



## Un-audited Financial Statements

Three Months ended March 31, 2014

### Q1 2014 FINANCIAL HIGHLIGHTS

- Net income of \$329 Million, (2013 : \$7 Million)
- Earnings per share of \$0.60 (2013 : \$0.01)
- Capital to Assets ratio of 12.43% (2013 : 13.2%)
- Risk-based Capital Adequacy ratio of 15.6% (2013 : 15.5%)

The Directors of Sagicor Investments report consolidated Net Profit for Q1, 2014 of \$329 Million, compared to \$7 Million reported in the prior year, an improvement of \$322 Million. Earnings per share for the period were \$0.60 compared to \$0.01 for the prior period.

#### REVENUES

For the three-month period, Net Interest Income was \$641 Million compared to \$717 Million in the prior year. During Q1, 2013 Sagicor Investments voluntarily participated in GOJ's National Debt Exchange (NDX) which resulted in reduced interest income on the lower yielding bonds received on the exchange. Income earning assets were \$82.7 Billion compared to \$76.9 Billion in 2013. Our Net Interest Margin contracted to 3.10% versus 3.73% in 2013, largely due to NDX.

Non-interest income was \$291 Million compared to \$249 Million in the prior year (before NDX trading

losses). Asset Management and Service fees, Stock Brokerage, FX Trading and Translation gains reflected improved results. Equity Trading, Credit fees and Trust Services, posted lower revenues.

#### OPERATING EXPENSE

Non-interest expense increased by 12% to \$552 Million compared to \$494 Million for the prior year. Operating costs increased by just over 11% as a result of our new Hope Road branch, additional team members and business growth.

#### LOAN QUALITY

Non-performing loans and leases were \$494 Million or 4.0% of the portfolio (BOJ December 2013 industry average : 5.4%) versus \$548 Million or 4.9% of the portfolio at December 2013. Non-performing loans and leases as a percentage of total assets was 0.5%, better than the industry average (BOJ December 2013 industry average : 2.5%).

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### BALANCE SHEET & CAPITAL

Total Assets were \$99.9 Billion, up \$5.5 Billion since December 2013. Our cash holdings stood at \$10.1 Billion, up from \$3.6 Billion at December 2013, while our Securities portfolios fell by 3% to \$73.6 Billion. Our Credit portfolio rose to \$12.0 Billion, from \$10.8 Billion at December 2013. Interest bearing liabilities now stand at \$85.8 Billion, up \$4.7 Billion compared to \$81.1 Billion at December 2013.

Stockholders' Equity closed the quarter at \$12.4 Billion.

Our Capital to Assets Ratio remains healthy at 12.4%. Our Risk-weighted Capital Ratios for the Un-consolidated balance sheets of Sagicor Investments ("Securities Dealer") and Sagicor Bank ("Commercial Bank") based on the regulatory guidelines reflect our strength:

	Securities Dealer	Commercial Bank
Actual Risk-weighted Ratio	15.5%	18.5%
Required Minimum Regulatory Ratio	10.0%	10.0%

### COMMUNITY CARE HIGHLIGHTS

In Q1 2014, Sagicor Investments remained committed to the development of Jamaica in the areas of health, education and sports by supporting various ventures aligned with these causes.

Sagicor hosted the largest road race in the Caribbean with over 22,000 persons walking, wheeling and running in this year's Sagicor Sigma Corporate Run event. Our 5K Run raised \$21.6M for the Sickle Cell Unit's Tropical Medicine Research Institute (TMRI) at the University of the West Indies (UWI), the Sickle Cell Trust, the Special Care Nursery at the University Hospital of the West Indies (UHWI) and Jamaica Kidney Kids Foundation. The event was held under the patronage of Her Excellency the Most Honourable Lady Allen, World and Olympic Champion, Shelly-Ann Fraser-Pryce, and The Voice Season 5 Winner, Tessanne Chin. All of the funds raised went towards supporting the needs of the beneficiaries, including the development of screening services at the Sickle Cell Trust, while the Sickle Cell Unit's TMRI at the UWI will be able to upgrade their clinic. The Special Care Nursery at the UHWI will receive critical care equipment, such as ventilators and incubators and Jamaica Kidney Kids Foundation will strengthen its capacity to assist affected children island-wide.

