



Sagikor Group Jamaica



## President & CEO's Report

Presentation at the SGJ Annual General Meeting

Chris Zacca

May 26, 2023

# Presentation Summary

- ▶ Financial Review: Full Year 2022
- ▶ Business Unit Performance 2022
- ▶ Stock Market Performance
- ▶ Our Corporate Social Responsibility
- ▶ Outlook



# **IMPACT INNOVATION TRANSFORMATION**



Sagicor Group Jamaica

# A Growing Family – Welcoming Alliance Financial Services

## Alignment and Growth

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- In April 2022, Sagicor Group Jamaica (SGJ) acquired 100% of outstanding shares of Alliance Financial Services Limited (AFSL), a cambio and remittance services provider in Jamaica.
- The acquisition of AFSL aligned with SGJ's overall strategy for growth, allows more leverage in the foreign exchange market, expands product offerings to clients, and leads the way for new business segments and products.

## Market Expansion

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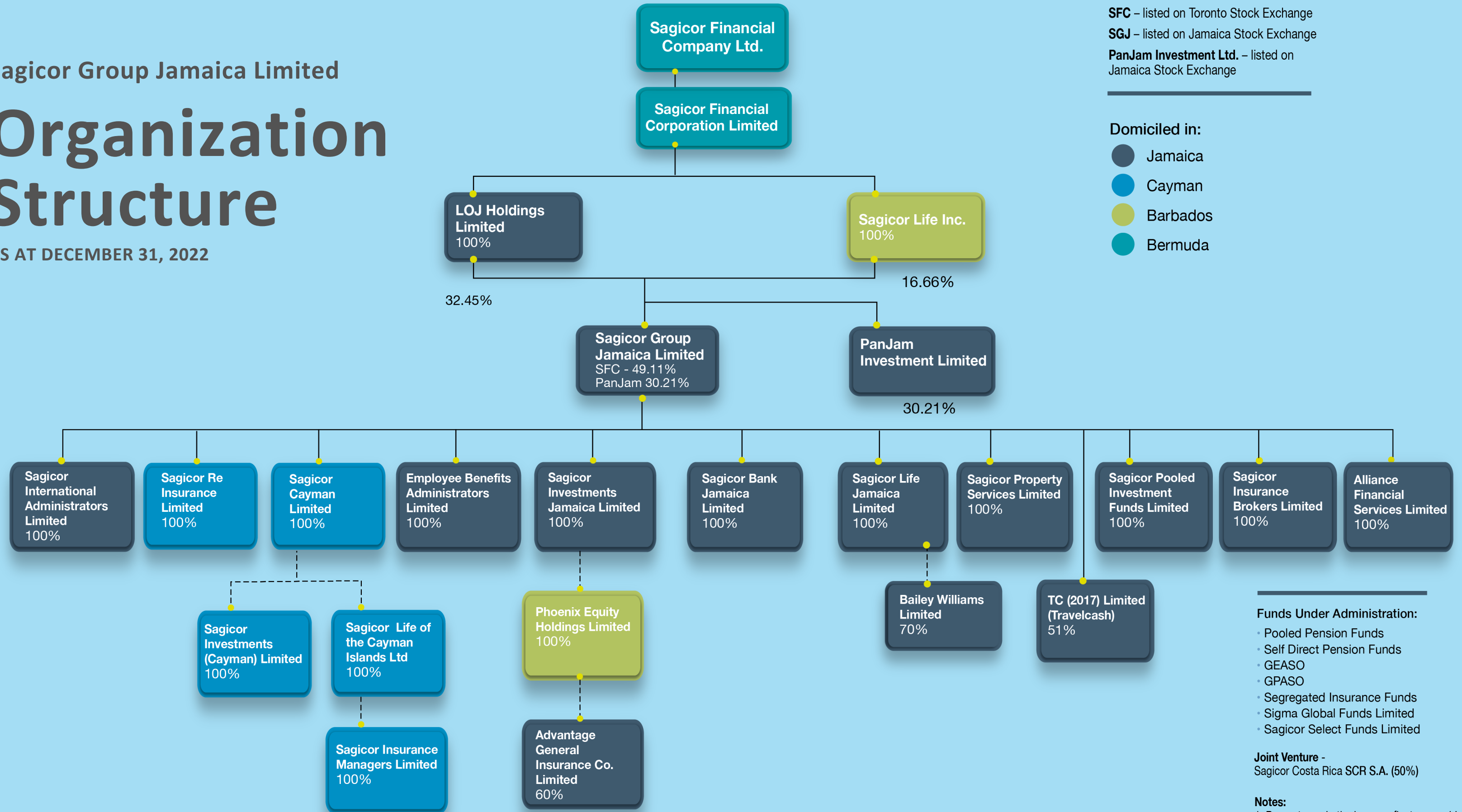
- AFSL has achieved a few milestones post-acquisition - including almost 50% agent network expansion through a partnership with Unicomer Jamaica.



Sagicor Group Jamaica Limited

# Organization Structure

AS AT DECEMBER 31, 2022



**SFC** – listed on Toronto Stock Exchange  
**SGJ** – listed on Jamaica Stock Exchange  
**PanJam Investment Ltd.** – listed on Jamaica Stock Exchange

**Domiciled in:**

- Jamaica
- Cayman
- Barbados
- Bermuda

**Funds Under Administration:**

- Pooled Pension Funds
- Self Direct Pension Funds
- GEASO
- GPASO
- Segregated Insurance Funds
- Sigma Global Funds Limited
- Sagicor Select Funds Limited

