

Sagicor Life Jamaica Limited

Our Q1 2012 Performance



On behalf of the Board of Directors of Sagicor Life Jamaica Limited (SLJ) we are pleased to share with you the Q1 2012 performance of our Group of companies.

For the period under review, the Group delivered consolidated Net Profits of \$1.49 billion, attributed to Stockholders of SLJ, an increase of 16% over the corresponding period in the prior year.

This would not have been possible without the confidence our customers continue to place in Sagicor Group's ability to provide protection and build wealth. We sincerely value and respect their trust.

Blast-off 2012

At our annual Blast-off events we reflect on performance of the past year and enunciate the objectives for the year ahead in an atmosphere of inspiration and excitement.

We heralded in 2012 with an extra special Blast-off for our team members, recognizing and celebrating Jamaica's 50th anniversary as an independent nation. Under the theme "We Rise!" our Team re-affirmed commitment to

providing our customers with service excellence, cultivating customers for life and contributing to the development of our nation.

It Takes a Village

In the first quarter, we made a significant donation to an initiative that holds the promise of sustainable improvement in care for children with critical illnesses. Through PanCaribbean's Sigma Corporate run, we donated \$5 Million Dollars to Chain of Hope Jamaica towards the planned Intensive Care Unit at the Bustamante Hospital for Children. Our Team members also pledged an additional \$330,000 to the charity and actively participated in the event as runners, walkers and volunteers.

Strategy

We are sensitive to the heightened concern for the health of our economy. Our country is facing challenges that require deep analysis and swift decisions. We remain committed to partnering with the Government and with



Mark Chisholm - EVP Individual Insurance (r) hands over a symbolic cheque for \$5 M to Dr. Charmaine Scott, Chairperson of Chain of Hope Jamaica while Aduke Williams, heart patient looks on.

other private sector interests to develop and implement long term solutions to achieving sustainable economic growth. Our own company strategy is to raise efficiency; engage our Team; provide our clients with relevant products and services; protect our brands; and deliver on our promise of exceptional customer service every day.

MANAGEMENT DISCUSSION AND ANALYSIS

HIGHLIGHTS

	March 2012 YTD Unaudited	March 2011 YTD Unaudited	% Change
Total Revenue - J\$ billions	7.50	6.80	10%
Net Profit attributable to Stockholders - J\$ billions	1.49	1.28	16%
Earnings per stock unit (EPS) - J\$	0.40	0.34	18%
Group Efficiency ratio (Admin. expenses/Revenue)	22%	21%	-5%
Return on average Stockholders' Equity (ROE)	20%	20%	0%
Total Assets of the Group - J\$ billions	169.88	150.58	13%
Stockholders' Equity - J\$ billions	30.28	25.24	20%
SLJ Share Price	10.75	7.52	43%

Overview

The SLJ Group performed well during the quarter ended March 2012. A Net profit of \$1.55 billion was generated by the Group with \$1.49 billion attributed to Stockholders of SLJ. The Q1 2012 earnings outcome was 16% more than that for the corresponding period last year and represents a basic earnings per stock unit of \$0.40 and an annualized return on average Stockholders' Equity of 20%. Total comprehensive income, including net profit for the period and movements in reserves held in Equity, was \$2.04 billion compared to \$1.43 billion for 2011.

The Q1 2012 financial performance was driven by strong insurance new business, policy conservation, satisfactory returns on investments and benefits experience within expectations.

Operations:

The Profit outcome was produced from Consolidated Revenue of \$7.50 billion. Revenue was up on prior year by 10%. Net Premium Income, in aggregate, was 13% more than that for 2011. The Individual lines of business earned premiums were up by 10% while Group Insurance and Annuity premiums were up by 17%. Impressive amounts of new business were written across all lines in the first quarter and our conservation measures continue to be manifested in portfolio growth. Net Investment Income was higher than in the prior year by 5% although capital gains realized from the sale of securities were lower than in 2011. Fees and Other Revenues were ahead of prior year by 11% mainly influenced by higher current period foreign exchange translation gains.

A total of \$2.46 billion, net of reinsurance recoveries, was paid in benefits to our policyholders or their beneficiaries. The amount for last year was \$2.25 billion. Health insurance claims make up about 50% of the benefits paid.