During the quarter, Sagicor Investments also contributed \$1,050,000.00 towards education at the tertiary level, granting scholarships to seven students at the UWI. We also contributed \$150,000 to the Youth Upliftment Through Employment programme, which is designed to empower young people in troubled communities by providing opportunities for mentorship, skills upgrading, and work experience.

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### RECOGNITION OF EXCELLENCE

Our Team Members of the first quarter were Shawn Mills from our Financial Control Unit and Andrea Rochester-Wint of our Business Priority Unit. They were recognized for their excellent team performance and individual contributions in supporting our efforts to deliver exceptional service and leadership throughout the organization.

### RBC ROYAL BANK ACQUISITION

During the first quarter Sagicor Group Jamaica Limited (Sagicor Group) executed an agreement to acquire Royal Bank of Canada's Jamaican operations (RBC). We expect the Minister of Finance to respond during the second quarter. RBC's and Sagicor Bank's operations are expected to merge in the first half of 2015.

### GROUP REORGANISATION

The reorganisation of the Group in conformity with the proposed Banking Services Act, has been completed. The reorganisation was approved by shareholders at an extraordinary meeting held on March 27th and a Formal Order obtained from the courts on April 11th. On May 5th we effected the cancellation of our existing issued shares and

immediately reissue new shares to Sagicor Group - the new holding company of Sagicor Investments and Sagicor Bank. New shares in Sagicor Group will be issued to shareholders of our company in the ratio of 1.8 Sagicor Group shares for each Sagicor Investments share held. This will be our final public report to shareholders.

### OUR THANKS

We take this opportunity to thank our Customers for their business and our Team Members who handle their financial affairs with expertise and efficiency. We also appreciate the continuing contribution of our fellow directors, who have expertly guided the activities and direction of the institution in this interesting environment.

A handwritten signature in black ink, appearing to read 'Richard O. Byles'.

Richard O. Byles  
Chairman

A handwritten signature in black ink, appearing to read 'Donovan H. Perkins'.

Donovan H. Perkins  
President & CEO

# Sagicor Investments Jamaica Limited

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### UN-AUDITED CONSOLIDATED INCOME STATEMENT

PERIOD ENDED MARCH 31, 2014

	3 MONTHS TO MARCH 2014 \$'000	3 MONTHS TO MARCH 2013 \$'000
<b>Gross Operating Revenues</b>	<u>1,801,268</u>	<u>1,346,763</u>
<b>Net interest income and other revenue</b>		
Interest income from loans	281,863	214,290
Interest income from securities	1,224,484	1,303,714
Interest income from leases	4,213	2,498
Total interest income	1,510,560	1,520,502
Interest expense	(869,207)	(803,164)
Net interest income	641,353	717,338
Fee and commission income	73,965	81,499
Net trading income	73,747	140,358
Other operating income	142,996	26,947
Loss on GOJ's National Debt Exchange	-	(422,543)
	<u>290,708</u>	<u>(173,739)</u>
	<u>932,061</u>	<u>543,599</u>
<b>Operating expenses</b>		
Team member costs	318,144	283,812
Occupancy costs	39,140	35,226
Other operating expenses	194,555	174,919
	<u>551,839</u>	<u>493,957</u>
<b>Profit before taxation</b>	380,222	49,642
<b>Taxation</b>	(50,831)	(42,697)
<b>NET PROFIT</b>	<u>329,391</u>	<u>6,945</u>
<b>EARNINGS PER STOCK UNIT</b>		
Average stock unit in issue	552,145,844	552,145,844
EPS	\$0.60	\$0.01
DILUTED EPS	\$0.60	\$0.01

# Sagicor Investments Jamaica Limited

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### UN-AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PERIOD ENDED MARCH 31, 2014

