Sagicor Group Jamaica

Q3 2019 Performance Report



DIRECTORS' STATEMENT

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

OVERVIEW –

The Group performed well for the nine-months period, reporting net profit attributable to stockholders of **$10.86 billion,** or $2.79 per share, better than 2018 by 23%. The annualized return on stockholders' equity for year-to-date results is 18% as against 17% for 2018.

The current year-to-date results benefited mainly from overall good new business and portfolio growth which were both better than prior year.

Other factors positively influencing the outcome for the period include the depreciation of the J$ to the US$ of 6% which gave rise to realized and unrealized gains attributable to US$ positions; the 36% appreciation of the Jamaica Stock Exchange main index with the Group earning trading gains and capital appreciation.

Other Comprehensive Income (OCI) benefitted from increased bond prices (mainly Government of Jamaica and USA Corporates), a result of lower interest rates both locally and internationally, which in turn caused higher actuarial liabilities.

Net profit attributable to stockholders for the quarter of $4.47 billion was up from $3.69 billion in Q2 2019 and $3.54 billion for Q3 2018.

HIGHLIGHTS

	Sep 2019 Unaudited	Sep 2018 Unaudited	% Change	Dec 2018 Audited
OPERATING RESULTS (INCOME STATEMENT DATA):				
Net Profit, attributable to Stockholders - J$ billions	10.86	8.82	23%	14.23
Total Revenue - J$ billions	67.51	51.48	31%	70.66
FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA):				
Total Assets of Sagicor Group Jamaica - J$ billions	457.94	373.12	23%	394.13
Total Assets under management - J$ billions	868.20	730.05	19%	763.67
Stockholders' Equity - J$ billions	88.38	73.39	20%	74.34
PROFITABILITY:				
Return on average Stockholders' Equity (ROE)	18%	17%	6%	20%
Earnings per stock unit (EPS) - J$	2.79	2.27	23%	3.65
OTHER MARKET INFORMATION:				
SGJ Share Price - J$	73.95	39.25	88%	39.80
Market capitalization - J$ billions	288.82	153.30	88%	155.44

23%
INCREASE IN NET PROFIT FOR THE YEAR TO DATE 2019

NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS
$10.86B
2018: $8.82B

TOTAL REVENUE
$67.51B
2018: $51.48B

STOCKHOLDERS' EQUITY
$88.38B
2018: $73.39B

EARNINGS PER STOCK UNIT
$2.79
2018: $2.27

The current year results reflect the consolidation of new subsidiaries, Sagicor Real Estate XFund Limited – XFund and Travel Cash Jamaica Limited, for the full nine months. At September 2018, XFund was carried on the Equity basis as an associated company. In addition, the Group acquired a 60% interest in Advantage General Insurance Company Limited on September 30, 2019. Certain individual financial statements line items will therefore not be directly comparable.

FINANCIAL PERFORMANCE

The consolidated net profit of $11.30 billion (the stockholders' share being $10.86 billion) was generated from total revenues of $67.51 billion. Compared to the corresponding 2018 period, profit attributable to stockholders increased by 23%, and revenue grew by 31% (22% excluding the effect of the accounting change for Sagicor XFund and an impairment charge on Government of Barbados bonds).

Administration expenses were higher than prior year by 16%, of which over half is due to consolidation of subsidiaries added in Q4 2018, reflecting increments to Team Members' compensation expenses and higher Payments channels related costs in Sagicor Bank. The Group efficiency ratio of administration expenses to total revenue, a key measure of expense management, was unchanged year on year at 31%.

Market capitalization of SGJ at September 2019 was $288.82 billion, up 86% or $133.38 billion when compared to December last year.

Total assets of the Group were $457.94 billion, up 16% from the December 2018 amount of $394.13 billion, while managed funds of $410.26 billion grew by 11%. Therefore, total assets under management, as at September 2019, including Group Assets on balance sheet, Pension Funds' assets managed on behalf of clients and Sagicor Sigma Global Funds (Unit Trusts) and other managed funds, were $868.20 billion, a 14% increase over the December 2018 amount of $763.67 billion.