Administrative expenses of \$1.67 billion were 15% more than in 2011. The increased expenses reflect higher compensation costs. However, we continue to be vigilant in containing overall expenses and forcing efficiencies. At the SLJ Group level, the efficiency ratio of administrative expenses to total revenue was 22% as against 21% for Q1 2011.

Liquidity of the Group remained healthy with cash and near cash investments of \$3.3 billion at the end of March 2012.

The PCFS Banking Group, in which SLJ has 85% control, generated after tax profits of \$452 million, 10% lower than the prior year. Operating revenues in the PCFS Group were marginally above last year, while operating expenses grew by 21%. The efficiency ratio of administration expenses to total revenue moved to 43% compared to 36% for the first quarter of 2011. There was a 10% growth in Income earning assets for the quarter but net interest margins declined.

Balance Sheet and Managed Funds:

Total assets of the SLJ Group reached \$169.88 billion, up from \$161.10 billion as at December 2011, a 5% growth over

the three months period. During the quarter the PCFS subsidiary purchased a GOJ Note denominated in Euros. This transaction was subsequently fully hedged and accounts for the increase in derivative financial instruments assets and liabilities. Total assets under management, as at March 2012, including pension fund assets managed on behalf of clients and unit trusts, amounted to \$273.0 billion, up from \$257.8 billion as at December 2011. Market capitalization at March 2012 was \$40.4 billion, up 7.5% since December 2011.

SLJ Stockholders' Equity as at March 2012 was \$30.28 billion, compared to \$28.29 billion as at December 2011. During April, the SLJ Board of Directors declared an interim dividend distribution of \$1.05 billion to Stockholders or a dividend per share of 28 cents.

SLJ's risk adjusted capital, measured by the Minimum Continuing Capital and Solvency Requirement (MCCSR), was 174.7% as at March 2012. The statutory minimum is 150%.

On behalf of the Board of Directors:

DR. THE HON. R.D. WILLIAMS
Chairman

RICHARD O. BYLES
President & CEO
8 May 2012



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012
(Expressed in thousands of Jamaican dollars)

	March 2012 Unaudited	March 2011 Unaudited	December 2011 Audited
ASSETS:			
Cash resources	3,321,944	3,400,714	3,399,905
Financial investments	119,196,834	107,734,431	114,764,371
Securities purchased under resale agreements	843,558	1,555,866	1,000,592
Derivative financial instruments	5,886,839	507,620	839,420
Loans & leases, after allowance for credit losses	9,043,097	8,701,013	9,259,647
Investment properties	784,658	853,748	792,452
Property, plant and equipment	1,595,759	1,453,298	1,535,046
Pledged assets	5,384,926	5,378,167	7,831,016
Intangible assets	4,252,399	4,457,704	4,314,637
Other assets	7,501,495	4,864,183	5,746,051
Segregated funds' assets	12,064,474	10,922,188	11,615,396
	169,875,983	149,828,932	161,098,533
Assets classified as held for sale and discontinued operations	-	747,944	-
Total Assets	169,875,983	150,576,876	161,098,533
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to stockholders of the company			
Share capital	7,854,938	7,854,938	7,854,938
Other components of equity	4,960,325	3,873,331	4,459,464
Retained earnings	17,463,116	13,507,448	15,975,564
	30,278,379	25,235,717	28,289,966
Non-controlling interests	1,763,338	1,654,595	1,763,242
Total Equity	32,041,717	26,890,312	30,053,208
Liabilities			
Securities sold under repurchase agreements	56,348,733	48,843,450	53,948,289
Due to banks and other financial institutions	10,155,297	10,029,564	11,409,806
Customer deposits	10,209,845	9,432,204	10,599,897
Derivative financial instruments and structured products	6,783,184	855,157	975,513
Redeemable preference shares	-	616,013	-
Other liabilities	5,468,866	9,711,987	6,195,230
Policyholders' Funds			
Segregated funds' liabilities	12,064,474	10,922,188	11,615,396
Insurance contracts liabilities	24,376,581	20,907,735	23,642,467
Investment contracts liabilities	10,390,832	10,348,583	10,353,016
Other policy liabilities	2,036,454	2,019,683	2,305,711
	48,868,341	44,198,189	47,916,590
	169,875,983	150,576,876	161,098,533
Total Liabilities	137,834,266	123,686,564	131,045,325
Total stockholders' equity and liabilities	169,875,983	150,576,876	161,098,533


