

#### CHAIRMAN'S REVIEW

The Sagicor Group recorded net income of US \$34.1 million for the six months to June 30, 2016, compared to US \$22.4 million for the same period of 2015. Net income attributable to shareholders increased to US \$16.7 million, compared to US \$6.8 million for the same period of 2015.

Included in net income to shareholders in 2016 were a number of non-recurring expenses and additional costs. There were additional finance costs of US \$6.7 million due to the issuance of the US \$320.0 million senior notes in 2015 to pre-fund the redeemable preference share redemption. There were non-recurring expenses incurred amounting to US \$2.9 million (shareholders US \$1.4 million).

After adjusting for these items net income to shareholders was as follows:

| <i>(in US currency)</i>             | 2016<br>Million | 2015<br>Million |
|-------------------------------------|-----------------|-----------------|
| Net Income to shareholders          | 16.7            | 6.8             |
| Add: Additional finance costs       | 6.7             | -               |
| Non-recurring expenses              | 1.4             | -               |
| Adjusted Net income to shareholders | 24.8            | 6.8             |

Total revenue amounted to US \$553.0 million, compared to US \$548.5 million for the corresponding period in 2015. Net premium revenue stood at US \$318.8 million, and was marginally below the prior year amount of US \$322.1 million. Net investment income and other income reached US \$234.3 million, compared to US \$226.4 million in the prior year, an increase of US \$7.9 million.

Benefits closed at US \$294.8 million for the period, compared to US \$297.2 million for the previous year and was slightly below the same period in the prior year.

Expenses amounted to US \$209.8 million, compared to US \$201.9 million for the same period in the prior year. Expenses are further analysed as follows:

| <i>(in US currency)</i>              | 2016<br>Million | 2015<br>Million |
|--------------------------------------|-----------------|-----------------|
| Administrative expenses              | 124.1           | 120.2           |
| Commissions and related compensation | 46.8            | 49.2            |
| Premium and asset taxes              | 7.6             | 13.3            |
| Finance costs                        | 21.1            | 10.8            |
| Depreciation and amortisation        | 10.2            | 8.4             |
| Total expenses                       | 209.8           | 201.9           |

Administrative expenses were higher than the prior period amount and, as mentioned earlier, included a number of non-recurring costs.

Premium and asset taxes were lower when compared to the prior period and resulted from a change in the taxation basis in the Jamaica segment where insurance business is now taxed on net income, compared to an investment income tax and a premium tax in the prior period which were discontinued along with a reduction in the asset tax rate.

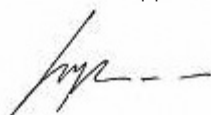
Finance costs included additional costs when compared to the prior period due to the pre-funding of the redemption of the Convertible Redeemable Preference Shares with the issuance of US \$320.0 million senior notes.

Total comprehensive income closed the period at US \$48.9 million, compared to US \$3.6 million for the same period in the prior year. Included in comprehensive income were net gains on financial assets of US \$58.6 million resulting from marked-to-market gains on financial assets associated with our international portfolios, compared to net declines of US \$25.3 million for the comparative period in 2015. Retranslation losses amounted to US \$20.4 million, compared to US \$6.3 million reported in the prior year and resulted from declines in the Jamaica dollar and the Trinidad dollar when compared to the United States dollar.

In the statement of financial position as at June 30, 2016, assets amounted to US \$6.6 billion, and liabilities totalled US \$5.8 billion. Sagicor's Group equity totalled US \$764.7 million. The Group's debt, which is included in other liabilities, was US \$511.7 million. On July 18, the company redeemed all of its outstanding unconverted Convertible Redeemable Preference Shares in the capital of the company, amounting to US \$120.0 million. The debt to capital ratio after adjustment for the redemption was 33.9%.

On July 20, 2016 the company continued as an exempted company under the laws of Bermuda under the name Sagicor Financial Corporation Limited.

