (from second left) Francine Swaby, school principal; teachers, Nadine McKenzie, and Susan Callinder, following the presentation of gift baskets in celebration of Teacher's Day.*

4. *Clement Ellington (left), branch manager, Sagicor Bank Duke Street, presents a symbolic cheque to executive members of the National Child's Month Committee, (from left) Nicole Patrick Shaw, second Vice Chairman, and Avery Nelson, Assistant Treasurer, at the Institute of Jamaica Junior Centre in downtown, Kingston. Sagicor Foundation donated $100,000 to support the committee's efforts in organizing activities for National Child's Month.*

a teacher that went above and beyond the call of duty to ensure students stayed on track with their studies during the pandemic. The teachers selected were treated to gifts from the Foundation; the students who nominated them were also presented with a token.

The annual Sagicor Foundation scholarship programme was also launched during the period, providing an opportunity for clients, children of clients, and children of team members to apply for secondary and tertiary scholarships. The scholarship application closed on June 30, 2021.

The company also made several donations of tablet devices to various institutions and groups to assist students with accessing online learning; as well as other donations in cash and kind toward charitable initiatives.

OUTLOOK

Countries worldwide have set their sights on achieving herd immunity, with more than 3 billion vaccine doses administered globally to date. This measure is expected to revive consumer spending and business confidence, which is reflected in the stellar performance of securities markets, particularly in developed countries. In its most recent report published in July, the International Monetary Fund (IMF) projected global growth forecast of 6%, for this year, remaining unchanged from the previous outlook. However, this recovery is uneven with the lion's share of the growth coming from large economies, closely correlated with the disparity in vaccination penetration between them and their developing country counterparts. Close to 40 percent of the populations in major economies has been fully vaccinated, compared with 11 percent in emerging market economies and a small fraction in low-income developing countries.

In many emerging markets and developing economies such as Jamaica, obstacles to vaccination continue to weigh on economic activity. Jamaica has intensified its vaccination drive with the procurement of large vaccine supplies, however, the advent of a third wave of the virus has placed a significant strain on the health system and led to tighter containment policies by the authorities. Ratings agency Fitch, expects follow-on health implications related to COVID-19 to continue to drive elevated health system utilization long after the acute phase of the pandemic has concluded, likely leading to increasing costs and higher insurance premiums.

BOJ has cautioned that Jamaica is not expected to return to full Pre-COVID-19 economic levels before at least the end of 2023. Based on the latest Monetary Policy Discussion paper released by BOJ, monetary policy is set to meet the targeted inflation rate between 4% to 6 % for 2021. It is anticipated that price inflation would accelerate in the context of global supply chain disruptions and increasing demand as economies reopen. The BOJ anticipates a contraction between 10% to 12% in real GDP for 2021, however, a partial rebound of 5% to 8% can be achieved if there is significant recovery in Tourism. Overall credit conditions are expected to ease marginally in the upcoming quarters. Financial institutions anticipate that loan demand will continue to strengthen in the upcoming quarter, consistent with overall expectations of an improvement in business conditions.

The outlook is subject to change as a result of the uncertainty still surrounding the presence of variants that could have a desultory effect on economic activity. According to the IMF, the emergence of highly infectious virus variants could derail the current recovery and wipe out US$4.5 trillion, cumulatively, from global GDP, by 2025. Sagicor Group Jamaica continues to carefully monitor and assess the current economic environment. We remain committed to the health and wellness of our team, clients, and stakeholders and strongly encourage all Jamaicans to get vaccinated in the face of overwhelming scientific evidence that it remains the most effective tool to protect oneself against this deadly virus. The Group remains cautiously optimistic about the future and continues to employ a multi-faceted approach to safeguard health, minimize risk and ensure 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 continued tremendous positive work ethic while serving our customers, especially in these difficult times. To our customers for the trust and confidence that they continue to place in us, we are here to assist you in navigating these difficult times. Thank You to our supportive business partners and to our stockholders for the continued confidence and last but not least, we must also recognize our Directors for their diligence and wise counsel.