**Joint Venture -**  
 Sagicor Costa Rica SCR S.A. (50%)

**Notes:**  
 1. Percentages in the boxes reflect ownership interest of the significant shareholders.



**\$16.38 billion**

**SGJ Net Profit Attributable to Shareholders**



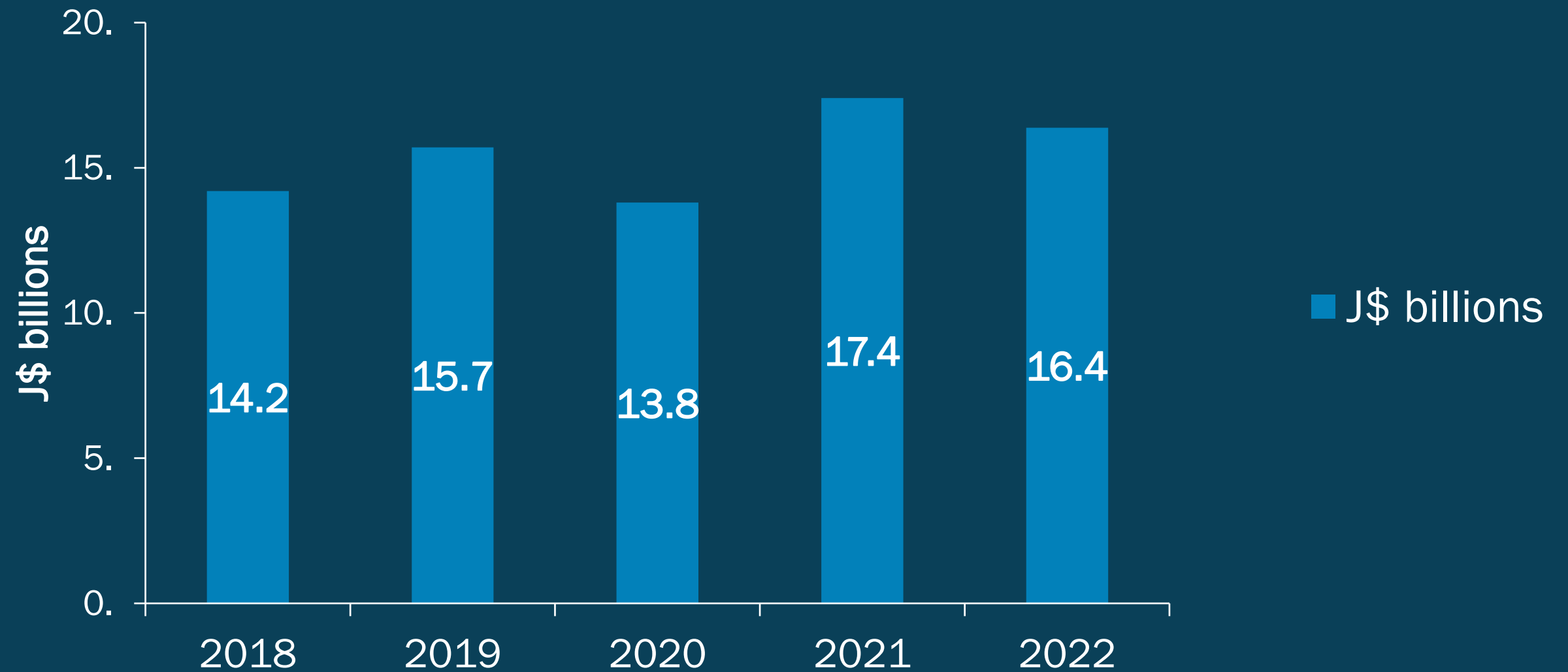
**Financial Review:  
Full Year 2022**



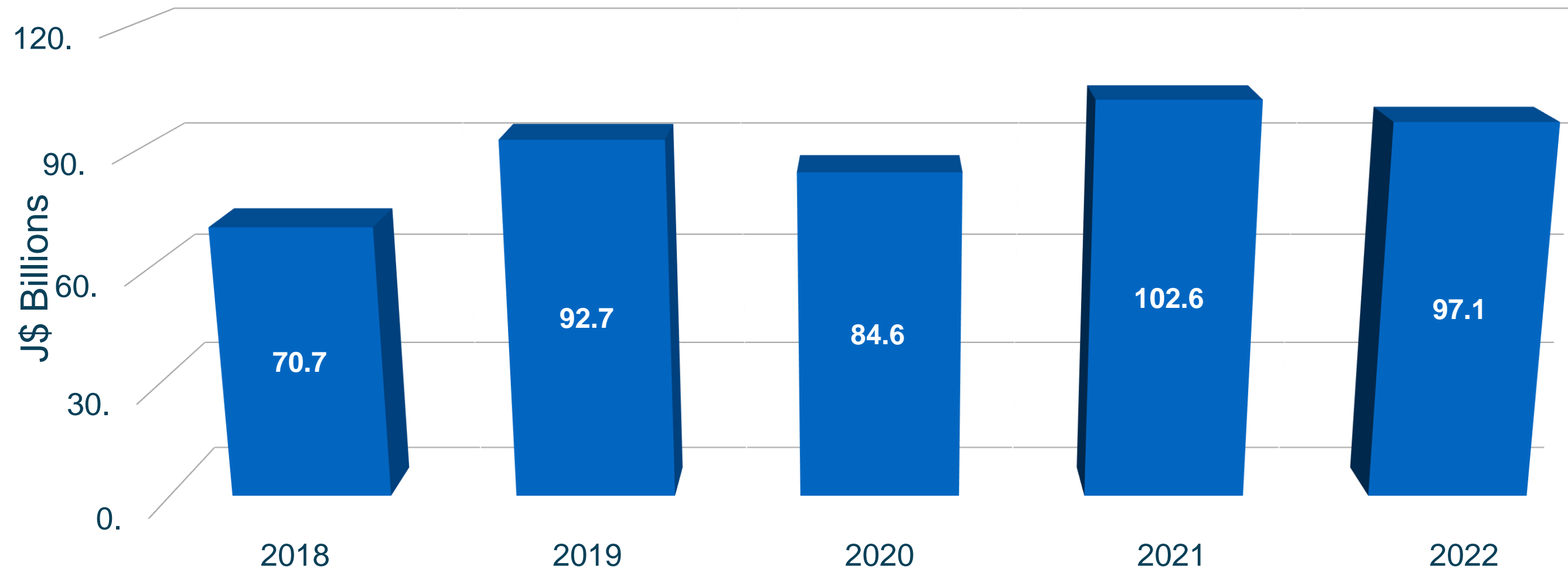
Sagicor Group Jamaica

SGJ achieved net profit attributable to stockholders of \$16.38 billion, a 6% reduction over the prior year but a creditable performance in a challenging year characterized by volatility in local and international financial markets.

