



# Sagikor Bank

**UNAUDITED  
FINANCIAL STATEMENTS  
4TH QUARTER ENDED DECEMBER 31, 2017**

**SAGICOR BANK JAMAICA LIMITED**  
**FOURTH QUARTER 2017**  
**UNAUDITED PERFORMANCE HIGHLIGHTS**

The Board of Directors of Sagicor Bank Jamaica Limited presents the Company's unaudited financial results for the fourth Quarter Ended December 31, 2017.

Sagicor Bank Jamaica Limited generated net revenue of \$10.8 billion for the year ended December 31, 2017, an increase of 18% above last year's \$9.1 billion. This was primarily due to increased earnings from fee-based revenue that grew by \$651 million or 26% compared to prior year, as the bank's loans, credit cards and point of sales portfolios expanded. However, the net profit performance declined by 7% to \$1.7 billion compared to last year's \$1.9 billion. Net profit for the fourth quarter was \$734 million (EPS = \$0.17) compared to prior year's of \$788 million (EPS = \$0.19). 2017 was affected by an increase in credit losses and strengthening of the Jamaican dollar against the United States dollar.

The balance sheet grew by 8% to \$124 billion compared to \$115.3 billion at December 2016. During the year, the loans and leases grew by 9% to \$61.3 billion. Growth was mainly from corporate loans. Customer deposits increased by 12% to \$84.3 billion compared to prior year. Shareholders' equity also increased by 8% to \$19.9 billion compared to \$18.4 billion at year end December 2016. Return on equity was 9.10% compared to 10.27% in 2016 largely as a result of the decline in profitability and increase in equity.



**Sagicor Bank Jamaica Limited**

**Statement of Financial Position**

**31 December 2017**

**(Expressed in thousands of Jamaican dollars)**

	December 2017 Unaudited	December 2016 Audited
<b>ASSETS</b>		
Cash and balances due from other financial institutions	12,455,836	10,393,524
Cash reserves at Bank of Jamaica	11,418,839	8,249,533
Financial assets at fair value through profit or loss	735,198	665,457
Securities purchased under agreements to resell	450,306	448,948
Investment securities	22,515,702	25,515,056
Loans, net of provision for credit losses	61,218,944	55,952,282
Lease receivables, net of provision for credit losses	102,412	86,200
Due from related companies	725	185,298
Intangible assets	1,301,347	1,171,239
Income tax recoverable	231,229	231,229
Property, plant and equipment	2,225,768	2,132,214
Deferred income tax assets	1,683,125	2,484,339
Other assets	9,720,893	7,777,752
<b>Total Assets</b>	<u>124,060,324</u>	<u>115,293,071</u>
<b>LIABILITIES</b>		
Customer deposits	84,279,661	75,165,808
Securities sold under agreements to repurchase	3,102,905	8,240,987
Due to banks and other financial institutions	2,601,269	3,462,482
Debt securities	2,054,231	-
Income tax payable	2,624	49,983
Due to related companies	101,388	169,473
Post-employment benefit obligations	1,102,062	1,865,235
Provision	7,987,643	6,747,230
Other liabilities	2,943,795	1,197,906
<b>Total Liabilities</b>	<u>104,175,578</u>	<u>96,899,104</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	8,400,000	8,400,000
Fair value reserve	181,775	(122,388)
Loan loss reserve	989,667	541,503
Reserve fund	2,286,642	1,558,102
Capital reserve	309,465	309,465
Retained earnings reserve	3,088,063	3,088,063
Merger reserve	3,759,440	3,759,440
Accumulated retained earnings	869,694	859,782
<b>Total Equity</b>	<u>19,884,746</u>	<u>18,393,967</u>
<b>Total Liabilities and Equity</b>	<u>124,060,324</u>	<u>115,293,071</u>

Approved for issue by the Board of Directors on February 13, 2018 and signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director



**Sagicor Bank Jamaica Limited**  
**Income Statement**  
**Year Ended 31 December 2017**  
**(Expressed in thousands of Jamaican dollars)**