On behalf of The Board of Directors:

PETER MELHADO
Chairman

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

4 August 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021
(Expressed in thousands of Jamaican dollars)

	June 2021 Unaudited	June 2020 Unaudited	December 2020 Audited
ASSETS:			
Cash resources & Cash reserve at Central Bank	38,291,090	27,846,295	32,363,822
Financial investments	222,607,279	187,541,604	213,722,216
Loans & leases, after allowance for credit losses	89,611,255	88,599,803	87,843,528
Pledged assets	97,410,603	87,553,304	87,142,938
Investment properties	959,305	3,373,461	1,389,305
Investment in joint venture	1,228,200	557,282	683,234
Investment in associated company	-	21,666,641	15,844,876
Intangible assets	6,477,675	7,101,993	6,657,681
Property, plant and equipment	18,701,120	20,746,180	18,400,856
Right-of-use assets	2,446,341	2,784,011	2,488,231
Retirement benefit assets	1,187,248	863,643	1,187,248
Deferred income taxes	1,053,227	1,341,592	1,005,526
Taxation recoverable	4,467,950	2,251,986	2,438,233
Other assets	23,089,621	19,899,226	19,526,879
TOTAL ASSETS	**507,530,914**	**472,127,021**	**490,694,573**
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to:			
Stockholders' of the parent company			
Share capital	8,749,967	8,816,901	8,991,044
Equity reserves	16,358,735	12,871,108	18,043,805
Retained earnings	81,637,505	72,040,999	79,349,157
	106,746,207	93,729,008	106,384,006
Non-controlling interests	19,015,190	27,523,571	20,462,993
Total Equity	**125,761,397**	**121,252,579**	**126,846,999**
Liabilities			
Deposit and security liabilities	218,005,639	191,964,516	207,358,482
Loans payable	10,056,194	14,780,328	10,689,746
Deferred income taxes	1,873,511	945,531	2,493,349
Taxation payable	32,981	252,651	1,687,589
Retirement benefit obligations	3,858,206	3,344,839	3,706,366
Lease liabilities	2,771,515	3,018,064	2,780,860
Other liabilities	15,940,667	18,118,534	15,434,188
Policyholders' Funds			
Life and health insurance contracts liabilities	98,572,733	90,915,286	90,777,722
Investment contracts liabilities	18,226,584	16,248,531	17,430,421
Property and casualty insurance contracts and other policy liabilities	12,431,487	11,286,162	11,488,851
	129,230,804	118,449,979	119,696,994
Total Liabilities	381,769,517	350,874,442	363,847,574
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	**507,530,914**	**472,127,021**	**490,694,573**

PETER MELHADO
Chairman

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

4 August 2021

CONSOLIDATED INCOME STATEMENT

for the six-months ended 30 June 2021
(Expressed in thousands of Jamaican dollars)