SGJ Net Profit – 2018-2022



# SGJ Revenue - 2018-2022 (J\$ Billions)



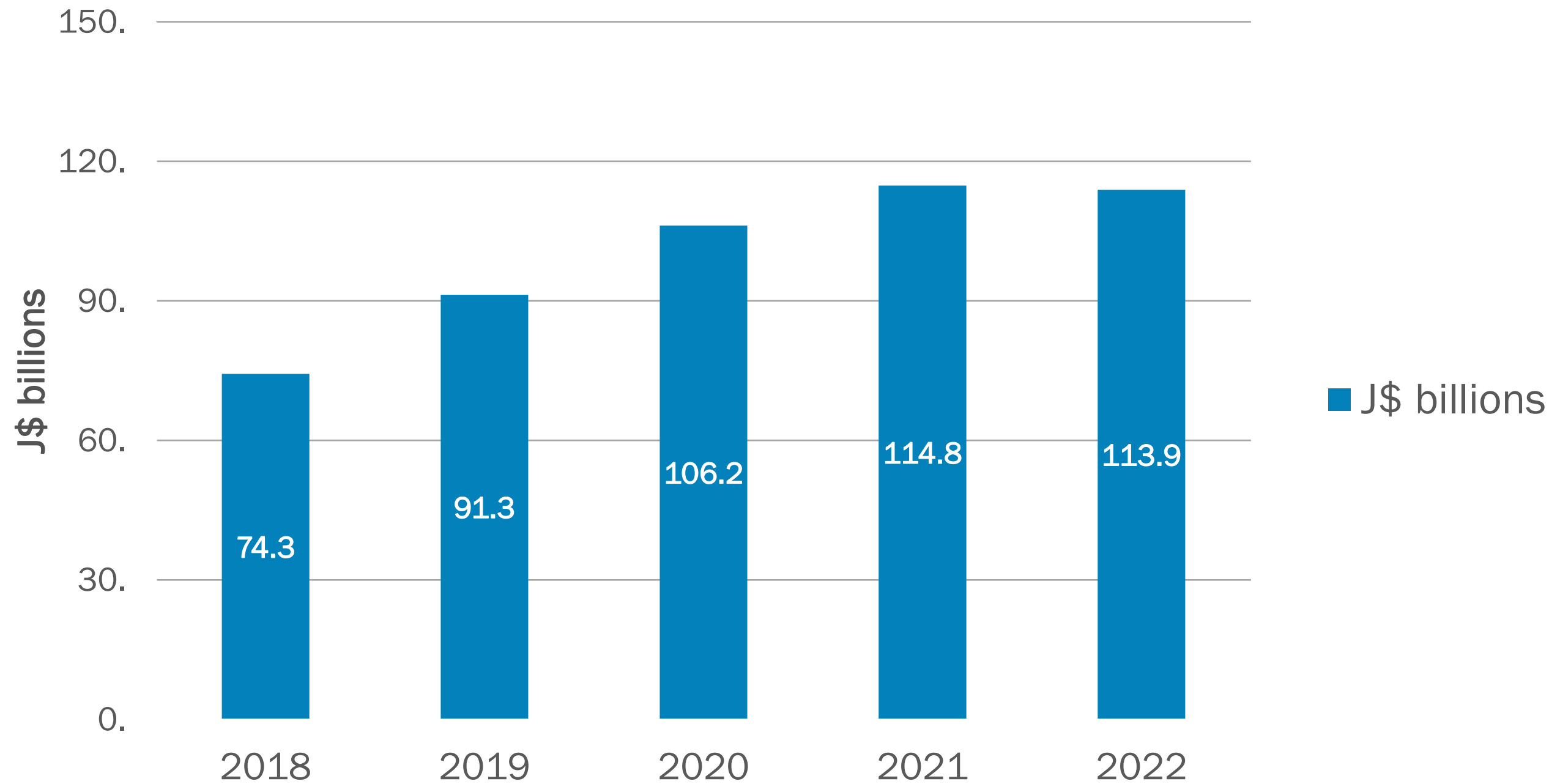


# SGJ Revenue by Business Segment

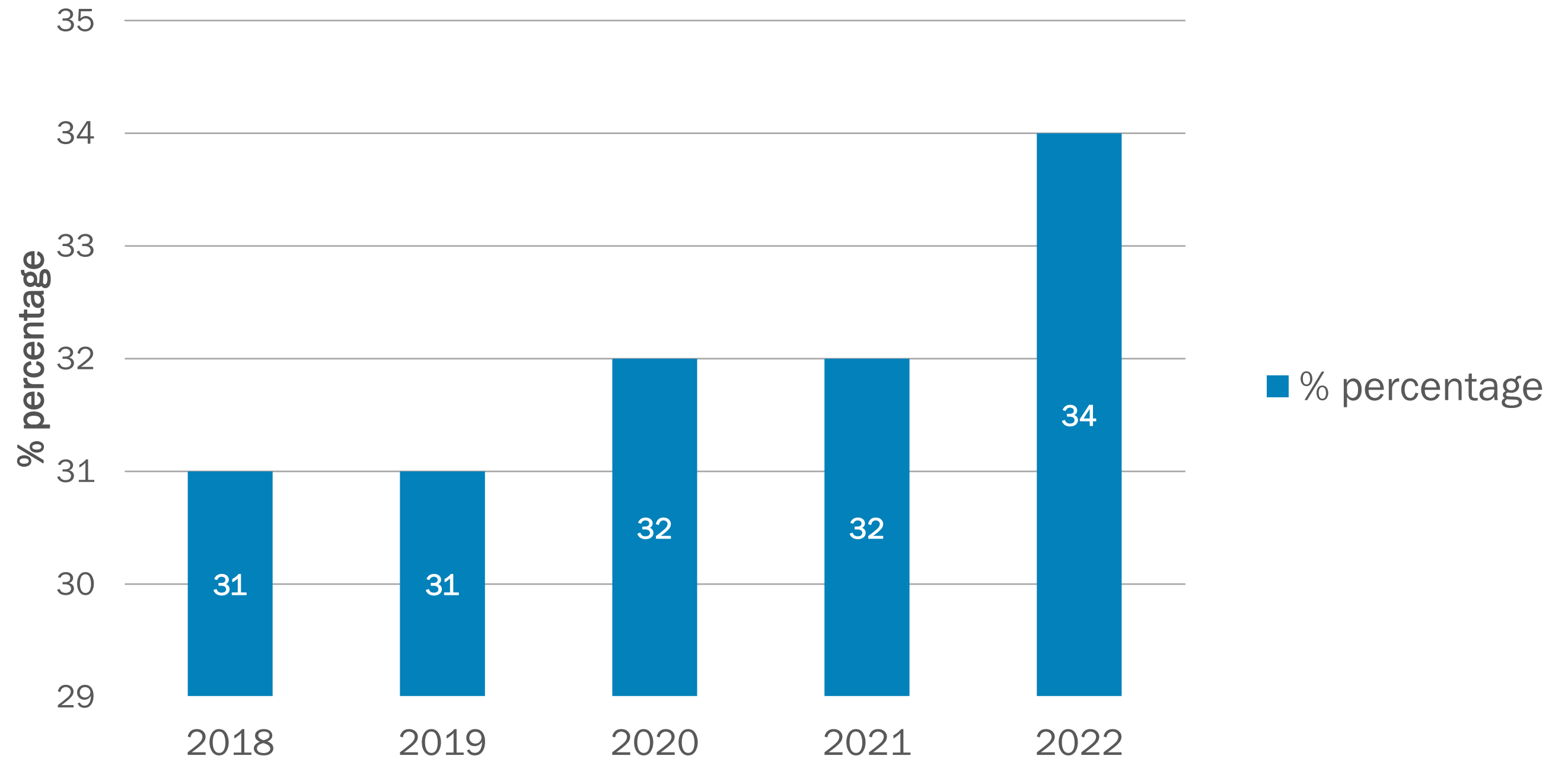
## Revenue by Business Segment

	2022 J\$M	%	2021 J\$M	%
Individual Lines	33,064	34%	37,379	36%
Employee Benefits	29,293	30%	29,710	30%
Commercial Banking	17,183	18%	15,560	15%
Investment Banking	4,674	5%	7,336	7%
Other	12,913	13%	12,577	12%
<b>Total</b>	<b>97,126</b>	<b>100%</b>	<b>102,561</b>	<b>100%</b>

# SGJ Net Stockholders' Equity – 2018-2022



# SGJ Group Efficiency Ratio (%)



# Overview of 2022 Financial Metrics

	2022	2021
Net Profit	J\$16.38B	J\$17.40B
Revenue	J\$97.10B	J\$102.56B
Efficiency	34%	32%
Group Total Assets	J\$519M	J\$528M
Earnings Per Stock Unit	J\$4.19	J\$4.46
Return On Equity	14%	16%
Stockholders' Equity	J\$113.87B	J\$114.82B
Dividend Per Share	J\$1.60	J\$1.11

# Industry Ratings

## Sagicor Life Jamaica



A.M. Best

**A-**  
(Excellent)

FINANCIAL STRENGTH  
RATING



**Stable**  
OUTLOOK

CariCRIS



**a-**  
(Stable)

ISSUER CREDIT  
RATING

**jmAA**  
(Stable)

JAMAICA NATIONAL  
SCALE - CariCRIS

**Sagicor Life Jamaica**

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- Strong earnings in core business lines
- Favourable market position

# Industry Ratings

## Sagicor Group Jamaica



**CariCRIS**  
Credit Rating

**CariA-**  
(Stable)

FOREIGN  
CURRENCY



**Stable**  
OUTLOOK

Retained Highest Credit  
Worthiness Rating  
For a Jamaican  
Company

**CariA**  
(Stable)

LOCAL  
CURRENCY

**jmAAA**  
(Stable)

NATIONAL SCALE  
LOCAL CURRENCY

**jmAA**

+

(Stable)