	Q4 2017 Unaudited	Q4 2016 Unaudited	December 2017 Year-to date Unaudited	December 2016 Year-to date Audited
<b>Net Interest Income and Other Revenue</b>				
Interest income from loans and leases	1,790,786	1,644,692	6,811,394	6,175,469
Interest income from securities	399,675	291,015	1,554,364	1,263,254
Other interest income	32,678	7,277	82,970	21,360
Total interest income	<u>2,223,139</u>	<u>1,942,984</u>	<u>8,448,728</u>	<u>7,460,083</u>
Interest expense	(473,579)	(435,526)	(1,759,482)	(1,587,056)
Net interest income	<u>1,749,560</u>	<u>1,507,458</u>	<u>6,689,246</u>	<u>5,873,027</u>
Fees and commission income	963,426	647,633	3,129,559	2,170,429
Trading income	354,777	241,480	832,075	1,011,995
Other revenue	56,111	120,024	194,714	125,561
	<u>1,374,314</u>	<u>1,009,137</u>	<u>4,156,348</u>	<u>3,307,985</u>
	<u>3,123,874</u>	<u>2,516,595</u>	<u>10,845,594</u>	<u>9,181,012</u>
<b>Operating Expenses</b>				
Team member costs	642,090	820,576	2,983,490	2,889,727
Occupancy costs	119,956	103,035	451,855	372,212
Credit losses, net of recoveries	323,298	(221,048)	714,521	(146,888)
Other expenses	1,111,924	803,855	4,256,382	3,470,834
	<u>2,197,268</u>	<u>1,506,418</u>	<u>8,406,248</u>	<u>6,585,885</u>
<b>Profit/(Loss) before Taxation</b>	<u>926,606</u>	<u>1,010,177</u>	<u>2,439,346</u>	<u>2,595,127</u>
Taxation	(192,471)	(221,633)	(698,284)	(734,374)
<b>Net Profit</b>	<u>734,135</u>	<u>788,543</u>	<u>1,741,062</u>	<u>1,860,753</u>
<b>Earnings per stock unit for profit attributable to stockholders</b>				
Basic and Fully diluted	\$0.17	\$0.19	\$0.41	\$0.44

**Sagicor Bank Jamaica Limited**  
**Statement of Comprehensive Income**  
**Year Ended 31 December 2017**  
**(Expressed in thousands of jamaican dollars)**

	Q4 2017 Unaudited	Q4 2016 Unaudited	December 2017 Year-to date Unaudited	December 2016 Year-to date Audited
<b>Net Profit</b>	<u>734,135</u>	<u>788,543</u>	<u>1,741,062</u>	<u>1,860,753</u>
<b>Other comprehensive income - Item that will not be reclassified to profit or loss</b>				
Re-measurements of post-employment benefits	<u>654,335</u>	<u>(80,864)</u>	<u>654,335</u>	<u>(80,864)</u>
<b>Items that will be reclassified to profit or loss</b>				
Available-for-sale investments -				
Unrealised gains/(losses) on available-for-sale investments	173,947	(232,847)	488,967	244,992
Gains reclassified and reported in profit	<u>(153,130)</u>	<u>(24,424)</u>	<u>(184,804)</u>	<u>(425,927)</u>
	<u>20,817</u>	<u>(257,271)</u>	<u>304,163</u>	<u>(180,935)</u>
Total other comprehensive income, net of taxes	<u>675,152</u>	<u>(338,135)</u>	<u>958,498</u>	<u>(261,799)</u>
<b>Total Comprehensive Income</b>	<u><u>1,409,287</u></u>	<u><u>450,408</u></u>	<u><u>2,699,560</u></u>	<u><u>1,598,954</u></u>



**Sagicor Bank Jamaica Limited**  
**Statement of Changes in Equity**  
**Year Ended 31 December 2017**  
**(Expressed in thousands of Jamaican dollars)**