DR. THE HON. R.D. WILLIAMS
Chairman
8 May 2012


RICHARD O. BYLES
President & CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012
(Expressed in thousands of Jamaican dollars)

	March 2012 Year-to-date Unaudited	March 2011 Year-to-date Unaudited	December 2011 Full Year Audited
Net profit for the period:	1,549,619	1,352,477	5,754,467
Other comprehensive income:			
Available-for-sale investments:			
Unrealised gains on available-for-sale investments	662,218	536,494	890,979
Gains reclassified and reported in profit	(232,164)	(458,805)	(843,616)
	430,054	77,689	47,363
Owner occupied properties:			
Unrealised gains on owner occupied properties	-	-	1,980
Cash Flow Hedge:			
Gains reclassified and reported in profit	-	-	(7,762)
Retranslation of foreign operations	60,212	(1,175)	10,637
Other comprehensive income, net of tax	490,266	76,514	52,218
Total comprehensive income	2,039,885	1,428,991	5,806,685
Total comprehensive income attributable to:			
Stockholders of the parent company	1,981,502	1,303,783	5,541,168
Non-controlling interest	58,383	125,208	265,517
	2,039,885	1,428,991	5,806,685

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012
(Expressed in thousands of Jamaican dollars)

	Share Capital	Retained Earnings	Currency Translation Reserves	Investment & Fair Value Reserves	Other Reserves	Total Stockholders' Equity	Non- Controlling Interests	Total Equity
Period ended 31 March 2012:								
Balance as at 1 January 2011	7,854,938	15,975,564	1,145,784	788,175	2,525,505	28,289,966	1,763,242	30,053,208
Total comprehensive income for the period	-	1,487,408	60,207	433,887	-	1,981,502	58,383	2,039,885
Employee share option scheme - value of services provided	-	-	-	-	6,910	6,910	582	7,492
Adjustment between regulatory loan provision and IFRS	-	(1,078)	-	-	1,078	-	-	-
Transfer from special investment reserve	-	1,222	-	-	(1,222)	-	-	-
Balance as at 31 March 2012	7,854,938	17,463,116	1,205,991	1,222,062	2,532,271	30,278,378	1,763,338	32,041,716
Period ended 31 March 2011:								
Balance as at 1 January 2011	7,854,938	13,500,914	1,135,147	833,083	1,878,962	25,203,044	1,528,892	26,731,936
Total comprehensive income for the period	-	1,284,790	(1,175)	20,168	-	1,303,783	125,209	1,428,992
Employee share option scheme - value of services provided	-	-	-	-	7,627	7,627	494	8,121
Dividends declared to owners	-	(1,278,737)	-	-	-	(1,278,737)	-	(1,278,737)
Adjustment between regulatory loan provision and IFRS	-	(59)	-	-	59	-	-	-
Transfer from special investment reserve	-	540	-	-	(540)	-	-	-
Balance as at 31 March 2011	7,854,938	13,507,448	1,133,972	853,251	1,886,108	25,235,717	1,654,595	26,890,312
Period ended 31 December 2011:								
Balance as at 1 January 2011	7,854,938	13,500,914	1,135,147	833,083	1,878,962	25,203,044	1,528,892	26,731,936
Total comprehensive income for the period	-	5,522,830	10,637	7,701	-	5,541,168	265,517	5,806,685
Employee share option scheme - value of services provided	-	-	-	-	45,488	45,488	2,937	48,425
Employee stock grants and options exercised/expired	-	-	-	-	(55,091)	(55,091)	(3,250)	(58,341)
Dividends paid to owners	-	(2,444,643)	-	-	-	(2,444,643)	-	(2,444,643)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(100,907)	(100,907)
Adjustment between regulatory loan provision and IFRS	-	(92,577)	-	-	92,577	-	-	-
Transfer to special investment reserve	-	(27,384)	-	-	27,384	-	-	-
Transfer to capital redemption reserve	-	(524,038)	-	-	524,038	-	-	-
Transfer to reserve Fund	-	(12,147)	-	-	12,147	-	-	-
Transfer to retained earnings reserve	-	52,609	-	(52,609)	-	-	-	-
Dilution of interest in subsidiary	-	-	-	-	-	-	70,053	70,053
Balance as at 31 December 2011	7,854,938	15,975,564	1,145,784	788,175	2,525,505	28,289,966	1,763,242	30,053,208

