

Sagicor Group Jamaica

Q3 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 nine-months ended September 2021.

OVERVIEW –

The Group reported net profit attributable to shareholders of $13.03 billion year to date, a 26% increase over prior year. In the third quarter the group recorded net profits attributable to shareholders of $8.18 billion, a 37% increase over the comparative 2020 period. The Individual Life insurance segment reported strong results underpinned by new business sales and portfolio growth. The commercial and investment banking segments benefited from the partial market rebound, experiencing improved transaction volumes and resulting fee income. Earnings per share improved to $3.34 (September 2020- $2.65). The Group continues to operate in a challenging environment with uncertainty remaining around further COVID-19 variants and their possible impact on the economy. Nonetheless, the Group remains focused on protecting the health of its team members and delivering the best possible service to its customers.

FINANCIAL PERFORMANCE

Total revenues generated were $73.15 billion, being $12.95 billion or 22% higher than the prior year. A significant contributor to this growth was the $6.09 billion improvement in Realized and Unrealised Gains that were driven by price recovery in marketable securities and an increase in activity in the securities trading markets. Premium and Fee Income growth was offset by increases in Benefits, a direct result of rising medical costs and death claims as the pandemic continues to impact our portfolios.

HIGHLIGHTS

	September 2021 Unaudited	September 2020 Unaudited	% Change	Dec 2020 Audited
OPERATING RESULTS (INCOME STATEMENT DATA):				
Net Profit, attributable to Stockholders - J$ billions	13.03	10.33	26%	13.78
Total Revenue - J$ billions	73.15	60.20	22%	84.57
FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA):				
Total Assets of Sagicor Group Jamaica - J$ billions	512.92	481.36	7%	490.69
Total Assets under management - J$ billions	951.06	889.08	7%	901.40
Stockholders' Equity - J$ billions	114.31	101.21	13%	106.38
PROFITABILITY:				
Return on average Stockholders' Equity (ROE)	16%	15%	1%	14%
Earnings per stock unit (EPS) - J$	3.34	2.65	26%	3.53
OTHER MARKET INFORMATION:				
SGJ Share Price - J$	57.99	46.49	25%	49.95
Market capitalization - J$ billions	226.48	181.57	25%	195.09

NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS
$13.03B ▲ 26%

TOTAL REVENUE
$73.15B ▲ 22%

TOTAL ASSETS
$512.92B ▲ 7%

STOCKHOLDERS' EQUITY
$114.31B ▲ 13%

EARNINGS PER STOCK UNIT
$3.34 ▲ 26%

MARKET CAPITALIZATION
$226.48B ▲ 25%

Net premium income increased by 3% compared to prior year, a result of strong new business sales within the Group. Net investment income increased by 17% over the last quarter and 8% over the prior year, a corollary of the increase in the Group's interest earning asset base. The Group recorded an increase of $5.3 billion in unrealised capital gains over the comparative period, indicative of the recoveries in the market value of securities within our respective portfolios. The Group experienced substantially lower ECLs, due in part to recoveries of outstanding loan and credit card balances in the Commercial Banking segment. Fee and other income of $12.43 billion increased by $2.11 billion compared to prior year as the Group benefited from the increased economic activity in our commercial and investment banking lines. Hotel revenue associated with our remaining portfolio assets showed strong growth in the third quarter compared to prior year.