**Period ended 31 December 2017**

**Balance at 1 January 2017**

Total comprehensive income for the period  
 Dividends paid  
 Shares to fulfill stock options  
 Share based payments  
 Transfer to/(from) reserves

**Balance at 31 December 2017**

	Share Capital	Fair Value Reserve	Loan Loss Reserve	Reserve Fund	Capital Reserve	Retained Earnings Reserve	Retained Earnings/	Merger Reserve	Total
8,400,000	(122,388)	541,503	1,558,102	309,465	3,088,063	859,782	3,759,440	18,393,967	
-	304,163	-	-	-	-	2,395,397	-	2,699,560	
-	-	-	-	-	-	(1,000,000)	-	(1,000,000)	
-	-	-	-	-	-	(171,844)	-	(171,844)	
-	-	-	-	-	-	(36,937)	-	(36,937)	
-	-	448,164	711,638	-	-	(1,159,802)	-	-	
-	-	448,164	711,638	-	-	(1,368,583)	-	(208,781)	
8,400,000	181,775	989,667	2,269,740	309,465	3,088,063	886,596	3,759,440	19,884,746	

**Period ended 31 December 2016**

**Balance at 1 January 2016**

Total comprehensive income for the period  
 Dividends paid  
 Shares to fulfill stock options  
 Transfer to/(from) reserves  
 Currency revaluation and other adjustments

**Balance at 31 December 2016**

	Share Capital	Fair Value Reserve	Loan Loss Reserve	Reserve Fund	Capital Reserve	Retained Earnings Reserve	Retained Earnings/	Merger Reserve	Total
8,400,000	58,547	189,033	1,558,102	309,465	3,088,063	488,342	3,759,440	17,850,992	
-	(180,935)	-	-	-	-	1,779,859	-	1,598,924	
-	-	-	-	-	-	(1,000,000)	-	(1,000,000)	
-	-	-	-	-	-	(56,405)	-	(56,405)	
-	-	352,470	-	-	-	(352,470)	-	-	
-	-	-	-	-	-	456	-	456	
-	-	352,470	-	-	-	(408,419)	-	(55,949)	
8,400,000	(122,388)	541,503	1,558,102	309,465	3,088,063	859,782	3,759,440	18,393,967	



**Sagicor Bank Jamaica Limited**  
**Statement of Cash Flows**  
**Year Ended 31 December 2017**  
**(Expressed in thousands of Jamaican dollars)**

	December 2017 Year-to-date Unaudited	December 2016 Year-to-date Audited
<b>Cash Flows from Operating Activities</b>		
Net profit	1,741,062	1,860,753
Adjustments for non-cash items	(2,920,625)	(2,152,085)
Changes in operating assets and liabilities -	4,830,721	(5,462,229)
Interest received	8,401,614	7,504,755
Interest paid	(1,663,105)	(1,534,176)
Taxation paid	(420,279)	(782,533)
<b>Cash Flows from Operating Activities</b>	<b>8,228,326</b>	<b>(2,426,268)</b>
<b>Cash Flows from Investing Activities</b>		
Securities purchased under agreements to resell	-	240,051
Proceeds from sale of mortgages	(4,442,165)	-
Purchase of investment securities	(13,963,672)	(12,117,028)
Proceeds from sale of investment securities	18,316,032	14,272,301
Purchase of intangible assets	(294,245)	(47,818)
Purchase of property, plant and equipment	(325,076)	(334,050)
Proceeds from disposal of property plant and equipment	833	23,256
Net cash used in investing activities	(708,293)	2,036,712
<b>Cash Flows from Financing Activities</b>		
Due to related parties	116,488	323,720
Dividend paid	(1,000,000)	(1,000,000)
Proceeds from preference shares	2,040,518	-
Proceeds from due to banks and other financial institutions	7,267,605	1,367,522
Repayments from due to banks and other financial institutions	(6,679,068)	(736,881)
Net cash provided by financing activities	1,745,543	(45,639)
Effect of exchange rate changes on cash and cash equivalents	(91,600)	278,708
Net decrease in cash and cash equivalents	9,173,976	(156,487)
Cash and cash equivalents at beginning of year	1,581,949	1,738,436
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>10,755,925</b>	<b>1,581,949</b>