	Q2 2021 Unaudited	Q2 2020 Unaudited	June 2021 Year-to-date Unaudited	June 2020 Year-to-date Unaudited	December 2020 Full Year Audited
Revenue:					
Net premium revenue	12,991,521	12,509,793	25,511,138	25,361,687	50,379,159
Net investment income	4,694,460	4,531,291	9,339,439	9,016,960	18,119,285
Realised and Unrealised gains/(losses)	2,586,104	2,675,474	3,786,787	(2,385,128)	1,829,672
Credit losses on loans and investment securities	(159,890)	(913,366)	(219,314)	(1,634,121)	(1,694,349)
Hotel revenue	1,149,718	141,597	1,870,741	1,494,546	2,427,344
Fees and other income	3,811,469	3,063,556	7,908,583	6,966,942	13,511,711
Total revenue, net of reinsurance, interest expense and credit losses	**25,073,382**	**22,008,345**	**48,197,374**	**38,820,886**	**84,572,822**
Benefits and Expenses:					
Net insurance benefits incurred	8,669,797	7,061,101	16,567,594	16,006,464	32,745,106
Net movement in actuarial liabilities	4,231,856	3,305,824	5,945,657	(2,211,070)	(4,058,410)
Administration expenses	5,964,248	4,804,408	11,515,584	10,561,748	21,794,562
Commissions and sales expenses	1,749,334	1,494,553	3,568,317	3,210,303	6,922,150
Hotel expenses	815,107	272,679	1,434,057	1,196,638	2,086,482
Depreciation and amortisation	675,295	1,129,429	1,335,837	1,494,251	2,870,006
Other taxes and levies	7,962	22,803	820,606	746,744	746,827
Total benefits and expenses	**22,113,599**	**18,090,797**	**41,187,652**	**31,005,078**	**63,106,723**
Profit before Associates and Joint Venture	**2,959,783**	**3,917,548**	**7,009,722**	**7,815,808**	**21,466,099**
Impairment of investment in associate	-	(1,324,720)	-	(1,785,666)	(4,508,146)
Impairment charge on goodwill	-	(150,000)	-	(853,500)	(1,231,913)
Share of profit from joint venture	273,688	82,870	496,187	148,513	310,860
Share of loss from associate	-	(1,453,165)	-	(1,927,218)	(5,467,297)
Loss on dilution of interest in associate	-	(380,747)	(233,089)	(380,747)	(391,296)
Profit before Taxation	3,233,471	691,786	7,272,820	3,017,190	10,178,307
Taxation	(844,780)	(987,120)	(1,979,434)	(2,170,481)	(5,693,527)
Net Profit	2,388,691	(295,334)	5,293,386	846,709	4,484,780
Net Profit attributable to:					
Stockholders' of the parent company	**1,940,974**	**2,472,935**	**4,848,928**	**4,355,588**	**13,780,163**
Non-controlling interests	447,717	(2,768,269)	444,458	(3,508,879)	(9,295,383)
	2,388,691	(295,334)	5,293,386	846,709	4,484,780
Earnings per stock unit for profit attributable to the stockholders' of the parent company:					
Basic and fully diluted	$0.50	$0.63	$1.24	$1.12	$3.53

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six-months ended 30 June 2021
(Expressed in thousands of Jamaican dollars)

	Q2 2021 Unaudited	Q2 2020 Unaudited	June 2021 Year-to-date Unaudited	June 2020 Year-to-date Unaudited	December 2020 Full Year Audited
Net profit/(loss) for the period	2,388,691	(295,334)	5,293,386	846,709	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	2,172,520	6,556,601	(1,190,826)	(421,888)	6,367,726
Share of joint venture and unrealised (losses)/gains on FVTOCI bonds	(20,536)	-	-	-	(15,626)
	2,151,984	6,556,601	(1,190,826)	(421,888)	6,352,100
Currency translation	295,140	1,775,395	(1,678,571)	2,919,013	3,856,914
Gains recycled to the Income Statement on sale and maturity of FVTOCI securities	(213,064)	(902,360)	(459,873)	(1,756,609)	(2,881,119)
Provision for expected credit losses on securities designated as FVTOCI	40,478	342,626	65,656	544,146	451,314
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities	(213,926)	(32,303)	(430,211)	(45,029)	(39,103)
Change in actuarial liabilities recognised in other comprehensive income	(468,676)	(964,306)	(165,028)	205,875	(742,148)
Share of fair value gains on interest rate swap recycled on dilution of associate company	-	-		-	24,237
Share of fair value gains/(losses) on interest rate swap of associate company	14	82,296	526,436	(233,987)	(140,616)
	(855,174)	(1,474,047)	(463,020)	(1,285,604)	(3,327,435)
Items that will not be subsequently reclassified to profit or loss					
Owner-occupied properties (OOP):					
Unrealised gains/(losses) on OOP	-	(1)	174,958	18,190	(1,758,219)
Share of unrealised gains/(losses) on OOP of associate	-	-	-	29,063	(245,447)
	-	(1)	174,958	47,253	(2,003,666)
Unrealised (losses)/gains on FVTOCI equities	-	-	-	-	(21,144)
Re-measurements of retirement benefits obligations	-	-	-	(27,890)	73,122
Re-measurements of retirement benefits obligations of associate	-	(12)	-	(1,170)	(2,799)
Total other income recognised directly in stockholders' equity, net of taxes	1,591,950	6,857,936	(3,157,459)	1,229,714	4,927,092
Total Comprehensive Income	**3,980,641**	**6,562,602**	**2,135,927**	**2,076,423**	**9,411,872**
Attributable to:					
Stockholders' of the parent company	**3,489,435**	**8,317,807**	**3,023,730**	**4,145,566**	**18,354,711**
Non-controlling interests	491,206	(1,755,205)	(887,803)	(2,069,143)	(8,942,839)
	3,980,641	6,562,602	2,135,927	2,076,423	9,411,872