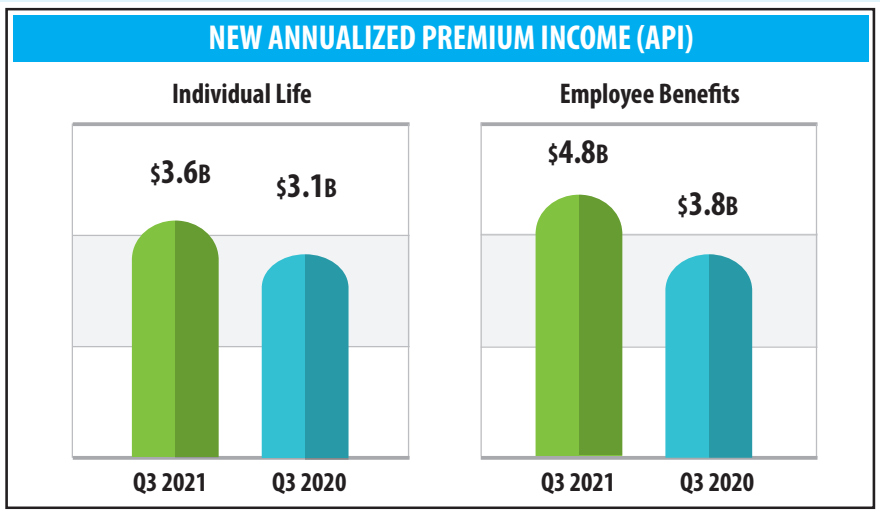
The Group continues to maintain a strong liquidity position, with cash holdings of $32.14 billion and has grown its asset base by 7% when compared to the prior year. Stockholders' Equity of $114.31 billion as at September 2021 increased by 13% over the prior year, with an annualized return of 16%.

Individual Insurance

The Individual Life segment posted net profits of $6.74 billion, 14% higher than 2020. The segment continues to grow new business in Jamaica and Cayman, seeing 5% growth in its portfolio of policies. Net revenue showed significant growth over the comparative 2020 period of 46% or $8.50 billion, $2.07 billion and $5.91 billion of this increase were from Net Premium and Realised and Unrealised Gains, respectively.

Employee Benefits

The Employee Benefits segment produced profits of $2.56 billion, lower than the prior year ($3.48 billion). The segment continues to be impacted by rapidly rising medical costs and health claims, which contributed to a 7% increase in benefits incurred compared to the prior year. Net Premiums earned of $14.1 billion, includes 24% growth in new annualized premium income. The joint venture in Costa Rica continued its strong performance and contributed $705 million (2020: $193 million) to net profit for the period.



Commercial Banking

Net profit of $2.12 billion represents a significant (41%) improvement over the prior year ($1.50 billion). Fee based income of $3.23 billion surpassed the prior year ($2.89 billion), credit card business revenue ($1.72 billion) represents a 13.4% increase over prior year. The segment saw a decline in its ECL provision of $985 million compared to 2020, largely due to significant recoveries on outstanding facilities and credit quality improvement in several segments of the loan portfolio since the start of the year.

Total assets of $170.13 billion increased by 9% against prior year and 8% since December 2020. Loans and advances, net of provision for loan losses increased by $3.66 billion and $3.62 billion compared to December 2020 and September 2020 respectively. Customer deposit liabilities grew by 5% against prior year and 4% in comparison to December 2020 to close at $127.29 billion.

Investment Banking

The Investment Banking segment contributed $2.04 billion to the Group's net profit a 7% decrease over prior year. Total revenue decreased by 3% due to lower Realized and Unrealised Capital Gains. However, net investment income increased by $453 million, a product of strong growth in interest earning assets. During the quarter the segment improved its fee income from capital market transactions and asset management showing growth of 8% against the prior year.

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 September 2021 being $30.95 billion (September 2020: $31.03 billion). The Group continues to exceed regulatory capital requirements across all of its entities.

CAPITAL RATIOS

Regulated Entities	Key Regulatory Ratios	Minimum Statutory Requirements	September 30, 2021	September 30, 2020
Sagicor Life Jamaica Limited	Minimum continuing capital and surplus requirements ratio (MCCSR)	150.0%	166.5%	190.1%
Sagicor Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	14.1%	13.5%
Sagicor Investments Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	16.4%	17.2%
Sagicor Life of the Cayman Islands Limited	Minimum capital requirement (MCR)	125.0%	166.3%	345.4%
Advantage General Insurance Company Limited	Minimum capital test ratio (MCT)	250.0%	348.6%	345.9%

CORPORATE SOCIAL RESPONSIBILITY

In the third quarter of 2021, Sagicor Group Jamaica through the Sagicor Foundation continued to provide support to various organisations and groups, strengthening its support to the communities in which we operate by providing relief and assistance, primarily in the areas of health and education.

