

CHAIRMAN'S REVIEW

The Sagicor Group recorded net income from continuing operations of US\$37.5 million for the first six months ended June 30, 2015, compared to the prior year result of US\$33.2 million, an increase of 13%. The continuing operations comprises our businesses in the Caribbean and in the USA.

Net income from continuing operations attributable to shareholders was US\$21.8 million, compared to the prior year result of US\$19.3 million, an increase of 13%. Earnings per common share from continuing operations, was US 7.0 cents compared to the prior year result of US 6.2 cents, an increase of 13% and an annualised return on common shareholders' equity of 8.7%.

Total revenue increased to US\$548.5 million, compared to US\$501.7 million for the corresponding period in 2014, an increase of 9%. Total benefits increased to US\$297.2 million, compared to US\$285.2 million for the previous year, an increase of 4%. Total expenses increased to US\$201.9 million, compared to US\$173.3 million for the previous year, an increase of 17%. The increase in expenses included US\$8.4 million in asset taxes for a full year, rather than the six month period so as to comply with reporting standards. The increase in expenses also included six months of expenses incurred with the operation and integration of the RBC Royal Bank's Jamaica banking operations which was acquired on June 27, 2014. With the exclusion of these two expenses, both of which relate to our Jamaica segment, our expenses, year-on-year, would be broadly level.

Total comprehensive income from continuing operations attributable to shareholders for the period was US\$8.2 million compared to US\$31.4 million for the same period in the prior year. The main contributors to the variance were changes in financial assets, as well as retranslation movements in our Jamaica segment.

The discontinued operation represents our UK business which was sold on December 23, 2013. The terms of the sale required the Sagicor Group to retain an interest in the 2011, 2012 and 2013 underwriting years of account, subject to a limit. The company reported in its first quarter results that management had negotiated reinsurance to cover the residual exposure at a cost of US\$12.7 million. However, the underlying agreements were not executed and the group has therefore recorded its exposure in these financial statements under the original sale agreement. For the six months ended June 30, 2015, the discontinued business experienced a loss of US\$15.1 million, resulting from adverse movements in claims reserves. The loss is an additional cost of US\$2.4 million for the three months to June 30, 2015, over and above the US\$12.7 million provided in the first three months to March 31, 2015. The maximum residual contingent exposure under the sale agreement is approximately US\$10.2 million.

The total assets of the Group reached US\$6.3 billion. Shareholders' equity reached US\$763.7 million compared to US\$728.5 million, an increase of 5%. The Group's debt, which is included in other liabilities, was US\$305.0 million. The resulting debt to capital ratio reduced from 28.8% to 28.5% over the period.

During the third quarter, Sagicor refinanced its total debt with the issuance of US\$320 million seven year senior notes repayable in 2022. The notes carry a fixed rate of interest of 8.875% payable semi-annually and can be repurchased after four years. The notes were issued to refinance the existing senior notes, convertible preference shares and loan which mature in May 2016.

Sagicor intends, subject to shareholders' approval, to re-domicile the parent company, Sagicor Financial Corporation, to an investment grade jurisdiction. The operating companies will remain unaffected. The purpose of the re-domiciliation is to achieve an uplift in the rating of the parent and the recently issued bond. Sagicor is currently rated BB- by S&P, capped at the maximum two notches above its current domicile. The bond is currently rated B. On a stand-alone basis, that is, without being tied to the rating of its current domicile, Sagicor is rated BB+, and correspondingly the bond would be rated BB-, two notches below the parent, to reflect the subordination of the bondholders to the policyholders. A rating uplift would be expected to lower the future cost of financing for the group.

The economic circumstances of many of the countries in which we operate remain challenging. However, your Board and management continue to carefully navigate through these conditions to deliver value to our customers and competitive returns to our investors.

On behalf of the Board of Sagicor, I wish to thank our shareholders and customers for their continued support.



Stephen McNamara
Chairman
August 13, 2015.

FINANCIAL HIGHLIGHTS

(in US currency except percentages)

Six months ended June 30

2015 2014
Restated

| | | |
|---|-----------|-----------|
| Total revenue | \$548.5m | \$501.7m |
| Group net income from continuing operations | \$37.5m | \$33.2m |
| Group net loss from discontinued operations | (\$15.1m) | (\$27.5m) |
| Overall Group net income | \$22.4m | \$5.7m |
| Shareholders' net income from continuing operations | \$21.8m | \$19.3m |
| Shareholders' net (loss) from discontinued operations | (\$15.1m) | (\$27.5m) |
| Overall Shareholders' net income/(loss) | \$6.7m | (\$8.2m) |
| Net income allocated to non-controlling interests | \$17.1m | \$14.6m |
| Total equity | \$763.7m | \$728.5m |
| Debt to capital | 28.5% | 28.8% |
| Earnings per common share from continuing operations | 7.0¢ | 6.2¢ |
| Annualised return of continuing operations on common shareholders' equity | 8.7% | 7.9% |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts expressed in US \$000