Stockholders' equity stood at $88.38 billion as at September 2019. Strong earnings and fair value appreciation of certain bonds being carried as fair value through OCI contributed to a 19% growth in stockholders' equity during the nine-months period.

SEGMENT RESULTS FOR THE NINE MONTHS PERIOD (BILLIONS)-Before Non-Controlling Interest

	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All Other	Total Group
2019	3.78	3.18	2.01	1.95	0.38	11.30
2018	4.12	2.88	1.08	1.41	(0.67)	8.82
% Variance	-8%	10%	86%	38%	157%	28%

Individual Insurance

The Individual Life segment posted net profits of $3.78 billion, 8% lower than 2018. We are producing higher new sales (API) in 2019 and earned premiums, which account for the largest portion of revenue, were up by 11%. There were also large realized capital gains. Meanwhile the increase in Actuarial Liabilities was higher than prior year mainly due to rising bond prices and lower yields. The release of Actuarial Liabilities for experience and efficiency gains in 2019 was much lower than in 2018.

Employee Benefits

The Employee Benefits Division produced profits of $3.18 billion, being 10% more than in 2018, driven mainly by the performance of the Annuities line. While new sales from Group Health Insurance were slower than expected, sales from Annuities were much better. Overall there was a 54% growth in annualized new premium income. However, Insurance claims as a percentage of gross premiums were higher than in 2018.

Commercial Banking

Sagicor Bank continued to show excellent growth in all channels and contributed net profits of $1.95 billion for the current period, improved over the $1.41 billion recorded in 2018. These profits were produced from revenues of $9.87 billion which were 18% more than prior year.

Total assets of $139.08 billion reflected a 13% growth since December 2018. The Loans book of $80.64 billion grew by 17% and Customer deposits of $103.25 billion were up 12% for the period. The annualized return on equity for the bank was 12%.

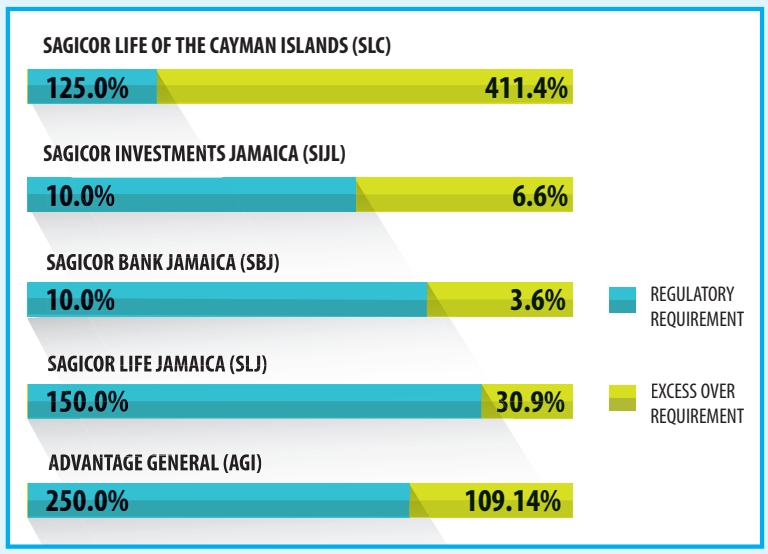
Investment Banking

Sagicor Investments showed strong profitability during the period, contributing $2.01 billion to the Group. The bulk of this profitability was attributable to the closing of a number of corporate financing deals, trading gains on securities and the depreciation of the J$ to the US$. The annualized return on Equity for this entity was 20%.