During the period July to September, the Group's Corporate Social Responsibility (CSR) arm was especially focused on back-to-school activities and support for the educational sector. The Sagicor Foundation assessed over 1,000 scholarship applications for its tertiary scholarship programmes and interviewed some 60 shortlisted applicants for final selection of 31 awardees.

Renovation activities amounting to $21 million dollars for the three schools under the 2020/2021 Adopt-A-School programme were completed during the period, providing much needed infrastructural upgrades for Beeston Spring Early Childhood Institution in Westmoreland, Cornwall Gardens Basic School in St. James, and Sligoville Early Childhood Development Centre in St. Catherine. The nomination process for the 2021/2022 programme opened in August to new applicants.

During the period, significant donations were made to include a joint partnership with Boss furniture to donate beds and mattresses valued at $1.5 million dollars to the St Joseph's hospital; the Group also donated US$12,000 towards the development of the Field Hospital at the University Hospital of the West Indies. Other donations included- $250,000 to the Preemie Foundation of Jamaica; $250,000 to the Jamaica Environment Trust; $200,000 to the UN Women Guild's Scholarship programme and several other donations in kind; one of the most significant being care packages for a Sickle Cell Care Package drive.

In support of students learning from home, the Foundation continues to donate tablets to educational institutions to help students with their online learning. To date,







1. *(L-R) Sagicor Life Jamaica Executive Vice President, Employee Benefits Division, Willard Brown, presents a cheque to University Hospital of the West Indies (UHWI) Medical Chief of Staff Dr Carl Bruce and CEO Kevin Allen, and Minister of Health and Wellness Dr Christopher Tufton. Sagicor is among the private sector entities that pooled together to raise over 50 million dollars for the construction of the emergency field hospital at UHWI, which will accommodate up to 60 patients at when all 24 modular units are installed.*

2. *St Joseph's Hospital CEO Leon Dixon (left) bumps elbows with Sagicor Foundation Executive Director Alysia White and Boss Furniture chairman and co-founder Omar Azan as he receives a joint donation of 30 new beds for the hospital.*

3. *Daniellia White (left), podcaster and entertainment hub founder, accepts a case of the liquid meal supplement, Supligen, from Shamar Clarke, financial adviser, Sagicor Life Jamaica, at the company's head office in New Kingston last Friday. Sagicor Foundation donated groceries to support White's initiative aimed at providing 500 care packages to persons battling sickle cell disease in observance of Sickle Cell Awareness Month, which is celebrated in September.*

the Foundation has donated over 100 tablets. Laptop donations also started during this period, helping to support educators as they navigate the online teaching space.

Overall, the Group and the Foundation CSR efforts continue to be driven by its pillars of supporting initiatives in health and education, consistent with our vision of "being a great company committed to improving the lives of the people in the communities in which we operate."

OUTLOOK

The Jamaican economy's growth trajectory remains challenged by the downside risks associated with the COVID-19 pandemic given that Jamaica has one of the lowest vaccination rates in the region. The slowdown in economic activity in major sectors has the potential to further impact employment and inflation. In response to this, the Bank of Jamaica (BOJ) raised its benchmark interest rate by 100bps on September 30th in an attempt to curb spending. In August 2021, BOJ projected real GDP growth to be in the range of 7% to 10% and stood by its inflation rate projections of 4% to 6% over the coming two years.

The healthcare industry has experienced rising expenses as the cost of drugs, hospital stays and medical procedures showed significant increases during the year. Fitch, forecasts that the BOJ's recent increase in policy rates will likely filter through to make credit more expensive for business and households as well as to place a ceiling on investment growth in the quarter ahead. A decrease in the financial health of businesses and households has also given a rise to a greater proportion of non-performing loans, an increase of 0.2% at the end of April 2021 per the BOJ.

The protracted school closures pose a dire threat to a generation of Jamaican youth and must be a priority for the nation in order to safeguard our country's social and economic continuity.