| | Restated | | |
|---------------------------------------|--------------------------------|--------------------------------|----------------------------------|
| | June 30 2015 (unaudited) | June 30 2014 (unaudited) | December 31 2014 (audited) |
| ASSETS | | | |
| Financial investments | 4,765,972 | 4,554,862 | 4,661,494 |
| Other investments and assets | 1,532,609 | 1,316,824 | 1,518,926 |
| Total assets | 6,298,581 | 5,871,686 | 6,180,420 |
| LIABILITIES | | | |
| Policy liabilities | 3,218,842 | 3,012,596 | 3,120,602 |
| Other liabilities | 2,255,354 | 2,083,131 | 2,240,480 |
| Liabilities of discontinued operation | 60,673 | 47,496 | 45,796 |
| Total liabilities | 5,534,869 | 5,143,223 | 5,406,878 |
| EQUITY | | | |
| Shareholders' equity | 518,231 | 509,401 | 531,698 |
| Participating accounts | 1,033 | (5,521) | 364 |
| Minority interest | 244,448 | 224,583 | 241,480 |
| Total equity | 763,712 | 728,463 | 773,542 |
| Total liabilities and equity | 6,298,581 | 5,871,686 | 6,180,420 |

These financial statements have been approved for issue by the Board of Directors on August 13, 2015.



Director



Director

CONSOLIDATED STATEMENT OF INCOME
Amounts expressed in US \$000

| | Six months to June 30 | | Three months to June 30 | |
|---|-----------------------|----------------|-------------------------|----------------|
| | Restated | | Restated | |
| | 2015 | 2014 | 2015 | 2014 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| REVENUE | | | | |
| Net premium revenue | 322,061 | 308,843 | 157,121 | 144,407 |
| Net investment and other income | 226,396 | 192,835 | 119,765 | 95,555 |
| Total revenue | 548,457 | 501,678 | 276,886 | 239,962 |
| BENEFITS AND EXPENSES | | | | |
| Benefits | 297,246 | 285,243 | 149,412 | 133,269 |
| Expenses | 201,941 | 173,254 | 101,268 | 86,174 |
| Total benefits and expenses | 499,187 | 458,497 | 250,680 | 219,443 |
| INCOME BEFORE TAXES | 49,270 | 43,181 | 26,206 | 20,519 |
| Income taxes | (11,782) | (9,974) | (6,685) | (5,849) |
| NET INCOME FROM CONTINUING OPERATIONS | 37,488 | 33,207 | 19,521 | 14,670 |
| Net loss from discontinued operation | (15,053) | (27,482) | (13,029) | (17,485) |
| NET INCOME FOR THE PERIOD | 22,435 | 5,725 | 6,492 | (2,815) |
| NET INCOME ATTRIBUTABLE TO: | | | | |
| Common Shareholders | | | | |
| From continuing operations | 21,841 | 19,294 | 9,670 | 5,379 |
| From discontinued operation | (15,053) | (27,482) | (13,029) | (17,485) |
| | 6,788 | (8,188) | (3,359) | (12,106) |
| Participating policyholders | (1,430) | (675) | (854) | (32) |
| Minority interest | 17,077 | 14,588 | 10,705 | 9,323 |
| | 22,435 | 5,725 | 6,492 | (2,815) |
| Basic earnings per common share: | | | | |
| From continuing operations | 7.0 cents | 6.2 cents | 3.2 cents | 1.8 cents |
| From discontinued operation | (5.0) cents | (9.1) cents | (4.3) cents | (5.8) cents |
| | 2.0 cents | (2.9) cents | (1.1) cents | (4.0) cents |
| Fully diluted earnings per common share: | | | | |
| From continuing operations | 7.0 cents | 6.0 cents | 3.2 cents | 1.8 cents |
| From discontinued operation | (5.0) cents | (9.1) cents | (4.3) cents | (5.8) cents |
| | 2.0 cents | (3.1) cents | (1.1) cents | (4.0) cents |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Amounts expressed in US \$000