SOLVENCY

CAPITAL RATIOS

Regulated Entities	Key Regulatory Ratios	Minimum Statutory Requirements	Sep 30, 2019	Sep 30, 2018
Sagicor Life Jamaica Limited	Minimum continuing capital and surplus requirements ratio (MCCSR)	150.0%	180.9%	190.2%
Sagicor Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	13.35%	13.2%
Sagicor Investments Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	16.6%	13.7%
Sagicor Life of the Cayman Islands Limited	Minimum capital requirement (MCR)	125.0%	536.4%	386.5%
Advantage General Insurance Company Limited	Minimum capital test ratio (MCT)	250.0%	359.14%	–



INDUSTRY RATINGS

SAGICOR LIFE JAMAICA

A.M. Best	CariCRIS
B++	jmAAA
FINANCIAL STRENGTH RATING	JAMAICA NATIONAL SCALE
	HIGHEST CREDIT WORTHINESS RATING FOR A JAMAICAN COMPANY
bbb	Stable
ISSUER CREDIT RATING	OUTLOOK
Stable	
OUTLOOK	

What Drives These Ratings

- Strong earnings in core business lines
- Comprehensive suite of products and services
- Adequate risk adjusted capital position
- Market leadership position
- Strong brand equity



1.



2.



3.

1. *Sagicor Foundation Chairman, R Danny Williams (front row, right) and Christopher Zacca (front row, left), President and CEO, Sagicor Group Jamaica, pose with the 2019 Sagicor Foundation tertiary scholars during the awards ceremony held on August 29 at the Jamaica Pegasus hotel.*

2. *Sagicor Foundation scholars who are among the top Primary Exit Profile students showcase their scholarship certificates at the awards ceremony held at the Jamaica Pegasus hotel in August. Also pictured are Christopher Zacca (front row, left), president and CEO, Sagicor Group Jamaica and R Danny Williams (front row, right), Chairman, Sagicor Foundation.*

3. *These young scholars (from left) Aidan Rampair, Omeco Henclewood, Daniel Thelwell, Chelsea-Ann Samuels and Mickayla Lewin engage in conversation after the Sagicor Foundation Scholarship awards ceremony held at the Jamaica Pegasus hotel.*

Sagicor Group Jamaica Limited

CariCRIS Credit Rating

CariA FOREIGN CURRENCY

CariA+ LOCAL CURRENCY

ISSUER CREDIT RATINGS

Stable

OUTLOOK

jmAAA

JAMAICA NATIONAL SCALE

HIGHEST CREDIT WORTHINESS RATING FOR A JAMAICAN COMPANY

What Drives These Ratings

- Leading Market Positions
- Strong Brand Equity
- Revenue Stability
- Healthy Financial Performance
- Comfortable Capitalization Levels
- Strong Risk Management

CORPORATE SOCIAL RESPONSIBILITY

During the 3rd quarter, Sagicor Group's primary charitable focus was the education sector, contributing over $15 million in scholarships, grants and donations to hundreds of students, culminating in our Scholarship Awards ceremony, to recognize the awardees, held in August at the Jamaica Pegasus Hotel.

The Sagicor Foundation also hosted the official handing over ceremonies and fun day for the upgraded basic schools under the 2018/2019 Adopt-A-School programme, those schools being: Chantilly Gardens Early Childhood Institution in Savannalamar, Westmoreland; Tobolski Basic School in Brown's Town, St. Ann and Clifton Basic School in Portmore, St. Catherine. Over $12 million was invested in improving the overall physical environment and increasing these institutions' compliance with the Early Childhood Commissions Standards.

OUTLOOK

We remain optimistic about the future and prospects for the rest of 2019. The Jamaican economy continues to perform well in an environment of low unemployment, low interest rates, moderate inflation although the rate of GDP growth remains a concern. We continue to diligently push our strategies for growth while improving our efficiencies, all in order to improve our Clients' experience of doing business with Sagicor and to earn attractive returns for our Stakeholders.

ACKNOWLEDGEMENT

We offer appreciation to all our Clients, Team Members, Financial Advisors, Brokers, Business Partners and Stockholders.