	3 MONTHS TO MARCH 2014 \$'000	3 MONTHS TO MARCH 2013 \$'000
Profit for the period	329,391	6,945
<b>Re-classifiable to Income Statement</b>		
Unrealized gains on available-for-sale investments	393,644	606,983
Gains reclassified and reported in profit	(24,256)	(686,080)
	369,388	(79,097)
<b>Not re-classifiable to Income Statement</b>		
Provision for actuarial gains/(losses) on defined benefit plan	(3,000)	(3,000)
Other comprehensive income for the period, net of taxes	366,388	(82,097)
Total comprehensive income for the period	695,779	(75,152)

# Sagicor Investments Jamaica Limited

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### UN-AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2014

	UNAUDITED MARCH 2014 \$'000	UNAUDITED MARCH 2013 \$'000	AUDITED DECEMBER 2013 \$'000
<b><u>ASSETS</u></b>			
Cash and balances due from other financial institutions	10,110,490	2,995,987	3,559,186
Cash reserve at Bank of Jamaica	1,183,750	923,808	993,331
Trading securities	2,313,679	4,028,152	2,686,944
Financial assets fair value through the profit and loss	1,891,166	-	2,323,077
Securities purchased under agreements to resell	1,177,906	2,676,756	4,142,254
Investment securities	63,128,128	59,317,654	61,604,230
Derivative financial instruments	2,955,072	4,093,872	3,019,597
Held to Maturity Securities	2,148,931	1,915,558	2,141,115
Loans, net of provisions for credit losses	11,924,167	8,903,072	10,710,327
Lease receivables	95,121	46,851	109,107
Due from related company	20,370	115,042	75,554
Income tax recoverable	52,630	5,478	111,987
Intangible assets	70,532	73,938	76,782
Goodwill	733,750	733,750	733,750
Property, plant and equipment	423,619	298,381	317,068
Deferred tax assets	98,553	-	228,260
Other assets	1,602,307	2,453,551	1,645,357
<b>Total assets</b>	<b>99,930,171</b>	<b>88,581,850</b>	<b>94,477,926</b>
<b><u>LIABILITIES</u></b>			
Securities sold under agreements to repurchase	67,046,317	58,007,851	62,147,132
Customer deposits	13,252,649	12,201,204	11,899,135
Structured products	1,859,660	790,063	1,841,222
Due to banks and other financial institutions	934,856	520,210	2,065,889
Derivative financial instruments	2,722,369	3,723,885	3,170,941
Cheques and other items in transit	109,410	74,466	68,364
Due to related company	14,071	68,723	98,205
Income Tax payable	6,705	123,253	44,971
Deferred tax liabilities	7,452	185,292	-
Dividends proposed	-	-	502,453
Other liabilities	1,555,731	1,150,726	919,873
<b>Total liabilities</b>	<b>87,509,220</b>	<b>76,845,673</b>	<b>82,758,185</b>
<b><u>STOCKHOLDERS' EQUITY</u></b>			
Share capital	3,195,565	3,195,565	3,195,565
Share options reserve	-	63,339	-
Retained earnings reserve	2,036,596	2,036,596	2,036,596
Reserve fund	362,362	330,390	367,010
Loan loss reserve	262,808	261,214	257,377
Capital redemption reserve	1,264,324	1,264,324	1,264,324
Fair value reserves	58,714	174,268	(310,674)
Retained earnings	5,240,582	4,410,481	4,909,543
<b>Total stockholders' equity</b>	<b>12,420,951</b>	<b>11,736,177</b>	<b>11,719,741</b>
<b>Total liabilities and equity</b>	<b>99,930,171</b>	<b>88,581,850</b>	<b>94,477,926</b>

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### UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES INSTOCKHOLDERS' EQUITY PERIOD ENDED MARCH 31, 2014