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



Stephen McNamara  
Chairman  
August 11, 2016.

| FINANCIAL HIGHLIGHTS<br><i>(in US currency except percentages)</i>              | Six months ended<br>JUNE 30 |          |
|---|-----------------------------|----------|
|   | 2016                        | 2015     |
| Total revenue   | \$553.0m                    | \$548.5m |
| Overall Group net income  | \$34.1m                     | \$22.4m  |
| Overall Shareholders' net income  | \$16.7m                     | \$6.8m   |
| Net income allocated to non-controlling interests                               | \$17.7m                     | \$17.1m  |
| Total equity  | \$764.7m                    | \$763.7m |
| Ratio of Debt to Capital<br>(2016 adjusted for redemption of preference shares) | 33.9%                       | 28.5%    |
| Earnings per common share   | 5.2¢                        | 2.0¢     |
| Annualised return on common shareholders' equity                                | 6.7%                        | 2.7%     |

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

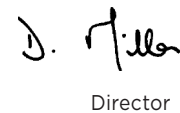
Amounts expressed in US \$000

|                                       | June 30<br>2016<br>(unaudited) | June 30<br>2015<br>(unaudited) | December 31<br>2015<br>(audited) |
|---------------------------------------|--------------------------------|--------------------------------|----------------------------------|
| <b>ASSETS</b>                         |                                |                                |                                  |
| Financial investments                 | 4,905,027                      | 4,765,972                      | 4,826,621                        |
| Other investments and assets          | 1,648,202                      | 1,532,609                      | 1,573,264                        |
| Assets of discontinued operation      | 453                            | -                              | -                                |
| <b>Total assets</b>                   | <b>6,553,682</b>               | <b>6,298,581</b>               | <b>6,399,885</b>                 |
| <b>LIABILITIES</b>                    |                                |                                |                                  |
| Policy liabilities                    | 3,310,717                      | 3,218,842                      | 3,206,874                        |
| Other liabilities                     | 2,478,250                      | 2,255,354                      | 2,407,821                        |
| Liabilities of discontinued operation | -                              | 60,673                         | 46,026                           |
| <b>Total liabilities</b>              | <b>5,788,967</b>               | <b>5,534,869</b>               | <b>5,660,721</b>                 |
| <b>EQUITY</b>                         |                                |                                |                                  |
| Shareholders' equity                  | 521,493                        | 518,231                        | 506,046                          |
| Participating accounts                | 1,001                          | 1,033                          | 1,383                            |
| Non-controlling interests             | 242,221                        | 244,448                        | 231,735                          |
| <b>Total equity</b>                   | <b>764,715</b>                 | <b>763,712</b>                 | <b>739,164</b>                   |
| <b>Total liabilities and equity</b>   | <b>6,553,682</b>               | <b>6,298,581</b>               | <b>6,399,885</b>                 |

These financial statements have been approved for issue by the Board of Directors on August 11, 2016.