NATIONAL SCALE  
FOREIGN CURRENCY

**Sagicor Group Jamaica**

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

Creating **INNOVATIVE**  
solutions to better serve  
our clients

**Business Unit  
Performance 2022**

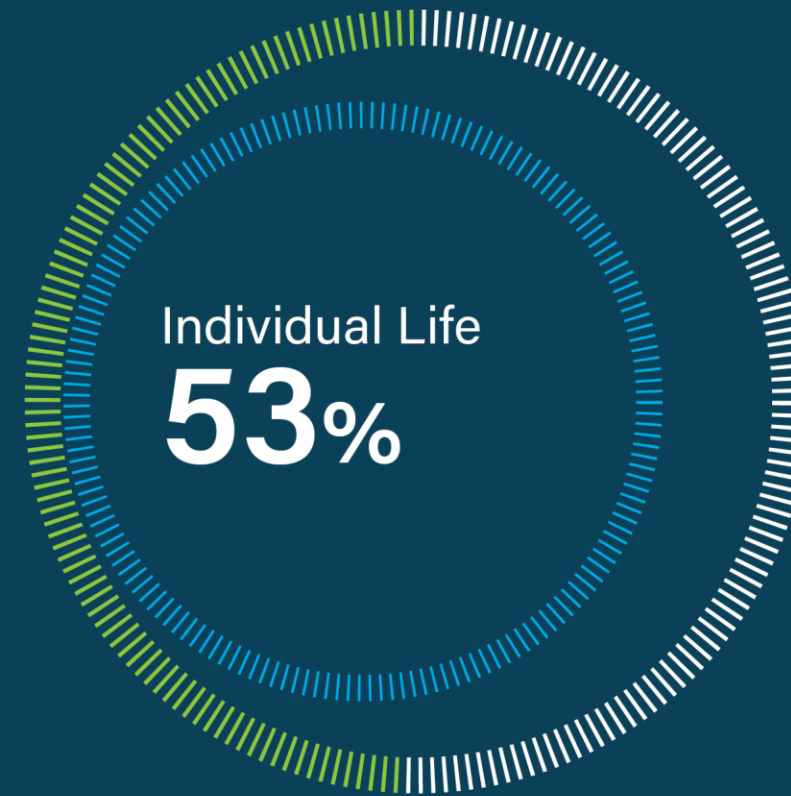


Sagicor Group Jamaica

# BUSINESS SEGMENT PERFORMANCE

Sagicor Group Jamaica is a  
multi-line Financial Services  
Group.

The Group's profits are generated primarily  
from four large segments.



2022 CONTRIBUTION TO NET PROFIT

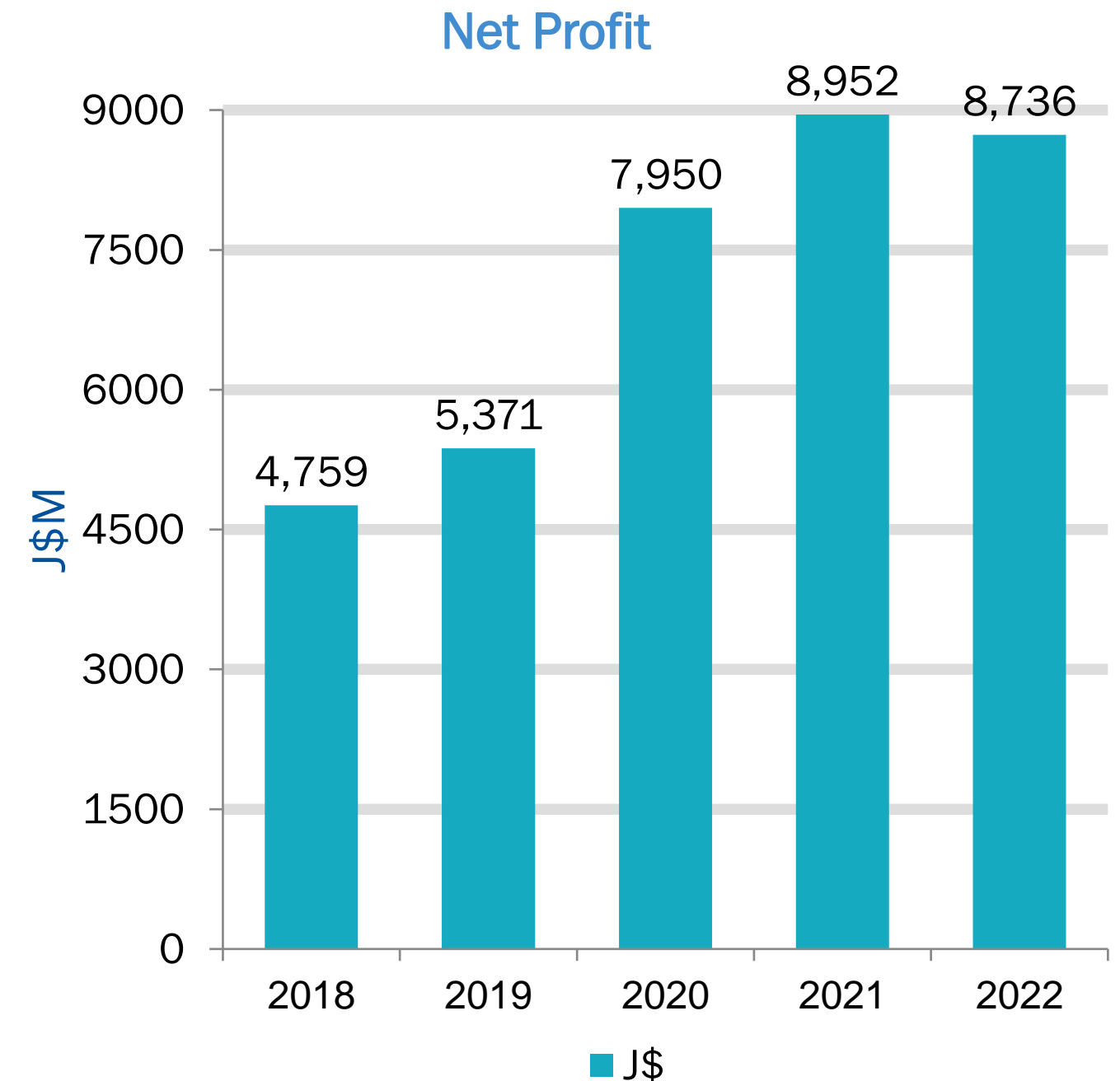


Other Segment represents -5% of the overall group performance.