	Period ended March 31, 2014								
	Share Capital	Share Options Reserve	Capital Redemption Reserve	Retained Earnings Reserve	Reserve Fund	Loan Loss Reserve	Fair Value Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at January 1, 2014	3,195,565	-	1,264,324	2,036,596	367,010	257,377	(310,674)	4,909,543	11,719,741
Profit for the period	-	-	-	-	-	-	-	329,391	329,391
Other comprehensive income for the period	-	-	-	-	-	-	369,388	(3,000)	366,388
Total comprehensive income for the period	-	-	-	-	-	-	369,388	326,391	695,779
Employee share option scheme-value of service provided	-	-	-	-	-	-	-	-	-
Transfers to/from reserves	-	-	-	-	(4,648)	-	-	4,648	(0)
Dividend paid	-	-	-	-	-	-	-	-	-
Currency revaluation and other adjustments	-	-	-	-	-	5,431	-	-	5,431
Balance at March 31, 2014	3,195,565	-	1,264,324	2,036,596	362,362	262,808	58,714	5,240,582	12,420,951

	Period ended March 31, 2013								
	Share Capital	Share Options Reserve	Capital Redemption Reserve	Retained Earnings Reserve	Reserve Fund	Loan Loss Reserve	Fair Value Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at January 1, 2013	3,195,565	58,089	1,264,324	2,036,596	299,613	251,733	253,365	4,702,343	12,061,628
Profit for the period	-	-	-	-	-	-	-	6,945	6,945
Other comprehensive income for the period	-	-	-	-	-	-	(79,097)	(3,000)	(82,097)
Total comprehensive income for the period	-	-	-	-	-	-	(79,097)	3,945	(75,152)
Employee share option scheme-value of service provided	-	5,250	-	-	-	-	-	-	5,250
Transfer to/from reserves	-	-	-	-	30,777	-	-	(30,777)	-
Dividends proposed	-	-	-	-	-	-	-	(265,030)	(265,030)
Currency revaluation and other adjustments	-	-	-	-	-	9,481	-	-	9,481
Balance at March 31, 2013	3,195,565	63,339	1,264,324	2,036,596	330,390	261,214	174,268	4,410,481	11,736,177

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### UN-AUDITED SEGMENT REPORT PERIOD ENDED MARCH 31, 2014

	Period ended March 31, 2014						
	Investment Management \$'000	Credit \$'000	Asset Management \$'000	Trading \$'000	Trust Services \$'000	Eliminations \$'000	Group \$'000
Gross external revenues	1,345,934	301,933	66,455	79,380	7,566	-	1,801,268
Revenues/(expenses) from other segments	17,576	-	-	-	-	(17,576)	0
<b>Total gross revenues</b>	<b>1,363,510</b>	<b>301,933</b>	<b>66,455</b>	<b>79,380</b>	<b>7,566</b>	<b>(17,576)</b>	<b>1,801,268</b>
Total expenses	(1,086,491)	(219,102)	(41,443)	(72,523)	(19,063)	17,576	(1,421,046)
Profit before tax	277,019	82,831	25,012	6,857	(11,497)	-	380,222
Income tax expense							(50,831)
Net profit							329,391
Segment Assets	69,410,037	12,019,289	-	4,204,845	-	-	85,634,171
Goodwill	443,992	75,417	54,604	152,437	7,300	-	733,750
Segment Assets	69,854,029	12,094,706	54,604	4,357,282	7,300	-	86,367,921
Unallocated Assets							13,562,250
<b>Total Assets</b>							<b>99,930,171</b>
Segment liabilities	84,880,995	934,856	-	-	-	-	85,815,851
Unallocated liabilities							1,693,369
<b>Total Liabilities</b>							<b>87,509,220</b>
Other Segment items							
Net interest income	454,140	187,213	-	-	-	-	641,353
Capital expenditure	8,494	115,452	-	-	-	-	123,946
Depreciation	7,204	10,068	-	-	-	-	17,272
Amortisation charges	4,212	2,162	-	-	-	-	6,374

  