CONSOLIDATED INCOME STATEMENT

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012
(Expressed in thousands of Jamaican dollars)

	March 2012 Year-to-date Unaudited	March 2011 Year-to-date Unaudited	December 2011 Full Year Audited
Revenues:			
Net premium revenue	4,613,757	4,084,819	18,765,411
Net investment income	2,204,232	2,108,852	7,591,930
Fees, commissions and other revenues	679,608	610,513	2,312,544
Total revenue	7,497,597	6,804,184	28,669,885
Benefits and expenses:			
Net insurance benefits incurred	2,462,894	2,250,050	9,052,051
Changes in insurance and annuity liabilities	664,298	603,152	3,263,976
Administration expenses	1,665,875	1,444,469	6,125,848
Commissions and related expenses	768,997	695,496	2,897,686
Amortization of intangible assets	66,102	69,915	271,134
Finance cost	0	18,889	76,900
Premium taxes	92,421	82,728	343,614
Total benefits and expenses	5,720,587	5,164,699	22,031,209
Profit before taxation	1,777,010	1,639,485	6,638,676
Investment and corporation taxes	(227,391)	(287,008)	(884,209)
Net Profit	1,549,619	1,352,477	5,754,467
Attributable to:			
Stockholders of the parent company	1,487,405	1,284,789	5,522,830
Non-controlling Interests	62,214	67,688	231,637
	1,549,619	1,352,477	5,754,467
Earnings per stock unit attributable to stockholders of the parent company:			
Basic and Fully diluted	\$0.40	\$0.34	\$1.47



CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012
(Expressed in thousands of Jamaican dollars)

	Individual Insurance	Employee Benefits	Banking and Asset Management	All other	Eliminations	Unaudited March 2012 Group
Operating results:						
External revenues	2,493,500	3,514,723	1,097,344	392,030	-	7,497,597
Inter-segment revenues	26,498	1,754	(7,559)	13,518	(34,211)	-
Total revenue	2,519,998	3,516,477	1,089,785	405,548	(34,211)	7,497,597
Benefits and expenses	(1,633,665)	(2,466,431)	(449,120)	(325,585)	27,962	(4,846,839)
Change in actuarial liabilities	(316,760)	(347,538)	-	-	-	(664,298)
Depreciation	(20,257)	(10,545)	(11,699)	(8,426)	-	(50,927)
Amortization of intangibles	(3,472)	(30,800)	(30,080)	(1,750)	-	(66,102)
Finance costs	-	-	-	(6,249)	6,249	-
Premium taxes	(77,148)	(15,273)	-	-	-	(92,421)
Profit before tax	468,696	645,890	598,886	63,538	-	1,777,010
Investment and corporation taxes	(35,267)	(46,140)	(171,298)	25,314	-	(227,391)
Profit after taxation	433,429	599,750	427,588	88,852	-	1,549,619
Segment assets:						
Unallocated assets	41,617,130	33,192,149	89,425,338	8,783,263	(3,543,446)	169,474,434
Investment in associates	-	-	-	-	-	2,725
Deferred tax assets	-	-	-	-	-	185,869
Retirement benefit asset	-	-	-	-	-	212,955
Total assets						169,875,983
Segment liabilities:						
Unallocated liabilities	28,757,912	26,202,290	76,278,836	8,611,651	(3,561,765)	136,288,924
Deferred tax liabilities	-	-	-	-	-	694,269
Retirement benefit obligation	-	-	-	-	-	851,073
Total liabilities						137,834,266
Other Segment items:						
Capital expenditure	-	-	-	-	-	112,329

Geographical information:

	Jamaica	Cayman Islands	Total Group
Revenue	6,885,421	612,176	7,497,597
Total assets	150,022,224	19,853,759	169,875,983