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six-months ended 30 June 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 June 30, 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 income/(loss) for the period	-	(1,825,198)	4,848,928	3,023,730	(887,803)	2,135,927
Transactions with owners -						
Dividends paid to owners of the parent	-	-	(2,391,811)	(2,391,811)	(560,000)	(2,951,811)
Treasury shares	(241,077)		(28,641)	(269,718)	-	(269,718)
Total transactions with owners	(241,077)	-	(2,420,452)	(2,661,529)	(560,000)	(3,221,529)
Transfer between reserves -						
To special investment reserve	-	(27,761)	27,761	-	-	-
To retained earnings	-	167,889	(167,889)	-	-	-
Transfers between retained earnings and reserves	-	140,128	(140,128)	-	-	-
Balance as at June 30, 2021	**8,749,967**	**16,358,735**	**81,637,505**	**106,746,207**	**19,015,190**	**125,761,397**
	-	-	-		-	
Period ended June 30, 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	-	(193,085)	4,338,651	4,145,566	(2,069,143)	2,076,423
Transactions with owners -						
Dividends paid to owners of the parent	-	-	(280,000)	(280,000)	(80,000)	(360,000)
Dividends accrued to owners of the parent	-	-	(1,282,254)	(1,282,254)	-	(1,282,254)
Treasury shares	(31,373)	-	(74,485)	(105,858)	-	(105,858)
Total transactions with owners	(31,373)	-	(1,636,739)	(1,668,112)	(80,000)	(1,748,112)
Transfers between retained earnings and reserves	-	(506,205)	506,205	-	-	-
Balance as at June 30, 2020	**8,816,901**	**12,871,108**	**72,040,999**	**93,729,008**	**27,523,571**	**121,252,579**

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the six-months ended 30 June 2021
(Expressed in thousands of Jamaican dollars)