Director



Director

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

|   | Six months to<br>June 30 |                     | Three months to<br>June 30 |                     |
|---|--------------------------|---------------------|----------------------------|---------------------|
|   | 2016<br>(unaudited)      | 2015<br>(unaudited) | 2016<br>(unaudited)        | 2015<br>(unaudited) |
| <b>REVENUE</b>                                  |                          |                     |                            |                     |
| Net premium revenue                             | 318,772                  | 322,061             | 161,438                    | 157,121             |
| Net investment and other income                 | 234,262                  | 226,396             | 127,217                    | 119,765             |
| Total revenue                                   | <b>553,034</b>           | <b>548,457</b>      | <b>288,655</b>             | <b>276,886</b>      |
| <b>BENEFITS AND EXPENSES</b>                    |                          |                     |                            |                     |
| Benefits  | 294,826                  | 297,246             | 160,854                    | 149,412             |
| Expenses  | 209,800                  | 201,941             | 108,360                    | 101,268             |
| Total benefits and expenses                     | <b>504,626</b>           | <b>499,187</b>      | <b>269,214</b>             | <b>250,680</b>      |
| <b>INCOME BEFORE TAXES</b>                      | <b>48,408</b>            | <b>49,270</b>       | <b>19,441</b>              | <b>26,206</b>       |
| Income taxes                                    | (16,179)                 | (11,782)            | (7,578)                    | (6,685)             |
| <b>NET INCOME FROM CONTINUING OPERATIONS</b>    | <b>32,229</b>            | <b>37,488</b>       | <b>11,863</b>              | <b>19,521</b>       |
| Net income/(loss) from discontinued operation   | 1,865                    | (15,053)            | (32)                       | (13,029)            |
| <b>NET INCOME FOR THE PERIOD</b>                | <b>34,094</b>            | <b>22,435</b>       | <b>11,831</b>              | <b>6,492</b>        |
| <b>NET INCOME ATTRIBUTABLE TO:</b>              |                          |                     |                            |                     |
| Common Shareholders                             |                          |                     |                            |                     |
| From continuing operations                      | 14,877                   | 21,841              | 2,923                      | 9,670               |
| From discontinued operation                     | 1,865                    | (15,053)            | (32)                       | (13,029)            |
|   | 16,742                   | 6,788               | 2,891                      | (3,359)             |
| Participating policyholders                     | (354)                    | (1,430)             | (627)                      | (854)               |
| Non-controlling interests                       | 17,706                   | 17,077              | 9,567                      | 10,705              |
|   | <b>34,094</b>            | <b>22,435</b>       | <b>11,831</b>              | <b>6,492</b>        |
| <b>Basic earnings per common share:</b>         |                          |                     |                            |                     |
| From continuing operations                      | 4.6 cents                | 7.0 cents           | 0.6 cents                  | 3.2 cents           |
| From discontinued operation                     | 0.6 cents                | (5.0) cents         | 0.0 cents                  | (4.3) cents         |
|   | 5.2 cents                | 2.0 cents           | 0.6 cents                  | (1.1) cents         |
| <b>Fully diluted earnings per common share:</b> |                          |                     |                            |                     |
| From continuing operations                      | 4.5 cents                | 7.0 cents           | 0.6 cents                  | 3.2 cents           |
| From discontinued operation                     | 0.5 cents                | (5.0) cents         | 0.0 cents                  | (4.3) cents         |
|   | 5.0 cents                | 2.0 cents           | 0.6 cents                  | (1.1) cents         |

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

|   | Six months to<br>June 30 |                     | Three months to<br>June 30 |                     |
|---|--------------------------|---------------------|----------------------------|---------------------|
|   | 2016<br>(unaudited)      | 2015<br>(unaudited) | 2016<br>(unaudited)        | 2015<br>(unaudited) |
| <b>NET INCOME FOR THE PERIOD</b>  | <b>34,094</b>            | <b>22,435</b>       | <b>11,831</b>              | <b>6,492</b>        |
| <b>Items net of tax that may be reclassified subsequently to income:</b>      |                          |                     |                            |                     |
| Available for sale financial assets:  |                          |                     |                            |                     |
| Unrealised gains / (losses) arising on revaluation                            | 62,070                   | (18,096)            | 49,814                     | (27,161)            |
| Gains transferred to income   | (3,478)                  | (7,235)             | (1,850)                    | (1,742)             |
| Net change in actuarial liabilities   | (23,385)                 | 12,711              | (16,809)                   | 15,082              |
| Retranslation of foreign currency operations                                  | (20,430)                 | (6,304)             | (14,042)                   | (4,927)             |
|   | <b>14,777</b>            | <b>(18,924)</b>     | <b>17,113</b>              | <b>(18,748)</b>     |
| <b>Items net of tax that will not be reclassified subsequently to income:</b> |                          |                     |                            |                     |
| Unrealised gains arising on revaluation of owner occupied property            | -                        | 134                 | -                          | 58                  |
| <b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>                              | <b>14,777</b>            | <b>(18,790)</b>     | <b>17,113</b>              | <b>(18,690)</b>     |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                              | <b>48,871</b>            | <b>3,645</b>        | <b>28,944</b>              | <b>(12,198)</b>     |
| <b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>                            |                          |                     |                            |                     |
| Common Shareholders   |                          |                     |                            |                     |
| From continuing operations  | 23,950                   | 8,218               | 13,649                     | (5,138)             |
| From discontinued operation   | 1,865                    | (15,053)            | (32)                       | (13,029)            |
|   | 25,815                   | (6,835)             | 13,617                     | (18,167)            |
| Participating policyholders   | (270)                    | 784                 | (441)                      | 686                 |
| Non-controlling interests   | 23,326                   | 9,696               | 15,768                     | 5,283               |
|   | <b>48,871</b>            | <b>3,645</b>        | <b>28,944</b>              | <b>(12,198)</b>     |