Encouragingly, tourism is forecasted by the Minister of Tourism, Edmund Bartlett to earn US$2 billion for 2021; this renewed activity is expected to drive real GDP growth of 4.6% in 2021 and 4.1% in 2022, according to ratings agency, Fitch. S&P upgraded Jamaica to B+ with a stable outlook as at October 2021 citing " economic recovery will strengthen and government finances will return to surplus this year".

These developments are likely to continue to influence the financial sector in the medium-term and call for a large, multi-faceted participant like ourselves to manage our various business lines prudently while remaining alert for possible opportunities that may arise in such an environment.

In this context, Sagicor Group Jamaica continues to have confidence in the fiscal policies being pursued by the Government and remains optimistic about the future of the economy. We are steadfast in our commitment to the health and wellbeing of our team, our clients and the citizens in the countries in which we provide services.

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 in contributing to our customers, 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

10 November 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	September 2021 Unaudited	September 2020 Unaudited	December 2020 Audited
ASSETS:			
Cash resources & Cash reserve at Central Bank	32,136,235	33,016,635	32,363,822
Financial investments	228,295,551	194,760,978	213,722,216
Loans & leases, after allowance for credit losses	91,458,419	87,893,861	87,843,528
Pledged assets	96,858,205	92,304,600	87,142,938
Investment properties	1,124,144	1,430,626	1,389,305
Investment in joint venture	1,402,373	578,924	683,234
Investment in associated company	-	20,509,684	15,844,876
Intangible assets	6,422,623	6,874,651	6,657,681
Property, plant and equipment	20,124,435	18,235,476	18,400,856
Right-of-use assets	2,296,361	2,636,121	2,488,231
Retirement benefit assets	1,187,248	863,643	1,187,248
Deferred income taxes	1,081,569	1,492,903	1,005,526
Taxation recoverable	4,001,454	2,289,994	2,438,233
Other assets	26,528,327	18,470,174	19,526,879
TOTAL ASSETS	**512,916,944**	**481,358,270**	**490,694,573**
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to:			
Stockholders' of the parent company			
Share capital	8,807,537	8,816,901	8,991,044
Equity reserves	13,525,050	14,329,146	18,043,805
Retained earnings	91,976,582	78,061,939	79,349,157
	114,309,169	101,207,986	106,384,006
Non-controlling interests	19,965,916	24,394,359	20,462,993
Total Equity	**134,275,085**	**125,602,345**	**126,846,999**
Liabilities			
Deposit and security liabilities	212,651,652	202,501,552	207,358,482
Loans payable	10,047,368	10,671,102	10,689,746
Deferred income taxes	1,937,672	2,900,907	2,493,349
Taxation payable	33,444	1,200,541	1,687,589
Retirement benefit obligations	3,955,861	1,359,186	3,706,366
Lease liabilities	2,641,491	3,344,839	2,780,860
Other liabilities	19,898,954	16,683,326	15,434,188
Policyholders' Funds			
Life and health insurance contracts liabilities	94,894,439	89,122,061	90,777,722
Investment contracts liabilities	18,644,187	16,810,926	17,430,421
Property and casualty insurance contracts and other policy liabilities	13,936,791	11,161,485	11,488,851
	127,475,417	117,094,472	119,696,994
Total Liabilities	378,641,859	355,755,925	363,847,574
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	**512,916,944**	**481,358,270**	**490,694,573**

PETER MELHADO
Chairman

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

10 November 2021

CONSOLIDATED INCOME STATEMENT

for the nine-months ended 30 September 2021
(Expressed in thousands of Jamaican dollars)