	Individual Insurance	Employee Benefits	Banking and Asset Management	All other	Eliminations	Unaudited March 2011 Group
Operating results:						
External revenues	2,254,095	3,017,051	1,039,106	493,930	-	6,804,182
Inter-segment revenues	28,240	5,529	39,833	60,313	(133,915)	-
Total revenue	2,282,335	3,022,580	1,078,939	554,243	(133,915)	6,804,182
Benefits and expenses	(1,553,302)	(2,209,733)	(361,024)	(289,985)	72,601	(4,341,443)
Change in actuarial liabilities	(321,242)	(281,910)	-	-	-	(603,152)
Depreciation	(22,609)	(8,325)	(11,560)	(6,078)	-	(48,572)
Amortization of intangibles	(2,977)	(29,235)	(37,069)	(634)	-	(69,915)
Finance costs	-	-	(18,889)	(5,155)	5,155	(18,889)
Premium taxes	(68,670)	(14,058)	-	-	-	(82,728)
Profit before tax	313,535	479,319	650,397	252,391	(56,159)	1,639,483
Investment and corporation taxes	(31,798)	(36,632)	(172,042)	(46,536)	-	(287,008)
Profit after taxation	281,737	442,687	478,355	205,855	(56,159)	1,352,475
Segment assets:						
Unallocated assets	37,896,822	32,512,878	77,093,977	7,830,821	(5,075,189)	150,259,309
Investment in associates	-	-	-	-	-	2,725
Deferred tax assets	-	-	-	-	-	124,249
Retirement benefit asset	-	-	-	-	-	190,593
Total assets						150,576,876
Segment liabilities:						
Unallocated liabilities	29,689,751	25,651,642	64,286,671	7,676,193	(5,156,872)	122,147,385
Deferred tax liabilities	-	-	-	-	-	873,397
Retirement benefit obligation	-	-	-	-	-	665,782
Total liabilities						123,686,564
Other Segment items:						
Capital expenditure	-	-	-	-	-	49,343

Geographical information:

	Jamaica	Cayman Islands	Total Group
Revenue	6,054,272	749,910	6,804,182
Total assets	128,117,885	22,458,991	150,576,876

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012
(Expressed in thousands of Jamaican dollars)

	March 2012 Year-to-date Unaudited	March 2011 Year-to-date Unaudited	December 2011 Full Year Audited
Cash Flows from operating activities:			
Net Profit	1,549,619	1,352,476	5,754,467
Items not affecting cash & changes to Policyholders Funds	(1,252,131)	(1,106,640)	(1,893,705)
Changes in other operating assets and liabilities	(3,294,068)	3,274,482	8,114,768
Net Investment Purchases	747,198	(6,858,977)	(16,678,806)
Interest received	3,776,094	3,603,753	10,588,362
Interest paid	(993,882)	(1,035,381)	(3,959,851)
Income taxes paid	(486,270)	(333,981)	(1,019,353)
Cash generated from/(used in) operating activities	46,560	(1,104,268)	905,882
Cash Flows from investing activities:			
Intangible Assets, net	(1,202)	(15,457)	(69,413)
Property, plant and equipment, net	(111,127)	(31,948)	(221,154)
Cash used in investing activities	(112,329)	(47,405)	(290,567)
Cash Flows from financing activities:			
Dividends paid to stockholders	-	-	(2,444,643)
Dividends paid to Minority Interest	-	-	(100,907)
Ordinary shares issued - to Minority Interest	822	-	18,490
Preference shares issued	-	-	(612,852)
Cash used in financing activities	822	-	(3,139,912)
Net decrease in net cash and cash equivalents	(64,947)	(1,151,673)	(2,524,597)
Cash and cash equivalents:			
Cash and cash equivalents, at beginning of year	3,343,863	5,877,516	5,877,516
Effects of exchange rate changes	23,416	1,041	(9,056)
Increase/(Decrease) in net cash and cash equivalents	(64,947)	(1,151,673)	(2,524,597)
Net cash and cash equivalents, at end of year	3,302,332	4,726,884	3,343,863

Explanatory Notes

1. Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with the accounting policies as set out in note 2 of the December 31, 2011 audited financial statements.

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Comments and Suggestions

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http://www.sagicorja.com/sagicor_brochure.html

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