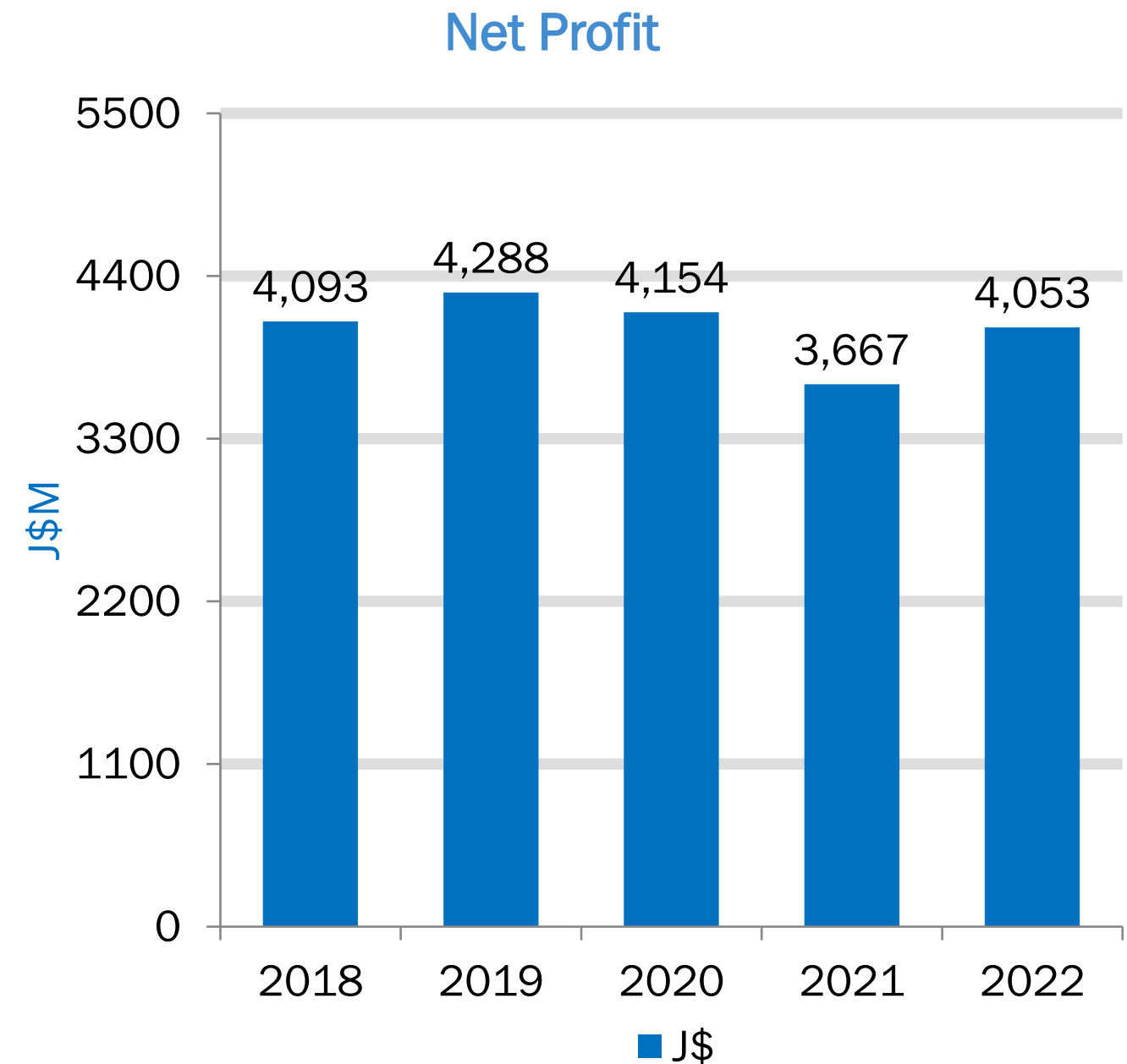
# Individual Insurance

- Achieved **J\$8.74 billion** in net profit in 2022.
- The results were driven by exceptional new business sales and improved conservation of the in-force block of policies. In 2022, the Division's block of in-force policies grew by 3%.
- Net premium income for Individual Insurance lines was **J\$33.44 billion** which is 8% higher than in 2021 - aided by growth in new annualized premium income.
- Market share of 64%
- Launched a pap smear testing facility for an enhanced client experience for female clients



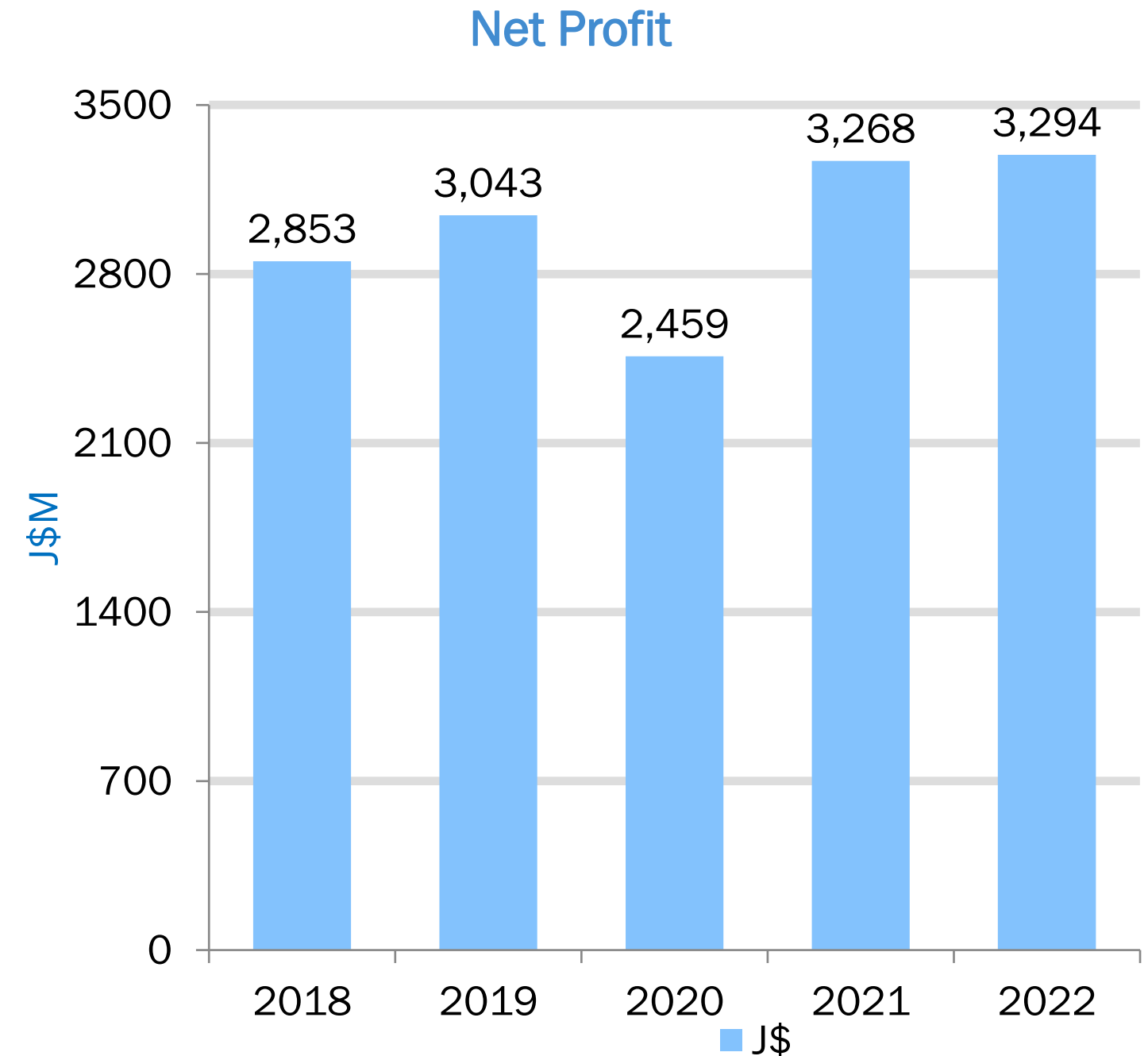
# Employee Benefits

- Achieved **J\$4.1 billion** in net profit in 2022, an 11% increase against 2021.
- Group Health and Group Life premiums were 13% and 18% above 2021 respectively.
- New Business from annuities, group life and health portfolios totaled \$6.9 billion which is 30% higher than in 2021.
- The Segment expanded the scope of our digital solutions through **Sagicor Connect** (customer service platform), **automation of benefit payments** and **introduction of Sagicor PLUS** - a facial recognition technology for pensioners (a first in the region).