On behalf of The Board of Directors:

PETER MELHADO
Chairman

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

30 October 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at September 30, 2019
(Expressed in thousands of Jamaican dollars)

	September 2019 Unaudited	September 2018 Unaudited	December 2018 Audited
ASSETS:			
Cash resources & Cash reserve at Central Bank	24,518,307	29,393,240	23,883,674
Financial investments	195,843,432	174,227,273	158,837,169
Derivative financial instruments	41,461	185,600	31,464
Loans & leases, after allowance for credit losses	80,957,392	67,394,408	69,284,592
Pledged assets	76,468,631	66,433,001	70,485,620
Investment properties	3,217,887	531,172	2,552,460
Investment in joint venture	429,335	412,171	330,804
Investment in associated company	26,655,459	7,145,109	24,764,690
Intangible assets	8,471,815	4,815,552	6,651,581
Property, plant and equipment	21,547,704	5,050,626	19,000,411
Retirement benefit assets	183,351	517,257	183,351
Deferred income taxes	1,211,033	3,251,550	3,405,053
Taxation recoverable	2,780,574	2,668,822	3,256,419
Other assets	15,608,014	11,093,268	11,465,465
TOTAL ASSETS	**457,934,395**	**373,119,049**	**394,132,753**
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to stockholders of the company			
Share capital	8,702,043	8,855,511	8,863,302
Equity reserves	11,007,200	5,992,029	4,286,773
Retained earnings	68,669,496	58,543,674	61,189,933
	88,378,739	73,391,214	74,340,008
Non-controlling interests	31,174,185	-	27,354,811
Total Equity	**119,552,924**	**73,391,214**	**101,694,819**
Liabilities			
Deposit and security liabilities	190,364,432	183,611,928	164,933,500
Derivative financial instruments	41,461	166,378	31,464
Lease obligations	1,232,294	-	-
Loans payable	10,152,356	-	9,970,102
Deferred income taxes	1,070,407	-	412,486
Taxation payable	49,476	911,260	1,880,810
Retirement benefit obligations	3,362,392	3,533,459	3,076,400
Other liabilities	14,030,215	11,245,936	14,510,124
Policyholders' Funds			
Insurance contracts liabilities	98,202,718	82,720,588	79,962,032
Investment contracts liabilities	14,532,357	13,490,743	13,408,342
Other policy liabilities	5,343,363	4,047,543	4,252,674
	118,078,438	100,258,874	97,623,048
Total Liabilities	338,381,471	299,727,835	292,437,934
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	**457,934,395**	**373,119,049**	**394,132,753**

PETER MELHADO
Chairman

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

30 October 2019

CONSOLIDATED INCOME STATEMENT

for the nine-months ended September 2019
(Expressed in thousands of Jamaican dollars)

	Q3 2019 Unaudited	Q3 2018 Unaudited	September 2019 Year-to-date Unaudited	September 2018 Year-to-date Unaudited	December 2018 Full Year Audited
Revenue:					
Net premium revenue	12,722,622	10,303,335	33,794,879	28,754,109	39,814,784
Net investment income	7,419,329	5,792,712	19,327,667	13,624,846	18,246,692
Hotel revenue	1,074,875	-	3,874,373	-	1,247,215
Fees and other income	3,704,415	3,361,707	10,512,857	9,097,893	11,348,102
Total revenue	**24,921,241**	**19,457,754**	**67,509,776**	**51,476,848**	**70,656,793**
Benefits and Expenses:					
Net insurance benefits incurred	8,049,067	6,282,013	21,178,325	18,977,847	25,474,549
Changes in insurance and annuity liabilities	3,559,302	2,130,926	8,598,887	2,695,228	2,252,471
Administration expenses	5,202,351	4,450,242	15,286,977	13,215,838	18,323,030
Hotel expenses	1,105,093	-	3,160,575	-	892,631
Commissions and related expenses	1,365,799	1,203,077	4,239,035	3,825,554	5,782,073
Amortization of intangible assets	179,489	178,164	556,265	521,080	704,200
Other taxes and levies	152	230	641,760	637,918	638,047
Total benefits and expenses	**19,461,253**	**14,244,652**	**53,661,824**	**39,873,465**	**54,067,001**
Share of profit/(loss) from joint venture	3,465	27,025	(8,625)	42,598	18,007
Gain on step acquisition of X Fund Group	-	-	-	-	1,521,065
Share of profit/(loss) from associate	(229,756)	(393,728)	680,053	(170,531)	(80,539)
Profit before Taxation	5,233,697	4,846,399	14,519,380	11,475,450	18,048,325
Taxation	(1,060,061)	(1,303,239)	(3,216,135)	(2,653,736)	(4,170,507)
NET PROFIT	**4,173,636**	**3,543,160**	**11,303,245**	**8,821,714**	**13,877,818**
Net Profit attributable to:					
Stockholders of the parent company	4,474,871	3,543,160	10,862,170	8,821,714	14,231,982
Non-controlling interests	(301,235)	-	441,075	-	(354,164)
	4,173,636	**3,543,160**	**11,303,245**	**8,821,714**	**13,877,818**
Earnings per stock unit for profit attributable to stockholders of the parent company:					
Basic and Fully diluted	$1.15	$0.91	$2.79	$2.27	$3.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the nine-months ended September 2019
(Expressed in thousands of Jamaican dollars)