| | Six months to June 30 | | Three months to June 30 | |
|---|-----------------------|---------------|-------------------------|----------------|
| | Restated | | Restated | |
| | 2015 | 2014 | 2015 | 2014 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| NET INCOME FOR THE PERIOD | 22,435 | 5,725 | 6,492 | (2,815) |
| Items net of tax that may be reclassified subsequently to income: | | | | |
| Available for sale financial assets: | | | | |
| Unrealised (losses) / gains arising on revaluation | (18,097) | 51,493 | (27,161) | 25,546 |
| Gains transferred to income | (7,235) | (4,971) | (1,742) | (2,805) |
| Net change in actuarial liabilities | 12,711 | (19,597) | 15,082 | (11,036) |
| Retranslation of foreign currency operations | (6,303) | (14,181) | (4,927) | (2,643) |
| Other items | - | (108) | - | - |
| | (18,924) | 12,636 | (18,748) | 9,062 |
| Items net of tax that will not be reclassified subsequently to income: | | | | |
| Unrealised gains arising on revaluation of owner occupied property | 134 | - | 58 | - |
| Gains / (losses) on defined benefit plans | - | (85) | - | - |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | (18,790) | 12,551 | (18,690) | 9,062 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 3,645 | 18,276 | (12,198) | 6,247 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Common Shareholders | | | | |
| From continuing operations | 8,218 | 31,414 | (5,138) | 12,448 |
| From discontinued operation | (15,053) | (27,482) | (13,029) | (17,485) |
| | (6,835) | 3,932 | (18,167) | (5,037) |
| Participating policyholders | 784 | 258 | 686 | 1,191 |
| Minority interest | 9,696 | 14,086 | 5,283 | 10,093 |
| | 3,645 | 18,276 | (12,198) | 6,247 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Amounts expressed in US \$000

| | Share | | Retained | Participating | Minority | Total |
|--|----------------|-----------------|----------------|----------------|----------------|----------------|
| | Capital | Reserves | | | | |
| (unaudited) | | | Earnings | Accounts | Interest | |
| Six months to June 30, 2015: | | | | | | |
| Balance, beginning of period | 295,989 | (8,765) | 244,474 | 364 | 241,480 | 773,542 |
| Total comprehensive income from continuing operations | - | (13,623) | 21,841 | 784 | 9,696 | 18,698 |
| Total comprehensive income from discontinued operation | - | - | (15,053) | - | - | (15,053) |
| Transactions with holders of equity instruments: | | | | | | |
| Movements in treasury shares | (15) | - | - | - | - | (15) |
| Changes in reserve for equity compensation benefits | - | 1,943 | - | - | - | 1,943 |
| Dividends declared | - | - | (9,916) | - | (6,728) | (16,644) |
| Transfers and other movements | - | (7,596) | 8,952 | (115) | - | 1,241 |
| Balance, end of period | 295,974 | (28,041) | 250,298 | 1,033 | 244,448 | 763,712 |
| Six months to June 30, 2014 Restated: | | | | | | |
| Balance, beginning of period | 295,450 | (4,825) | 221,472 | (5,662) | 218,751 | 725,186 |
| Total comprehensive income from continuing operations | - | 12,313 | 19,101 | 258 | 14,086 | 45,758 |
| Total comprehensive income from discontinued operation | - | - | (27,482) | - | - | (27,482) |
| Transactions with holders of equity instruments: | | | | | | |
| Movements in treasury shares | (278) | - | - | - | - | (278) |
| Changes in reserve for equity compensation benefits | - | 1,828 | - | - | - | 1,828 |
| Changes in ownership interests | - | - | 1,531 | - | (1,812) | (281) |
| Dividends declared | - | - | (9,918) | - | (6,442) | (16,360) |
| Transfers and other movements | - | (2,291) | 2,500 | (117) | - | 92 |
| Balance, end of period | 295,172 | 7,025 | 207,204 | (5,521) | 224,583 | 728,463 |

CONSOLIDATED STATEMENT OF CASH FLOWS
Amounts expressed in US \$000

| | Six months to June 30 | |
|--|-----------------------|----------------|
| | Restated | |
| | 2015 | 2014 |
| | (unaudited) | (unaudited) |
| CASH FLOWS | | |
| Operating activities: | | |
| Cash from income, interest and taxation | 42,470 | 64,627 |
| Net increase in investments and operating assets | (191,227) | (27,487) |
| Net change in operating liabilities | 32,501 | 49,896 |
| | (116,256) | 87,036 |
| Investing activities | (7,727) | 28,027 |
| Financing activities | (14,935) | (16,608) |
| Effects of exchange rate changes | 279 | 1,310 |
| Net change in cash and cash equivalents - continuing operations | (138,639) | 99,765 |
| Net change in cash and cash equivalents - discontinued operation | (176) | - |
| Cash and cash equivalents, beginning of period | 441,194 | 258,600 |
| Cash and cash equivalents, end of period | 302,379 | 358,365 |