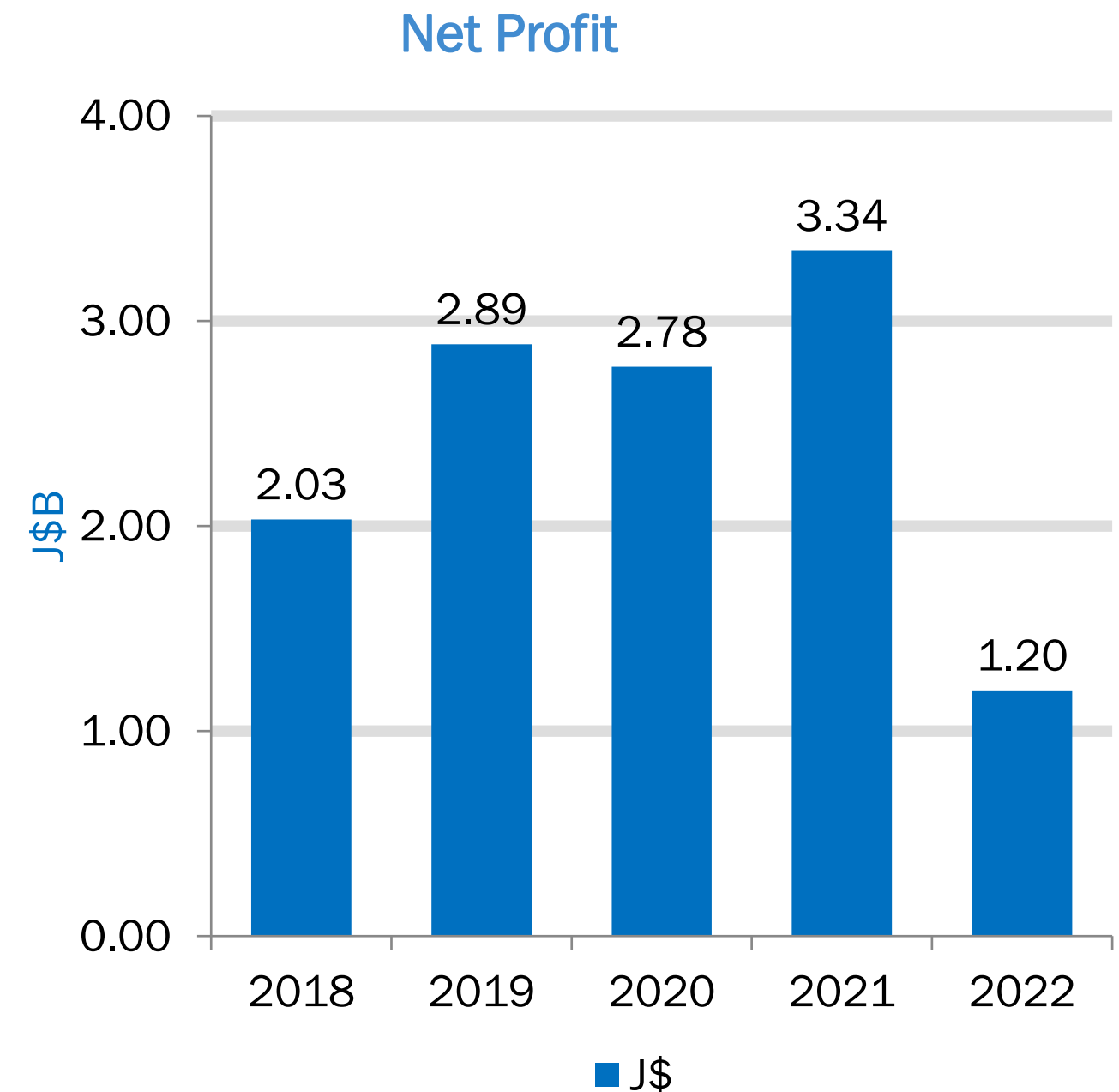
# Sagicor Bank

- Achieved **J\$3.29 billion** in net profit in 2022, an improvement ahead of 2021.
- Total assets of **\$192.88 billion** were 10% above the December 2021 amount of \$175.02 billion.
- Loans portfolio grew by **17%**.
- Deposits portfolio grew by **9.2%** when compared to 2021.
- The provision for expected credit losses decreased year over year by **\$567 million** mainly from a decline in the non-performing loan portfolio combined with improved recoveries.



# Sagicor Investments

- Achieved **J\$1.2 billion** in net profit in 2022. This performance was impacted by the prevailing macroeconomic conditions that negatively impacted the industry.
- In 2022, the **opening of operations through Sagicor Investments Cayman Limited** and the onboarding of the first clients was completed.
- SIJ successfully raised US\$221M for NFE South Jamaica Limited, one of the largest Private Placements issued.
- Our Asset Management segment through our SIGMA funds continues to be the leader in both performance and funds under management (40% market share).



# Alliance Financial Services Limited



## SGJ owns 100% stake in AFSL

- SGJ acquired AFSL as of March 1, 2022, and restarted its operations on April 4, 2022.
- Diversification of SGJ product offerings into money services
- Total revenue amounted to J\$697 million for the nine months of operations in 2022.
- By December 2022, the agent network had been re-built and grown to 92 agents and 35 new cambio relationships were onboarded
- In 2023, AFSL will embark on an aggressive growth strategy to:
  - Increase Cambio and Remittance locations island-wide
  - Re-enter the bill payment market

# Other Interests

SGJ owns **60%** stake in Advantage General Insurance Company through its subsidiary SIJ

- Achieved **J\$303 million** in net profit in 2022
- Total revenue of **J\$4.32 billion** which is a **0.13%** increase against 2021
- Growth in non-motor portfolio

SGJ owns **50%** stake in Sagicor Costa Rica

- Achieved **US\$5.7 million** in net profit in 2022
- Total revenue of **US\$20.4 million** which was impacted by a decrease in insurance premiums due to the cessation of a COVID-related insurance product offering

# Off-Balance Sheet Assets Under Management



- The financial market challenges impacted the performance of the Sigma Global Funds over the 12-month period.
- Despite the challenges, Sigma Real Growth and Sigma Global Venture provided returns of 13.8% and 10.6% respectively.
- The top performing pooled fund was the Pooled CPI Fund which is geared at hedging against inflation and generated returns of 9.9%.

# Other Key Indicators

- MCCSR in 2022 was 209% for Sagicor Life Jamaica (above 150% regulated minimum)
- Capital Adequacy Ratio in 2022 was 14.9% for Sagicor Investments Jamaica and 13% for Sagicor Bank Jamaica (above 10% regulated minimum for both)
- Achieved 99% Brand Recognition in 2022, becoming more recognized and accessible island-wide.