	Q3 2019 Unaudited	Q3 2018 Unaudited	September 2019 Year-to-date Unaudited	September 2018 Year-to-date Unaudited	December 2018 Full Year Audited
Net profit for the period	4,173,636	3,543,160	11,303,245	8,821,714	13,877,818
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Fair value reserve:					
Unrealised gains/(losses) on FVOCI bonds	1,519,497	792,738	7,190,304	(2,731,832)	(4,646,873)
Share of joint venture and associate on FVOCI bonds	5,890	(11,477)	21,842	(18,018)	(21,649)
	1,525,387	781,261	7,212,146	(2,749,850)	(4,668,522)
Re-translation of foreign operations	1,460,673	484,352	2,893,053	1,053,071	(1,433,832)
Gains/(losses) reclassified and reported in profit in the Income Statement	(15,182)	(17,434)	171,883	(410,349)	(710,315)
Provision for expected credit losses - IFRS 9 on FVOCI securities	(532,720)	(1,027)	(681,847)	524,644	435,933
Change in actuarial liabilities arising from fair value movements in available-for-sale securities	(34,877)	(182,778)	(1,176,315)	319,518	1,056,028
Net gains recycled on change of accounting from associate to subsidiary	-	-	-	-	(393,774)
Transferred of share of accumulated revaluation unrealised gains on owner occuiped property	-	-	-	-	(202,411)
Items that will not be subsequently reclassified to profit or loss					
Unrealised gains/(losses) on owner-occupied properties:					
Gains recognised by subsidiaries and associate	(6,706)	-	-	-	239,724
Share of other comprehensive income associate and joint venture	-	-	(393,233)	104,403	890,868
	(6,706)	-	(393,233)	104,403	1,130,592
Unrealised gains on FVOCI equities	-	-	2,241	-	9,304
Re-measurements of retirement benefits obligations	-	-	-	-	358,070
Total other income/(loss) recognised directly in stockholders' equity, net of taxes	2,396,575	1,064,374	8,027,928	(1,158,563)	(4,418,927)
Total Comprehensive Income	**6,570,211**	**4,607,534**	**19,331,173**	**7,663,151**	**9,458,891**
Attributable to:					
Stockholders of the parent company	**6,031,647**	**4,607,534**	17,476,803	7,663,151	10,738,522
Non-controlling interests	538,564	-	1,854,370	-	(1,279,631)
	6,570,211	**4,607,534**	**19,331,173**	**7,663,151**	**9,458,891**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine-months ended September 2019
(Expressed in thousands of Jamaican dollars)