	Q3 2021 Unaudited	Q3 2020 Unaudited	September 2021 Year-to-date Unaudited	September 2020 Year-to-date Unaudited	December 2020 Full Year Audited
Revenue:					
Net premium revenue	12,688,070	11,892,817	38,199,208	37,254,504	50,379,159
Net investment income	4,999,156	4,258,320	14,338,595	13,305,466	18,119,285
Realised and Unrealised gains/(losses)	1,545,326	1,625,217	5,332,113	(759,911)	1,829,672
Credit losses on loans and investment securities	29,864	(141,150)	(189,450)	(1,775,271)	(1,694,349)
Hotel revenue	1,157,236	356,214	3,027,977	1,850,760	2,427,344
Fees and other income	4,528,055	3,355,126	12,436,638	10,322,068	13,511,711
Total revenue, net of reinsurance, interest expense and credit losses	**24,947,707**	**21,346,544**	**73,145,081**	**60,197,616**	**84,572,822**
Benefits and Expenses:					
Net insurance benefits incurred	8,651,641	8,403,266	25,219,235	24,409,730	32,745,106
Net movement in actuarial liabilities	(3,139,822)	(2,834,314)	2,805,835	(5,045,384)	(4,058,410)
Administration expenses	5,924,348	5,236,888	17,439,932	15,828,822	21,794,562
Commissions and sales expenses	1,737,124	1,441,787	5,305,441	4,652,090	6,922,150
Hotel expenses	947,367	418,152	2,381,424	1,614,790	2,086,482
Depreciation and amortisation	682,873	697,019	2,018,710	2,191,270	2,870,006
Other taxes and levies	5,120	2	825,726	746,746	746,827
Total benefits and expenses	**14,808,651**	**13,362,800**	**55,996,303**	**44,398,064**	**63,106,723**
Profit before Associates and Joint Venture	**10,139,056**	**7,983,744**	**17,148,778**	**15,799,552**	**21,466,099**
Impairment of investment in associate	-	(9,525)	-	(1,795,191)	(4,508,146)
Impairment charge on goodwill	-	(150,000)	-	(1,003,500)	(1,231,913)
Share of profit from joint venture	208,913	44,501	705,100	193,014	310,860
Share of loss from associate	-	(1,466,827)	-	(3,394,045)	(5,467,297)
Loss on sale/dilution of interest in associate	-	(7,406)	(233,089)	(388,153)	(391,296)
Profit before Taxation	10,347,969	6,394,487	17,620,789	9,411,677	10,178,307
Taxation	(2,092,828)	(2,238,418)	(4,072,262)	(4,408,899)	(5,693,527)
Net Profit	8,255,141	4,156,069	13,548,527	5,002,778	4,484,780
Net Profit attributable to:					
Stockholders' of the parent company	**8,177,682**	**5,972,937**	**13,026,610**	**10,328,525**	**13,780,163**
Non-controlling interests	77,459	(1,816,868)	521,917	(5,325,747)	(9,295,383)
	8,255,141	4,156,069	13,548,527	5,002,778	4,484,780
Earnings per stock unit for profit attributable to the stockholders' of the parent company:					
Basic and fully diluted	$2.1	$1.53	$3.34	$2.65	$3.53

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the nine-months ended 30 September 2021
(Expressed in thousands of Jamaican dollars)