<b>CAPITAL RATIOS</b>				
<b>Regulated Entities</b>	<b>Key Regulatory Ratios</b>	<b>Minimum Statutory Requirements</b>	<b>Dec 31 2022</b>	<b>Dec 31 2021</b>
Sagicor Life Jamaica Limited	Minimum continuing capital and surplus requirements ratio (MCCSR)	150.0%	208.6%	163.8%
Sagicor Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	13.0%	14.1%
Sagicor Investments Jamaica Limited	Regulatory capital to risk weighted assets ratio	10.0%	14.9%	17.7%
Sagicor Life of the Cayman Islands Limited	Minimum capital requirement (MCR)	125.0%	303.5%	287.1%
Advantage General Insurance Company Limited	Minimum capital test ratio (MCT)	250.0%	344.7%	328.9%



Leveraging  
our **STRENGTHS** and  
**CAPITALIZING** on key  
opportunities

**Stock Market Performance**

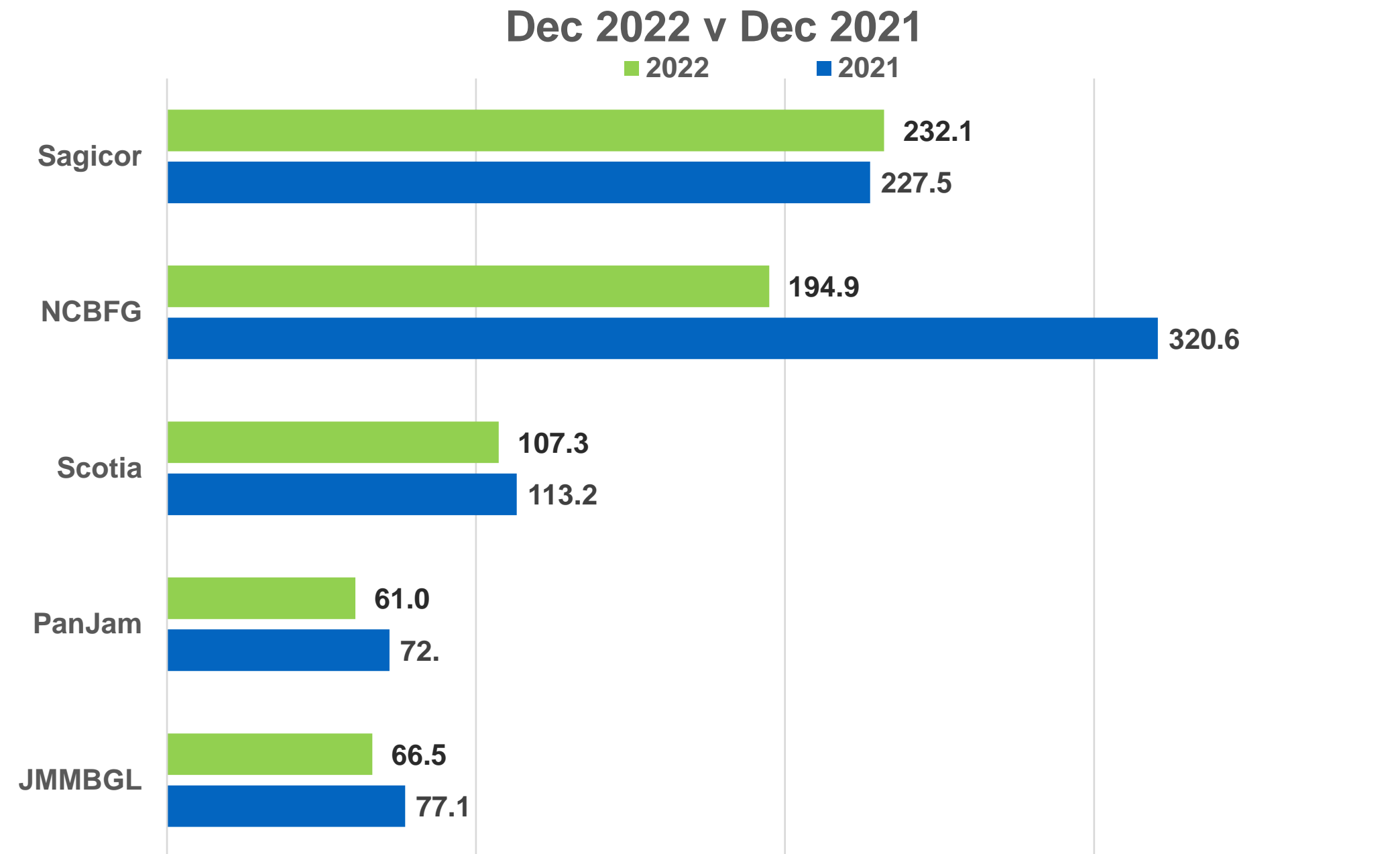


Sagicor Group Jamaica

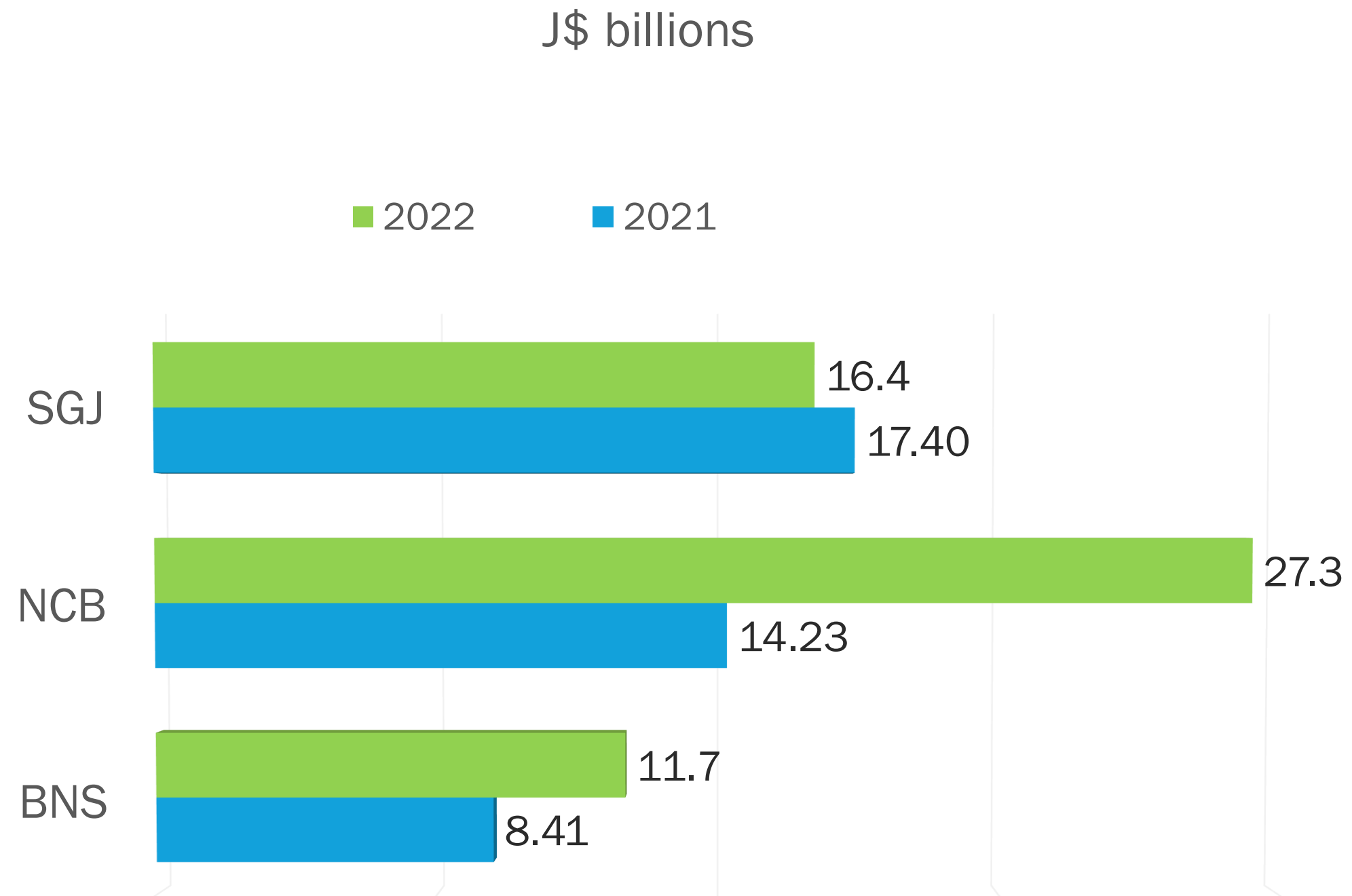
# Selected Listed Companies by Market Capitalization