STATEMENT OF INCOME BY SEGMENT

Amounts expressed in US \$000

(unaudited)

| | Six months to June 30, 2015 | | | | | Total |
|---|-----------------------------|-----------------|------------------|-----------------------|----------------------------|---------------|
| | Sagikor Life | Sagikor Jamaica | Sagikor Life USA | Head Office and other | Inter-segment eliminations | |
| Total revenue | 185,935 | 251,652 | 85,885 | 48,300 | (23,315) | 548,457 |
| Total benefits and expenses | 161,658 | 212,411 | 82,385 | 35,789 | 6,944 | 499,187 |
| INCOME BEFORE TAXES | 24,277 | 39,241 | 3,500 | 12,511 | (30,259) | 49,270 |
| Income taxes | (3,784) | (6,693) | (885) | (420) | - | (11,782) |
| NET INCOME FROM CONTINUING OPERATIONS | 20,493 | 32,548 | 2,615 | 12,091 | (30,259) | 37,488 |
| Net income / (loss) attributable to shareholders from continuing operations | 21,923 | 15,984 | 2,615 | 719 | (19,400) | 21,841 |
| Total Comprehensive income / (loss) attributable to shareholders from continuing operations | 17,683 | 8,664 | 745 | 534 | (19,408) | 8,218 |

Restated

Six months to June 30, 2014

| | Sagikor Life | Sagikor Jamaica | Sagikor Life USA | Head Office and other | Inter-segment eliminations | Total |
|---|---------------|-----------------|------------------|-----------------------|----------------------------|---------------|
| NET INCOME FROM CONTINUING OPERATIONS | 22,403 | 26,787 | 4,166 | 9,058 | (29,207) | 33,207 |
| Net income / (loss) attributable to shareholders from continuing operations | 23,078 | 13,213 | 4,166 | (3,912) | (17,251) | 19,294 |
| Total Comprehensive income / (loss) attributable to shareholders from continuing operations | 29,900 | 11,844 | 10,827 | (3,938) | (17,219) | 31,414 |

STATEMENT OF FINANCIAL POSITION BY SEGMENT

Amounts expressed in US \$000

(unaudited)

| | June 30, 2015 | | | | | Total |
|-------------------|----------------|-----------------|------------------|-----------------------|----------------------------|----------------|
| | Sagikor Life | Sagikor Jamaica | Sagikor Life USA | Head Office and other | Inter-segment eliminations | |
| Total assets | 1,791,916 | 2,492,895 | 1,842,400 | 378,717 | (207,347) | 6,298,581 |
| Total liabilities | 1,318,742 | 2,076,338 | 1,633,408 | 713,728 | (207,347) | 5,534,869 |
| Net assets | 473,174 | 416,557 | 208,992 | (335,011) | - | 763,712 |

Restated

June 30, 2014

| | Sagikor Life | Sagikor Jamaica | Sagikor Life USA | Head Office and other | Inter-segment eliminations | Total |
|-------------------|----------------|-----------------|------------------|-----------------------|----------------------------|----------------|
| Net assets | 446,308 | 371,898 | 199,219 | (288,962) | - | 728,463 |

PRODUCTS AND SERVICES

Total external revenues relating to the Group's products and services are summarised as follows:

Amounts expressed in US \$000

| | Six months to June 30 | |
|--|-----------------------|---------------------|
| | Restated | |
| | 2015 (unaudited) | 2014 (unaudited) |
| Life, health and annuity insurance contracts issued to individuals | 315,382 | 285,430 |
| Life, health and annuity insurance and pension administration contracts issued to groups | 128,179 | 146,413 |
| Property and casualty insurance | 17,380 | 17,496 |
| Banking, investment management and other financial services | 76,299 | 46,888 |
| Farming and unallocated revenues | 11,217 | 5,451 |
| | 548,457 | 501,678 |

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting policies set out in note 2 of the December 31, 2014 audited financial statements.

2. RESTATEMENTS

The financial results of June 2014 have been restated as follows:

As of December 31, 2014, the Group adopted IFRIC 21 - Levies. The adoption has been applied retrospectively for the six months to June 30, 2014, as the Group's then published financial statements did not reflect this change in policy. As a result, the June 30, 2014 expense for premium and asset taxes was amended in order to recognise the full expense for the asset tax paid in Jamaica in 2014.

During 2014, the Group conducted a comprehensive review of the discontinued operation, the result of the review being completed and accounted for in the fourth quarter of 2014. The Group's published financial statements for the six months to June 30, 2014 did not reflect the loss from the discontinued operation attributable for that period which arose from the review. Therefore, the attributable loss of \$26.0 million from the discontinued operation has been recognised in the six months to June 30, 2014 and the retained earnings as at June 30, 2014 adjusted accordingly.

For the six months ended June 30, 2014, policy benefits and change in actuarial liabilities were reduced by \$4.2 million with a corresponding reduction in actuarial liabilities, to reflect actuarial adjustments attributable to this period.