	Q3 2021 Unaudited	Q3 2020 Unaudited	September 2021 Year-to-date Unaudited	September 2020 Year-to-date Unaudited	December 2020 Full Year Audited
Net profit/(loss) for the period	8,255,141	4,156,069	13,548,527	5,002,778	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	(479,045)	2,488,544	(1,669,871)	2,066,656	6,367,726
Share of joint venture and unrealised (losses)/gains on FVTOCI bonds	-	-	-	-	(15,626)
	(479,045)	2,488,544	(1,669,871)	2,066,656	6,352,100
Currency translation	(104,152)	836,645	(1,782,723)	3,755,658	3,856,914
Gains recycled to the Income Statement on sale and maturity of FVTOCI securities	(656,707)	(555,640)	(1,116,580)	(2,312,249)	(2,881,119)
Provision for expected credit losses on securities designated as FVTOCI	(27,587)	19,079	38,069	563,225	451,314
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities	-	(36,036)	(430,211)	(81,065)	(39,103)
Change in actuarial liabilities recognised in other comprehensive income	70,916	(315,609)	(94,112)	(109,734)	(742,148)
Share of fair value gains on interest rate swap recycled on sale/dilution of associate company	-	-	-	-	24,237
Share of fair value gains/(losses) on interest rate swap of associate company	-	51,472	526,436	(182,515)	(140,616)
	(613,378)	(836,734)	(1,076,398)	(2,122,338)	(3,327,435)
Items that will not be subsequently reclassified to profit or loss					
Owner-occupied properties (OOP):					
Unrealised gains/(losses) on OOP	1,569,546	(1,639,318)	1,744,504	(1,621,128)	(1,758,219)
Share of unrealised gains/(losses) on OOP of associate	(147,138)	(558,226)	(147,138)	(529,163)	(245,447)
	1,422,408	(2,197,544)	1,597,366	(2,150,291)	(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	-	9,446	-	8,276	(2,799)
Total other income recognised directly in stockholders' equity, net of taxes	225,833	300,357	(2,931,626)	1,530,071	4,927,092
Total Comprehensive Income	**8,480,974**	**4,456,426**	**10,616,901**	**6,532,849**	**9,411,872**
Attributable to:					
Stockholders' of the parent company	**7,530,248**	**7,478,755**	**10,553,978**	**11,624,321**	**18,354,711**
Non-controlling interests	950,726	(3,022,329)	62,923	(5,091,472)	(8,942,839)
	8,480,974	4,456,426	10,616,901	6,532,849	9,411,872

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine-months ended 30 September 2021
(Expressed in thousands of Jamaican dollars)

	Share Capital	Equity Reserves	Retained Earnings	Equity Owners' Total	Non-controlling Interests Total	Total Stockholders' Equity Unaudited
Period ended September 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 (loss)/income for the period	-	(2,472,632)	13,026,610	10,553,978	62,923	10,616,901
Transactions with owners -						
Dividends paid to owners of the parent	-	-	(2,391,811)	(2,391,811)	(560,000)	(2,951,811)
Treasury shares	(183,507)		(53,497)	(237,004)	-	(237,004)
Total transactions with owners	(183,507)	-	(2,445,308)	(2,628,815)	(560,000)	(3,188,815)
Transfer between reserves -						
To special investment reserve	-	(27,761)	27,761	-	-	-
To retained earnings	-	547,223	(547,223)	-	-	-
To retained earnings reserve	-	(2,565,585)	2,565,585	-	-	-
Transfers between retained earnings and reserves	-	(2,046,123)	2,046,123	-	-	-
Balance as at September 30, 2021	**8,807,537**	**13,525,050**	**91,976,582**	**114,309,169**	**19,965,916**	**134,275,085**
Period ended September 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
Prior year adjustment - Fair Value of Advantage General	-	-	-	-	-	-
Insurance acquisition Balance Sheet	-	-	-	-	(15,334)	(15,334)
Restated opening balance at December 31, 2019	8,848,274	13,570,398	68,832,882	91,251,554	29,657,380	120,908,934
Total comprehensive income/(loss) for the period	-	1,295,796	10,328,525	11,624,321	(5,091,472)	6,532,849
Transactions with owners -						
Dividends paid to owners of the parent	-	-	(280,000)	(280,000)	(171,549)	(451,549)
Dividends accrued to owners of the parent	-	-	(1,282,254)	(1,282,254)	-	(1,282,254)
Treasury shares	(31,373)	-	(71,969)	(103,342)	-	(103,342)
Total transactions with owners	(31,373)	-	(1,634,223)	(1,665,596)	(171,549)	(1,837,145)
Transfers between retained earnings and reserves	-	(537,048)	534,755	(2,293)	-	(2,293)
Balance as at September 30, 2020	**8,816,901**	**14,329,146**	**78,061,939**	**101,207,986**	**24,394,359**	**125,602,345**

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the nine-months ended 30 September 2021
(Expressed in thousands of Jamaican dollars)