SGJ improved its position to  
**THE LARGEST  
FINANCIAL  
CONGLOMERATE ON  
THE JAMAICA STOCK  
EXCHANGE IN 2022**

(measured in terms of market  
capitalization)



# Net Profit of Select Listed Companies



Building a  
**TRANSFORMATIVE**  
culture in which team  
members thrive



Sagikor Group Jamaica


# Client Satisfaction

**47.6%** Net Promoter Score (NPS)  
among the best scores globally

**90%**  
Overall Quality Score

**98.6%**  
Complaint Resolution Rate

**7.6**  
Customer Effort Score (CES)



Group HR will work relentlessly in 2023 to serve, prioritize and optimize the company's people; driving and embedding a culture that attracts, engages and retains the best talent and preparing our existing workforce for the roles and mindset of the future.



# Team Welfare

The work environment continues to evolve and is doing so at a rapid pace. It is important that Sagicor remains proactive in engaging its workforce.



**Team engagement continues to be an integral part of our DNA.**

# Team Wellness



## In 2022, we:

- Launched Sage Hub – a best-in-class co-working space for team members with collaboration rooms, working nooks, office rentals and learning and development spaces
- Facilitated and encouraged Resilient Leadership through the upskilling of people leaders;
- Competitively positioned Sagicor to attract & retain talent; and
- Improved internal service delivery.



# Other Highlights of 2022

💡 PriceSmart Partnership launched in April 2022

💡 CareShield product launched (SBJ & SLJ partnership offering credit card clients insurance coverage)

💡 Over J\$52 million raised for Sigma Run beneficiaries



**CARING, INSPIRING  
& SERVING AT THE  
HEART OF SAGICOR'S  
CORPORATE SOCIAL  
RESPONSIBILITY**

Sagicor Foundation



Sagicor Group Jamaica

SGJ, primarily through its charitable arm – Sagicor Foundation continued to reaffirm its commitment to improving the lives of the people in the communities in which it operates.

Total 2022  
Charitable Donations

**\$52+ MILLION**  
RAISED DURING SAGICOR SIGMA RUN 2022

**1000** PARTICIPANTS



**We are  
committed to  
supporting our  
Communities**



**\$33+M**  
to Scholarship Programme

**\$25+M**  
to Basic School Renovation

**\$2.5+M**  
UTECH Teach Di Youths  
Summer Camp

**\$2.5+M**  
Desktop Computers for  
Liberty Academy

**\$3.5+M**  
Support Camp Activities

**\$650,000**

approx. donation for laptops and tablets on  
behalf of Sigma Run 2022 patron Olympic  
hurdler Megan Tapper.



**\$6M**  
Jamaica Premier League  
Football Tournament

**\$4M**  
Ballaz Football  
Academy

**\$1M**  
Sunshine Girls  
National Team

**\$7M**  
Joy Town Community  
Development Foundation  
Intervention Programme  
for at-risk youth



**\$250k**  
to The Jamaica  
Cancer Society

# Investment in Education

In 2022, the Foundation invested over **\$33 million** in its Scholarship Programme. Scholarships are provided to students at the tertiary and secondary levels.

114 new scholarships were awarded to support the academic journeys of 90 tertiary students and 24 secondary students.

## ADOPT-A-SCHOOL PROGRAMME

In 2022, major renovation works were completed at the **Bermaddy Basic School** in Linstead, St Catherine, and **John Anglin Basic School** in Warsop, Trelawny. The renovation work was at an investment of over **\$25 million**.



# Investment in Education



Sagicor Foundation also sponsored the Joy Town Community Development Foundation's Youth with GRIT Behavior Modification School Programme which engages high school students in Trench Town by providing them with academic support, conflict resolution strategies, and life skills.

The students have made remarkable improvements from exhibiting uncouth behaviors or performing poorly academically to being lauded as top performers and copping numerous school awards and leadership roles.

# Environmental, Social and Governance (ESG)

- SGJ embraces environmentally sustainable business practices.
- We commenced this process in 2021 with the introduction of an Environmental and Social Management Policy implemented by SBJ, which was developed and guided by the International Finance Cooperation (IFC).
- Our aim is to ensure that our clients and prospective clients are compliant with environmental laws and that environmental and social risks are considered when assessing risks.
- We continue to build out our ESG program.

**...And into 2023**

**FUTURE  
READY NOW!**



Sag1cor Group Jamaica



# Our Strategy

In 2023, Sagicor Group Jamaica will be guided by six (6) strategic pillars which facilitate alignment across the Group and will propel growth and increase stockholders' value.

1 Digitally transform the business

2 Generate and grow revenue in new ways

3 Build client intimacy and loyalty through effective relationships

4 Embed a culture that retains, engages and attracts the best talent

5 Expand our geographical footprint

6 Digitally improve our operating efficiencies

# Introduction of the IFRS 17 Standard

- IFRS 17 is a new standard being applied globally and replaces IFRS 4.
- It came into effect on Jan. 1, 2023
- It establishes new principles for the recognition, measurement, presentation and disclosures of insurance and reinsurance contracts.
- IFRS 17 does not affect the underlying fundamentals of our business, strategy, or operations.
- It improves transparency for the sources of profit and provides a greater degree of stability and predictability to underlying Long Term insurance contract earnings.
- The Group's asset management, commercial banking, investment banking, and cambio & remittance businesses are unaffected by IFRS 17.

# Introduction of the IFRS 17 Standard (cont'd)

- Long-Term Insurance and Short-Term Insurance segments replace the Individual Life and Employee Benefits Division segments, which will no longer be used.
- Long-Term Insurance segment includes Annuities, Traditional Life and Universal Life products.
- Short-Term Insurance segment contains our Group Life, Group Health and Property & Casualty offerings.
- Assets and liabilities will be measured at current value. As such, fair value gains or losses on assets backing insurance liabilities are now recognized in the P&L rather than through OCI on the Balance Sheet.
- Contractual Service Margin (CSM) has been introduced. This liability represents the expected net present value of cash flows of insurance contracts that are deferred at inception and amortized to future income. The CSM qualifies as regulatory capital.

# Our Outlook

Sagicor Group Jamaica maintains an unwaveringly positive outlook as we navigate the ever-changing landscape with resilience and adaptability.

Consistent performance and innovation are at the core of our operations. We continuously seek new opportunities, embrace emerging technologies, and explore untapped markets to stay ahead of the curve.

We shall continue to strategically position ourselves to optimize, grow and deliver exceptional value to our clients and stakeholders.





Sagikor Group Jamaica

**THANK YOU**