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

| (unaudited)  | Share<br>Capital | Reserves        | Retained<br>Earnings | Participating<br>Accounts | Minority<br>Interest | Total          |
|--|------------------|-----------------|----------------------|---------------------------|----------------------|----------------|
| <b>Six months to June 30, 2016:</b>                    |                  |                 |                      |                           |                      |                |
| Balance, beginning of period                           | 299,320          | (59,688)        | 266,414              | 1,383                     | 231,735              | 739,164        |
| Total comprehensive income from continuing operations  | -                | 9,073           | 14,877               | (270)                     | 23,326               | 47,006         |
| Total comprehensive income from discontinued operation | -                | -               | 1,865                | -                         | -                    | 1,865          |
| Transactions with holders of equity instruments:       |                  |                 |                      |                           |                      |                |
| Movements in treasury shares                           | 622              | -               | -                    | -                         | -                    | 622            |
| Changes in reserve for equity compensation benefits    | -                | 648             | -                    | -                         | -                    | 648            |
| Dividends declared                                     | -                | -               | (11,311)             | -                         | (10,749)             | (22,060)       |
| Transfers and other movements                          | -                | (4,707)         | 4,380                | (112)                     | (2,091)              | (2,530)        |
| Balance, end of period                                 | <b>299,942</b>   | <b>(54,674)</b> | <b>276,225</b>       | <b>1,001</b>              | <b>242,221</b>       | <b>764,715</b> |
| <b>Six months to June 30, 2015:</b>                    |                  |                 |                      |                           |                      |                |
| 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                                 | <b>295,974</b>   | <b>(28,041)</b> | <b>250,298</b>       | <b>1,033</b>              | <b>244,448</b>       | <b>763,712</b> |

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

|  | Six months to<br>June 30 |                     |
|--|--------------------------|---------------------|
|  | 2016<br>(unaudited)      | 2015<br>(unaudited) |
| <b>CASH FLOWS</b>  |                          |                     |
| Operating activities:  |                          |                     |
| Cash from income, interest and taxation                                | 54,152                   | 42,470              |
| Net increase in investments and operating assets                       | (81,029)                 | (191,227)           |
| Net change in operating liabilities                                    | 59,471                   | 32,501              |
|  | 32,594                   | (116,256)           |
| Investing activities   | (7,719)                  | (7,727)             |
| Financing activities   | 8,073                    | (14,935)            |
| Effects of exchange rate changes                                       | (2,598)                  | 279                 |
| <b>Net change in cash and cash equivalents - continuing operations</b> | <b>30,350</b>            | <b>(138,639)</b>    |
| Net change in cash and cash equivalents - discontinued operation       | (44,613)                 | (176)               |
| Cash and cash equivalents, beginning of period                         | 384,879                  | 441,194             |
| <b>Cash and cash equivalents, end of period</b>                        | <b>370,616</b>           | <b>302,379</b>      |

## STATEMENT OF INCOME BY SEGMENT

Amounts expressed in US \$000

(unaudited)