For the nine-months ended September 30, 2021	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Unaudited Group
Operating results:							
External revenues	26,828,175	21,036,572	4,963,689	11,202,671	9,113,974	-	73,145,081
Inter-segment revenues	10,566	-	(111,709)	1,629	431,298	(331,784)	-
Total revenue	26,838,741	21,036,572	4,851,980	11,204,300	9,545,272	(331,784)	73,145,081
Benefits and expenses	(17,707,181)	(16,409,681)	(1,572,027)	(7,043,769)	(8,020,725)	407,351	(50,346,032)
Change in actuarial liabilities	(146,394)	(2,616,897)	-	-	-	(42,544)	(2,805,835)
Depreciation and amortisation	(158,283)	(120,956)	(96,553)	(502,004)	(1,140,914)	-	(2,018,710)
Other taxes	-	-	-	-	(174)	-	(174)
Asset tax	(105,518)	(35,634)	(231,484)	(363,645)	(89,271)	-	(825,552)
Total benefits and expenses	(18,117,376)	(19,183,168)	(1,900,064)	(7,909,418)	(9,251,084)	364,807	(55,996,303)
Share of profit from joint venture	-	705,100	-	-	-	-	705,100
Share of loss arising from sale of interest in associate	-	-	-	-	(233,089)	-	(233,089)
Profit before taxation	8,721,365	2,558,504	2,951,916	3,294,882	61,099	33,023	17,620,789
Investment and corporation taxes	(1,985,455)	6,418	(913,099)	(1,172,164)	(7,962)	-	(4,072,262)
Net Profit	6,735,910	2,564,922	2,038,817	2,122,718	53,137	33,023	13,548,527
Segment assets:	73,743,808	109,137,022	121,667,201	169,316,770	59,738,952	(24,357,999)	509,245,754
Unallocated assets -							
Investments in joint venture							1,402,373
Deferred income taxes							1,081,569
Retirement benefit assets							1,187,248
Total assets							512,916,944
Segment liabilities:	58,800,244	79,788,827	95,431,984	144,111,443	20,764,647	(26,148,819)	372,748,326
Unallocated liabilities -							
Deferred income taxes							1,937,672
Retirement benefit obligations							3,955,861
Total liabilities							378,641,859
Other Segment items:							
Capital expenditure: Computer software							201,462
Property, plant and equipment							414,475

Geographical information:

	Jamaica	Cayman Islands	United States of America	Other	Total Group
Revenue	43,292,934	26,824,170	3,027,977	-	73,145,081
Total assets	463,903,300	31,102,187	16,509,088	1,402,369	512,916,944

For the nine-months ended September 30, 2020	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Unaudited Group
Operating results:							
External revenues	18,334,657	20,768,223	5,053,273	9,374,350	6,667,113	-	60,197,616
Inter-segment revenues	9,214	-	(50,581)	8,486	(100,586)	133,467	-
Total revenue	18,343,871	20,768,223	5,002,692	9,382,836	6,566,527	133,467	60,197,616
Benefits and expenses	(16,942,953)	(14,793,078)	(1,556,449)	(6,206,034)	(7,239,642)	274,904	(46,463,252)
Change in actuarial liabilities	6,702,473	(1,907,197)	-	-	-	250,108	5,045,384
Depreciation and amortisation	(165,980)	(123,804)	(84,671)	(458,703)	(1,358,112)	-	(2,191,270)
Other taxes	-	-	-	-	(163)	-	(163)
Asset tax	(115,312)	(33,172)	(196,523)	(326,855)	(74,721)	-	(746,583)
Total benefits and expenses	(10,521,772)	(16,857,251)	(1,837,643)	(6,991,592)	(8,714,818)	525,012	(44,398,064)
Impairment of investment in associate	-	-	-	-	(1,795,191)	-	(1,795,191)
Impairment of goodwill	-	-	-	-	(1,003,500)		(1,003,500)
Share of profit from joint venture	-	193,014	-	-	-	-	193,014
Share of loss from associate	-	-	-	-	(3,394,045)	-	(3,394,045)
Share of loss arising from dilution of interest in associate	-	-	-	-	(388,153)	-	(388,153)
Profit before taxation	7,822,099	4,103,986	3,165,049	2,391,244	(8,729,180)	658,479	9,411,677
Investment and corporation taxes	(1,910,222)	(621,462)	(970,637)	(890,110)	(16,468)	-	(4,408,899)
Net Profit	5,911,877	3,482,524	2,194,412	1,501,134	(8,745,648)	658,479	5,002,778
Segment assets:	65,581,359	77,920,787	110,310,857	154,304,232	62,529,006	(12,733,125)	457,913,116
Unallocated assets -							
Investments in joint venture							578,924
Investments in associate							20,509,684
Deferred income taxes							1,492,903
Retirement benefit assets							863,643
Total assets							481,358,270
Segment liabilities:	52,286,408	64,004,000	87,891,423	129,966,204	31,334,591	(14,272,081)	351,210,545
Unallocated liabilities -							
Deferred income taxes							1,200,541
Retirement benefit obligations							3,344,839
Total liabilities							355,755,925
Other Segment items:							
Capital expenditure: Computer software							140,279
Property, plant and equipment							582,371