	Share Capital	Equity Reserves	Retained Earnings	Equity Owners' Total	Non-controlling Interests Total	Total Stockholders' Equity Audited
Period ended September 30, 2019:						
Balance as reported December 31, 2018	8,863,302	4,286,773	61,189,933	74,340,008	27,354,811	101,694,819
Total comprehensive income for the period	-	6,614,633	10,862,170	17,476,803	1,854,370	19,331,173
Transactions with owners -						
Acquisition of Advantage General Insurance	-	-	-	-	1,965,004	1,965,004
Dividends paid to owners of the parent	-	-	(3,085,454)	(3,085,454)	-	(3,085,454)
Treasury shares	(161,259)	-	(191,359)	(352,618)	-	(352,618)
Total Transactions with owners	(161,259)	-	(3,276,813)	(3,438,072)	1,965,004	(1,473,068)
Transfers between retained earnings and reserves	-	105,794	(105,794)	-	-	-
Balance as at September 30, 2019	**8,702,043**	**11,007,200**	**68,669,496**	**88,378,739**	**31,174,185**	**119,552,924**
Period ended September 30, 2018:						
Balance as reported December 31, 2017	8,415,051	7,522,083	52,564,997	68,502,131	-	68,502,131
Changes on initial application of IFRS 9	-	(295,446)	(164,352)	(459,798)	-	(459,798)
Restated balance as at January 1, 2018	**8,415,051**	**7,226,637**	**52,400,645**	**68,042,333**	**-**	**68,042,333**
Total comprehensive income for the period	-	(1,158,563)	8,821,714	7,663,151	-	7,663,151
Transactions with owners -						
Dividends paid to owners of the parent	-	-	(2,577,719)	(2,577,719)	-	(2,577,719)
Treasury shares	440,460	-	(177,011)	263,449	-	263,449
Total Transactions with owners	440,460	-	(2,754,730)	(2,314,270)	-	(2,314,270)
Transfer between reserves -						
Gains on equities reclassified and reported in retained earnings	-	(22,165)	22,165	-	-	-
Adjustment between regulatory loan provisioning and IFRS	-	(53,880)	53,880	-	-	-
Transfers between retained earnings and reserves	-	(76,045)	76,045	-	-	-
Balance as at September 30, 2018	**8,855,511**	**5,992,029**	**58,543,674**	**73,391,214**	**-**	**73,391,214**

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the nine-months ended September 2019
(Expressed in thousands of Jamaican dollars)

	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Unaudited September 2019 Group
Operating results:							
External revenues	25,811,203	20,401,600	4,536,919	9,873,423	6,886,631	-	67,509,776
Inter-segment revenues	17,545	-	(33,651)	(2,949)	(499,424)	518,479	-
Total revenue	25,828,748	20,401,600	4,503,268	9,870,474	6,387,207	518,479	67,509,776
Benefits and expenses	(14,728,241)	(15,052,412)	(1,367,001)	(6,126,274)	(5,385,430)	221,008	(42,438,350)
Change in actuarial liabilities	(6,148,760)	(1,683,035)	-	-	-	(767,092)	(8,598,887)
Depreciation	(48,080)	(35,623)	(10,621)	(312,005)	(996,238)	-	(1,402,567)
Amortization of intangibles	(10,971)	(67,715)	(50,459)	(152,673)	(274,447)	-	(556,265)
Amortization of loan costs	-	-	-	(8,319)	(15,676)	-	(23,995)
Other taxes	-	-	-	-	(379)	-	(379)
Asset tax	(97,364)	(33,166)	(180,907)	(281,264)	(48,680)	-	(641,381)
Total benefits and expenses	(21,033,416)	(16,871,951)	(1,608,988)	(6,880,535)	(6,720,850)	(546,084)	(53,661,824)
Share of loss from joint venture	-	-	-	-	(8,625)	-	(8,625)
Share of profit from associate	-	-	-	-	680,053	-	680,053
Profit before tax	4,795,332	3,529,649	2,894,280	2,989,939	337,785	(27,605)	14,519,380
Investment and corporation taxes	(1,017,479)	(348,346)	(886,115)	(1,041,480)	77,285	-	(3,216,135)
Profit after taxation	3,777,853	3,181,303	2,008,165	1,948,459	415,070	(27,605)	11,303,245
Segment assets:	65,233,099	70,094,067	98,776,410	138,371,762	67,209,849	(10,229,970)	429,455,217
Unallocated assets -							
Investments in joint venture							429,335
Investments in associate							26,655,459
Deferred income taxes							1,211,033
Retirement benefit assets							183,351
Total assets							457,934,395
Segment liabilities:	54,390,486	56,098,369	85,683,996	114,889,819	34,643,697	(11,757,695)	333,948,672
Unallocated liabilities -							
Deferred income taxes							1,070,407
Retirement benefit obligations							3,362,392
Total liabilities							338,381,471
Other Segment items:							
Capital expenditure: Computer software							184,086
Property, plant and equipment							306,670