For the six-months ended June 30, 2021	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Unaudited Group
Operating results:							
External revenues	18,364,355	13,791,576	3,228,845	6,891,439	5,921,159	-	48,197,374
Inter-segment revenues	7,295	-	(53,341)	1,554	333,885	(289,393)	-
Total revenue	18,371,650	13,791,576	3,175,504	6,892,993	6,255,044	(289,393)	48,197,374
Benefits and expenses	(11,637,506)	(11,031,133)	(1,087,095)	(4,581,809)	(5,028,327)	280,318	(33,085,552)
Change in actuarial liabilities	(4,284,910)	(1,674,736)	-	-	-	13,989	(5,945,657)
Depreciation and amortisation	(105,947)	(80,800)	(61,986)	(328,049)	(759,055)	-	(1,335,837)
Other taxes	-	-	-	-	(86)	-	(86)
Asset tax	(105,518)	(35,634)	(231,484)	(363,645)	(84,239)	-	(820,520)
Total benefits and expenses	(16,133,881)	(12,822,303)	(1,380,565)	(5,273,503)	(5,871,707)	294,307	(41,187,652)
Share of profit from joint venture	-	496,187	-	-	-	-	496,187
Share of loss arising from dilution of interest in associate	-	-	-	-	(233,089)	-	(233,089)
Profit before taxation	2,237,769	1,465,460	1,794,939	1,619,490	150,248	4,914	7,272,820
Investment and corporation taxes	(531,491)	(105,219)	(575,728)	(632,008)	(134,988)	-	(1,979,434)
Net Profit	1,706,278	1,360,241	1,219,211	987,482	15,260	4,914	5,293,386
Segment assets:	75,611,764	83,082,164	121,078,206	168,137,635	72,839,472	(16,687,002)	504,062,239
Unallocated assets -							
Investments in joint venture							1,228,200
Deferred income taxes							1,053,227
Retirement benefit assets							1,187,248
Total assets							507,530,914
Segment liabilities:	61,379,068	69,415,243	94,961,956	141,422,263	27,514,010	(18,654,740)	376,037,800
Unallocated liabilities -							
Deferred income taxes							1,873,511
Retirement benefit obligations							3,858,206
Total liabilities							381,769,517
Other Segment items:							
Capital expenditure: Computer software							94,716
Property, plant and equipment							349,625

Geographical information:	Jamaica	Cayman Islands	United States of America	Other	Total Group
Revenue	43,403,477	2,923,156	1,870,741	-	48,197,374
Total assets	458,736,431	32,640,644	14,925,640	1,228,199	507,530,914

For the six-months ended June 30, 2020	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Unaudited Group
Operating results:							
External revenues	10,323,555	14,373,505	3,127,890	6,082,403	4,913,533	-	38,820,886
Inter-segment revenues	6,280	-	(15,838)	(1,765)	(226,932)	238,255	-
Total revenue	10,329,835	14,373,505	3,112,052	6,080,638	4,686,601	238,255	38,820,886
Benefits and expenses	(11,606,913)	(9,446,499)	(1,044,129)	(4,208,993)	(4,838,734)	170,115	(30,975,153)
Change in actuarial liabilities	4,000,120	(1,851,998)	-	-	-	62,948	2,211,070
Depreciation and amortisation	(110,728)	(90,129)	(55,748)	(303,010)	(934,636)	-	(1,494,251)
Other taxes	-	-	-	-	(161)	-	(161)
Asset tax	(115,312)	(33,172)	(196,523)	(326,855)	(74,721)	-	(746,583)
Total benefits and expenses	(7,832,833)	(11,421,798)	(1,296,400)	(4,838,858)	(5,848,252)	233,063	(31,005,078)
Impairment of investment in associate	-	-	-	-	(1,785,666)	-	(1,785,666)
Impairment of goodwill	-	-	-	-	(853,500)		(853,500)
Share of profit from joint venture	-	148,513	-	-	-	-	148,513
Share of loss from associate	-	-	-	-	(1,927,218)	-	(1,927,218)
Share of loss arising from dilution of interest in associate	-	-	-	-	(380,747)	-	(380,747)
Profit before taxation	2,497,002	3,100,220	1,815,652	1,241,780	(6,108,782)	471,318	3,017,190
Investment and corporation taxes	(589,861)	(496,125)	(527,393)	(525,388)	(31,714)	-	(2,170,481)
Net Profit	1,907,141	2,604,095	1,288,259	716,392	(6,140,496)	471,318	846,709
Segment assets:	65,515,263	77,490,877	104,887,577	153,207,004	58,677,828	(12,080,686)	447,697,863
Unallocated assets -							
Investments in joint venture							557,282
Investments in associate							21,666,641
Deferred income taxes							1,341,592
Retirement benefit assets							863,643
Total assets							472,127,021
Segment liabilities:	53,321,810	63,478,768	85,206,539	123,949,793	34,089,016	(13,461,854)	346,584,072
Unallocated liabilities -							
Deferred income taxes							945,531
Retirement benefit obligations							3,344,839
Total liabilities							350,874,442
Other Segment items:							
Capital expenditure: Computer software							82,904
Property, plant and equipment							464,337