Geographical information:

	Jamaica	Cayman Islands	United States of America	Other	Total Group
Revenue	54,787,983	3,558,873	1,850,760	-	60,197,616
Total assets	414,461,439	27,443,672	38,874,235	578,924	481,358,270

CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine-months ended 30 September 2021
(Expressed in thousands of Jamaican dollars)

For the nine-months ended September 30, 2021	September 2021 Year-to-date Unaudited	September 2020 Year-to-date Unaudited	December 2020 Full Year Audited
Cash Flows from Operating Activities:			
Net Profit	**13,548,527**	**5,002,778**	**4,484,780**
Adjustments for:			
Items not affecting cash and changes to policyholders' funds			
Adjustments for non-cash items, interest and dividends	(7,951,861)	(318,855)	1,481,662
Changes in other operating assets and liabilities	(3,667,026)	(4,840,868)	(6,499,004)
Net Investment purchases	(27,649,009)	(9,284,408)	(7,924,484)
Interest and dividends received	18,559,412	18,182,180	24,863,848
Interest paid	(3,694,035)	(3,617,446)	(5,097,414)
Income taxes paid	(7,186,538)	(4,125,376)	(5,128,554)
Net cash generated (used in)/from operating activities	**(18,040,530)**	**998,005**	**6,180,834**
Cash Flows from Investing Activities:			
Disposal of investment property, net	284,561	1,607,515	1,641,079
Purchase of property, plant and equipment, net	(414,475)	(582,371)	(904,034)
Purchase of intangible assets, net	(201,462)	(140,279)	(308,160)
Proceeds from sale of associates	13,604,064	-	-
Net cash generated from investing activities	**13,272,688**	**884,865**	**428,885**
Cash Flows from Financing activities:			
Deposits and securities liabilities	1,485,632	12,180,258	13,958,897
Finance lease repayment	(392,977)	(349,795)	(469,842)
Purchase of treasury shares, net	(237,006)	(103,342)	64,494
Dividends paid to non-controlling interests	(560,000)	(171,549)	(251,549)
Dividends paid to stockholders	(2,391,811)	(280,000)	(562,930)
Net cash (used in)/generated from financing activities	**(2,096,162)**	**11,275,572**	**12,739,070**
Cash and cash equivalents:			
Effect of exchange rate on cash and cash equivalents	578,579	667,396	681,659
(Decrease)/increase in cash and cash equivalents	(6,285,425)	13,825,838	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	**30,950,551**	**31,031,366**	**37,235,976**
Comprising:			
Balances with Banks	20,144,612	22,119,960	21,019,199
Short - Term Deposits	4,143,614	2,571,987	4,186,193
USA Government Treasury Bills and BOJ CD's	1,392,273	1,871,220	4,603,143
Securities purchased under resale agreements	5,339,564	4,635,877	7,490,326
Bank overdraft	(69,512)	(167,678)	(62,885)
	30,950,551	**31,031,366**	**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 state¬ments 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.