**Cash and Cash Equivalent**

Cash and Balances due from other financial Institutions	12,454,410	10,202,756
Investment securities	999,097	-
Securities purchased under agreements to resell	450,000	447,862
Securities sold under agreements to repurchase	(2,366,700)	(7,289,742)
Items in the course of repayment	(780,882)	(328,927)
Short term loans due to other financial institutions	-	(1,450,000)
	<b>10,755,925</b>	<b>1,581,949</b>



**Sagicor Bank Jamaica Limited**  
**Notes to the Unaudited Financial Statements**  
**31 December 2017**  
**(Expressed in thousands of Jamaican dollars)**

**1 Identification and Principal Activities**

Sagicor Bank Jamaica Limited (the company) is incorporated and is domiciled in Jamaica. The Bank is licensed under the Banking Act, 1992. The registered office of the company is located at 17 Dominica Drive, Kingston 5. The principal activities of the company involve retail and corporate banking services, foreign exchange trading, investment management and provision of various credit facilities including loans and leases.

The Company is a wholly owned subsidiary of Sagicor Group Jamaica Limited, which is incorporated and domiciled in Jamaica. Sagicor Group Jamaica Limited (the parent) is listed on the Jamaica Stock Exchange. The parent is 32.45% (2016 – 32.45%) owned by LOJ Holdings Limited which is also incorporated and domiciled in Jamaica. Sagicor Life Inc., which is incorporated in Barbados directly holds a 16.66% interest in the parent. The ultimate parent company is Sagicor Financial Corporation (SFC), which is incorporated and domiciled in Bermuda. SFC has an overall interest of 49.11% (2016 – 49.11%) in the parent. The other significant shareholder of the parent is Pan-Jamaican Investment Trust Limited with a 31.55% (2016 – 31.55%) holding.

The financial statements have been prepared in accordance with the provisions of the Banking Services Act, 2014.

**2 Basis of preparation**

These interim financial statements for the three months ended December 31, 2017 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2016 which have been prepared with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investment securities and investment securities at fair value through profit or loss. The preparation of the financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

There have been no changes in accounting policies since the most recent audited account as at December 31, 2016.

**3 Fees and Commission Income**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Banking fees	2,447,013	1,795,907
Credit related fees	594,548	330,790
Trust fees	87,998	43,732
	<u>3,129,559</u>	<u>2,170,429</u>

**4 Credit Losses, net of recoveries**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Investments	200	-
Loans	934,609	(7,304)
Lease receivables	4,645	-
Recoveries	(224,933)	(139,584)
	<u>714,521</u>	<u>(146,888)</u>



## 5 Loans, Net of Provision for Credit Losses

	2017	2016
	\$'000	\$'000
Gross loans and advances	62,555,603	57,172,925
Less: Provision for credit losses	<u>(1,512,416)</u>	<u>(1,275,858)</u>
	61,043,187	55,897,067
Loan interest receivable	175,757	55,215
	<u><u>61,218,944</u></u>	<u><u>55,952,282</u></u>

The movement in the provision for credit losses determined under the requirements of IFRS is as follows:

	2017	2016
	\$'000	\$'000
Balance at beginning of year	1,275,858	1,646,020
Previously provided for written off	(452,658)	(267,658)
Charged in the income statement	934,609	(7,304)
Recoveries	(224,933)	(139,584)
Currency revaluation adjustment	<u>(20,460)</u>	<u>44,384</u>
Balance at end of year	<u><u>1,512,416</u></u>	<u><u>1,275,858</u></u>

The aggregate amount of non-performing loans for the Company on which interest was not being accrued amounted to \$2,037,858,000 (2016 - \$1,774,209,000).