	Period ended March 31, 2013						
	Investment Management \$'000	Credit \$'000	Asset Management \$'000	Trading \$'000	Trust Services \$'000	Eliminations \$'000	Group \$'000
Gross external revenues	1,335,114	239,210	(15,592)	(225,856)	13,887	-	1,346,763
Revenues/ (expenses) from other segments	5,819	-	-	-	-	(5,819)	-
<b>Total gross revenues</b>	<b>1,340,933</b>	<b>239,210</b>	<b>(15,592)</b>	<b>(225,856)</b>	<b>13,887</b>	<b>(5,819)</b>	<b>1,346,763</b>
Total expenses	(989,034)	(194,830)	(37,097)	(64,915)	(17,064)	5,819	(1,297,121)
Profit before tax	351,899	44,380	(52,689)	(290,771)	(3,177)	-	49,642
Income tax expense							(42,697)
Net profit							6,945
Segment assets	68,003,841	8,949,923	-	4,028,152	-	-	80,981,916
Goodwill	443,992	75,417	54,604	152,437	7,300	-	733,750
Segment Assets	68,447,833	9,025,340	54,604	4,180,589	7,300	-	81,715,666
Unallocated assets							6,866,184
<b>Total Assets</b>							<b>88,581,850</b>
Segment liabilities	71,016,596	520,210	-	3,706,407	-	-	75,243,213
Unallocated liabilities							1,602,460
<b>Total Liabilities</b>							<b>76,845,673</b>
Other segment items							
Net interest income	587,752	129,586	-	-	-	-	717,338
Capital expenditure	13,783	2,087	-	-	-	-	15,870
Depreciation	8,262	8,432	-	-	-	-	16,694
Amortisation charges	7,790	2,632	-	-	-	-	10,422



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### UN-AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

PERIOD ENDED MARCH 31, 2014

	3 MONTHS TO MARCH 2014 \$'000	3 MONTHS TO MARCH 2013 \$'000
<b>Cash Flows from Operating Activities</b>		
Net profit	329,391	6,945
Adjustments for:		
Interest income	(1,510,560)	(1,520,502)
Interest expense	869,207	803,164
Tax charge	101,476	14,835
Deferred tax charge	(50,645)	27,862
Fair values (losses)/gains on trading securities	15,885	(70,522)
Amortisation of intangible assets	6,374	10,422
Depreciation of property, plant and equipment	17,272	16,694
(Gain)/loss on sale of property plant and equipment	(600)	-
Share option and grants expense	6,000	7,500
	<u>(216,200)</u>	<u>(703,602)</u>
Changes in operating assets and liabilities	3,398,872	463,988
Interest received	1,601,618	1,983,977
Interest paid	(930,695)	(901,146)
Taxation	(44,405)	-
Net cash used in operating activities	<u>3,809,190</u>	<u>843,217</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of intangible assets	(125)	(10,534)
Purchase of property, plant and equipment	(123,822)	(5,336)
Proceeds from sale of property plant and equipment	600	(0)
Net cash used in investing activities	<u>(123,347)</u>	<u>(15,870)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from due to banks and other financial institutions – long term	10,010	80,880
Repayment of amounts due to banks and other financial institutions – long term	(269,842)	(33,437)
Due to related companies, net	(28,951)	(103,337)
Dividend paid	-	(265,030)
Net cash (used in)/ provided by financing activities	<u>(288,783)</u>	<u>(320,924)</u>
Effect of exchange rate changes on cash and cash equivalents	655,344	252,300
<b>Net decrease in cash and cash equivalents</b>	<u>4,052,404</u>	<u>758,723</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>3,190,187</u>	<u>2,123,499</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>7,242,591</u></u>	<u><u>2,882,222</u></u>
<b>REPRESENTED BY</b>		
Cash and balances due from other financial institutions	9,806,671	2,764,997
Investment securities	980,437	2,514,371
Short term deposits due to financial institutions	(3,120,619)	(2,297,454)
Items in the course of payment	(166,347)	(99,692)
Due to banks and other financial institutions – short term	(257,551)	-
	<u><u>7,242,591</u></u>	<u><u>2,882,222</u></u>