|  | Six months to June 30, 2016 |                 |                  |                       |                            |               |
|--|-----------------------------|-----------------|------------------|-----------------------|----------------------------|---------------|
|  | Sagicor Life                | Sagicor Jamaica | Sagicor Life USA | Head Office and other | Inter-segment eliminations | Total         |
| Total revenue  | 204,684                     | 260,492         | 65,230           | 59,965                | (37,337)                   | 553,034       |
| Total benefits and expenses  | 173,388                     | 216,545         | 62,059           | 38,087                | 14,547                     | 504,626       |
| <b>INCOME BEFORE TAXES</b>   | <b>31,296</b>               | <b>43,947</b>   | <b>3,171</b>     | <b>21,878</b>         | <b>(51,884)</b>            | <b>48,408</b> |
| Income taxes   | (3,854)                     | (10,613)        | (1,110)          | (602)                 | -                          | (16,179)      |
| <b>NET INCOME FROM CONTINUING OPERATIONS</b>   | <b>27,442</b>               | <b>33,334</b>   | <b>2,061</b>     | <b>21,276</b>         | <b>(51,884)</b>            | <b>32,229</b> |
| <b>Net income / (loss) attributable to shareholders from continuing operations</b>                 | <b>27,796</b>               | <b>16,370</b>   | <b>2,061</b>     | <b>(585)</b>          | <b>(30,765)</b>            | <b>14,877</b> |
| <b>Total Comprehensive income / (loss) attributable to shareholders from continuing operations</b> | <b>25,675</b>               | <b>21,415</b>   | <b>8,129</b>     | <b>(557)</b>          | <b>(30,712)</b>            | <b>23,950</b> |
|  | Six months to June 30, 2015 |                 |                  |                       |                            |               |
|  | Sagicor Life                | Sagicor Jamaica | Sagicor Life USA | Head Office and other | Inter-segment eliminations | Total         |
| <b>NET INCOME FROM CONTINUING OPERATIONS</b>   | 20,493                      | 32,548          | 2,615            | 12,091                | (30,259)                   | 37,488        |
| <b>Net income / (loss) attributable to shareholders from continuing operations</b>                 | <b>21,923</b>               | <b>15,984</b>   | <b>2,615</b>     | <b>719</b>            | <b>(19,400)</b>            | <b>21,841</b> |
| <b>Total Comprehensive income / (loss) attributable to shareholders from continuing operations</b> | <b>17,683</b>               | <b>8,664</b>    | <b>745</b>       | <b>534</b>            | <b>(19,408)</b>            | <b>8,218</b>  |

## STATEMENT OF FINANCIAL POSITION BY SEGMENT

Amounts expressed in US \$000

(unaudited)

|                   | June 30, 2016 |                 |                  |                       |                            |           |
|-------------------|---------------|-----------------|------------------|-----------------------|----------------------------|-----------|
|                   | Sagicor Life  | Sagicor Jamaica | Sagicor Life USA | Head Office and other | Inter-segment eliminations | Total     |
| Total assets      | 1,927,578     | 2,563,733       | 1,822,038        | 505,719               | (265,386)                  | 6,553,682 |
| Total liabilities | 1,323,601     | 2,145,699       | 1,690,742        | 894,311               | (265,386)                  | 5,788,967 |
| Net assets        | 603,977       | 418,034         | 131,296          | (388,592)             | -                          | 764,715   |
|                   | June 30, 2015 |                 |                  |                       |                            |           |
|                   | Sagicor Life  | Sagicor Jamaica | Sagicor Life USA | Head Office and other | Inter-segment eliminations | Total     |
| Net assets        | 473,174       | 416,557         | 208,992          | (335,011)             | -                          | 763,712   |

## 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 |                |
|--|-----------------------|----------------|
|  | 2016                  | 2015           |
|  | (unaudited)           | (unaudited)    |
| Life, health and annuity insurance contracts issued to individuals                       | 304,651               | 315,382        |
| Life, health and annuity insurance and pension administration contracts issued to groups | 134,781               | 128,179        |
| Property and casualty insurance  | 17,732                | 17,380         |
| Banking, investment management and other financial services                              | 77,813                | 76,299         |
| Other services   | 18,057                | 11,217         |
|  | <u>553,034</u>        | <u>548,457</u> |

## 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, 2015 audited financial statements.

### 2. EVENTS AFTER JUNE 30, 2016

On July 18 2016, the company redeemed all of its outstanding unconverted Convertible Redeemable Preference Shares in the capital of the company amounting to US\$120.0 million.

On July 20, 2016 the company continued as an exempted company under the laws of Bermuda under the name Sagicor Financial Corporation Limited.