Geographical information:

	Jamaica	Cayman Islands	United States of America	Other	Total Group
Revenue	60,138,149	3,497,254	3,874,373	-	67,509,776
Total assets	386,378,264	24,313,043	46,813,753	429,335	457,934,395

	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Unaudited September 2018 Group
Operating results:							
External revenues	21,117,962	17,554,007	2,640,211	8,399,441	1,765,227	-	51,476,848
Inter-segment revenues	(250,598)	-	67,563	(64,258)	1,164,453	(917,160)	-
Total revenue	20,867,364	17,554,007	2,707,774	8,335,183	2,929,680	(917,160)	51,476,848
Benefits and expenses	(13,635,262)	(13,240,008)	(1,161,702)	(5,622,311)	(2,114,740)	183,957	(35,590,066)
Change in actuarial liabilities	(1,647,806)	(831,420)	-	-	103	(216,105)	(2,695,228)
Depreciation	(47,689)	(25,707)	(8,788)	(189,348)	(157,641)	-	(429,173)
Amortization of intangibles	(11,059)	(96,579)	(48,887)	(127,024)	(237,531)	-	(521,080)
Other taxes	-	331	-	-	(4,986)	-	(4,655)
Asset tax	(92,684)	(24,945)	(183,920)	(264,757)	(66,957)	-	(633,263)
Total benefits and expenses	(15,434,500)	(14,218,328)	(1,403,297)	(6,203,440)	(2,581,752)	(32,148)	(39,873,465)
Share of profit from joint venture	-	-	-	-	42,598	-	42,598
Share of loss from associate	-	-	-	-	(170,531)	-	(170,531)
Profit before tax	5,432,864	3,335,679	1,304,477	2,131,743	219,995	(949,308)	11,475,450
Investment and corporation taxes	(1,309,889)	(451,733)	(222,053)	(719,675)	49,614	-	(2,653,736)
Profit after taxation	4,122,975	2,883,946	1,082,424	1,412,068	269,609	(949,308)	8,821,714
Segment assets:	56,957,585	69,174,440	85,866,836	126,440,890	31,647,500	(8,294,289)	361,792,962
Unallocated assets -							
Investments in joint venture							412,171
Investments in associate							7,145,109
Deferred income taxes							3,251,550
Retirement benefit assets							517,257
Total assets							373,119,049
Segment liabilities:	47,103,279	55,205,004	76,227,708	106,459,516	20,634,097	(9,435,228)	296,194,376
Unallocated liabilities -							
Deferred tax liability							
Retirement benefit obligations							3,533,459
Total liabilities							299,727,835
Other Segment items:							
Capital expenditure: Computer software							157,303
Property, plant and equipment							375,100

Geographical information:

	Jamaica	Cayman Islands	Other	Total Group
Revenue	48,981,702	2,495,146	-	51,476,848
Total assets	351,732,325	20,974,553	412,171	373,119,049

CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine-months ended September 2019
(Expressed in thousands of Jamaican dollars)