Geographical information:	Jamaica	Cayman Islands	United States of America	Other	Total Group
Revenue	35,239,139	2,117,387	1,464,360	-	38,820,886
Total assets	406,259,130	26,436,374	38,874,235	557,282	472,127,021

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six-months ended 30 June 2021
(Expressed in thousands of Jamaican dollars)

For the six-months ended June 30, 2021	June 2021 Year-to-date Unaudited	June 2020 Year-to-date Unaudited	December 2020 Full Year Audited
Cash Flows from Operating Activities:			
Net Profit	**5,293,386**	**846,709**	**4,484,780**
Adjustments for:			
Items not affecting cash and changes to policyholders' funds:			
Adjustments for non-cash items, interest and dividends	(2,257,755)	3,216,136	1,481,662
Changes in other operating assets and liabilities	(3,959,862)	(4,039,724)	(6,499,004)
Net Investment purchases	(18,688,062)	(5,631,703)	(7,924,484)
Interest and dividends received	12,202,006	12,782,379	24,863,848
Interest paid	(2,457,416)	(2,408,584)	(5,097,414)
Income taxes paid	(5,860,757)	(3,228,990)	(5,128,554)
Net cash generated from/(used in) operating activities	**(15,728,460)**	**1,536,223**	**6,180,834**
Cash Flows from Investing Activities:			
Disposal/(Purchase) of investment property, net	386,400	(17,871)	1,641,079
Purchase of property, plant and equipment, net	(349,625)	(464,337)	(904,034)
Purchase of intangible assets, net	(94,716)	(82,904)	(308,160)
Proceeds from sale of associates	13,604,064	-	-
Net cash generated from /(used in) investing activities	**13,546,123**	**(565,112)**	**428,885**
Cash Flows from Financing activities:			
Deposits and securities liabilities	5,855,115	7,566,068	13,958,897
Finance lease repayment	(263,315)	(232,638)	(469,842)
Purchase of treasury shares, net	(269,718)	(105,858)	64,494
Dividends paid to non-controlling interests	(560,000)	(80,000)	(251,549)
Dividends paid to stockholders	(2,391,811)	(280,000)	(562,930)
Net cash generated from financing activities	**2,370,271**	**6,867,572**	**12,739,070**
Cash and cash equivalents:			
Effect of exchange rate on cash and cash equivalents	436,873	648,694	681,659
Increase in cash and cash equivalents	624,807	8,487,377	20,030,448
Cash and cash equivalents at beginning of year	37,235,976	17,205,528	17,205,528
Cash and cash equivalents at end of period	**37,860,783**	**25,692,905**	**37,235,976**
Comprising:			
Balances with Banks	26,395,545	17,649,691	21,019,199
Short - Term Deposits	3,020,339	814,052	4,186,193
USA Government Treasury Bills and BOJ CD's	3,990,348	1,936,535	4,603,143
Securities purchased under resale agreements	4,574,231	5,324,718	7,490,326
Bank overdraft	(119,680)	(32,091)	(62,885)
	37,860,783	**25,692,905**	**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 30.20% (2020 – 30.20%) 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 2020.

3. Accounting estimates and judgements

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

4. Impact of COVID-19

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

5. Disposal of interest in PLAYA

On 15 January 2021, the Group completed the disposal of its 14.87% (20,000,000 Ordinary Shares) equity interest in Playa Hotels and Resorts N.V. (Playa) for a net cash consideration of US$96,000,000 (approximately J$13,604,000,000). Sale of the shares occurred in a public offering of 11,499,000 Ordinary Shares held by the Group, concurrent to an underwritten public offering of 25,000,000 new shares by Playa at a public offering price of US$5.00 per share. These transactions were simultaneous with an assignment of an additional 8,501,000 ordinary shares held by the Group to 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.