	September 2019 Year-to-date Unaudited	September 2018 Year-to-date Unaudited	December 2018 Full Year Audited
Cash Flows from Operating Activities:			
Net Profit	**11,303,245**	**8,821,714**	**13,877,818**
Adjustments for:			
Items not affecting cash and changes to policyholders' funds:			
Adjustments for non-cash items, interest and dividends	(5,046,912)	(8,253,680)	(11,281,355)
Changes in other operating assets and liabilities	19,812,642	9,227,385	4,144,901
Net Investment purchases	(22,149,240)	(9,331,926)	(17,692,162)
Interest received	17,053,767	15,884,115	20,971,365
Interest paid	(3,731,530)	(3,140,089)	(4,924,382)
Income taxes paid	(5,274,351)	(2,601,681)	(3,299,646)
Net cash generated from operating activities	**11,967,621**	**10,605,838**	**1,796,539**
Cash Flows from Investing Activities:			
Investment in joint venture	-	(18,724)	(18,724)
Net cash flows included on consolidation of Sagicor X Fund and Travel Cash	-	-	1,686,418
Net cash flows on purchase of subsidiary	(3,956,072)	-	-
Disposal/(purchase) of investment poroperty, net	(7,728)	(1,172)	8,207
Disposal/(purchase) of property, plant and equipment, net	(241,615)	(360,733)	879,234
Purchase of intangible assets, net	(184,076)	(157,303)	(314,905)
Net cash generated from/(used in) investing activities	**(4,389,491)**	**(537,932)**	**2,240,230**
Cash Flows from Financing activities:			
Redemption of preference shares	-	-	(646,800)
Deposits and securities liabilities	-	-	(3,575,039)
Disposal/(purchase) of treasury shares, net	(352,618)	263,449	252,806
Principal elements of lease payments	(353,918)	-	-
Dividends paid to stockholders	(3,085,452)	(2,577,719)	(4,686,765)
Net cash used in financing activities	**(3,791,988)**	**(2,314,270)**	**(8,655,798)**
Cash and cash equivalents:			
Effect of exchange rate on cash and cash equivalents	656,403	981,149	126,111
Increase in cash and cash equivalents	4,442,545	8,734,785	(4,492,918)
Cash and cash equivalents at beginning of year	15,891,396	20,384,314	20,384,314
Cash and cash equivalents at end of year	**20,333,941**	**29,119,099**	**15,891,396**
Comprising:			
Balances with Banks	13,128,183	16,548,082	11,552,916
Short - Term Deposits	4,472,590	9,626,202	4,339,543
Securities purchased under resale agreements	3,235,858	2,944,815	-
Bank overdraft	(502,690)	-	(1,063)
	20,333,941	**29,119,099**	**15,891,396**

Explanatory Notes

1. Identification and Principal Activities

Sagicor Group Jamaica Limited (SGJ, the company) is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. It is 32.45% (2018 – 32.45%) owned by LOJ Holdings Limited which is also incorporated and domiciled in Jamaica and is wholly owned by Sagicor Financial Corporation Limited (SFCL). The ultimate parent company is SFCL, which is incorporated and domiciled in Bermuda. SFCL has an overall interest of 49.11% (2018 – 49.11%) in the company. The other significant shareholder in SGJ is PanJam Investment Limited with a 30.72% (2018 – 31.55%) holding.

The registered office of the Sagicor Group Jamaica Limited is located at 28 - 48 Barbados Avenue, Kingston 5, Jamaica.

Sagicor Group Jamaica comprises many companies offering a wide range of financial products and services. These include life and health insurance; 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 as set out in Note 2 of the full audited financial statements for the year ended 31 December 2018.

3. Initial application of IFRS 16 - Leases

The Group has applied IFRS 16 Leases effective 1 January 2019 and has not restated prior periods as allowed by the Standard. The Group recognized the present value of the remaining lease payments of $1.59 billion as the lease liabilities and right-of-use assets for material long-term leases previously classified as operating leases. On initial application, the group applied incremental borrowing rate of 7.45% on the lease liability.

The incremental impact on the profit and loss statement for lease costs during the period was not material.

4. Accounting Estimates and Judgments

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.

5. Acquisition of Advantage General Insurance Company Limited (AGI)

Effective 30 September 2019, the Group acquired a 60% interest in the Equity of Advantage General Insurance Company Limited.

The acquired business had no impact on the Group's earnings for the nine months ended September 2019.

Details of the net assets acquired, purchase consideration and goodwill, determined on a provisional basis, were as follows:

Net Assets arising on the acquisition:	Fair Value ($ '000)
Investment securities	8,345,735
Investment property	734,797
Cash	186,771
Property, plant and equipment	1,041,922
Intangible assets	92,147
Other assets	2,620,956
Acquired identifiable intangibles:	
Renewal rights	401,000
Distribution relationships	343,000
Brand	122,000
Policy liabilities	(7,337,473)
Other liabilities	(1,638,345)
Fair value of net assets acquired	**4,912,510**
Minority interest (40%)	1,965,004
Purchase price	4,142,843
Goodwill	**1,195,337**