

CHAIRMAN'S REVIEW

The Sagicor Group recorded net income from continuing operations of US \$20.4 million for the first three months to March 31, 2016, compared to US \$17.9 million for the same quarter of 2015.

Net income from continuing operations attributable to shareholders was US \$12.0 million, compared to the prior year result of US \$12.1 million. Earnings per common share from continuing operations was US 3.9¢, and represented an annualised return on common shareholders' equity of 9.5%.

Continuing operations comprising our businesses in the Caribbean and in the USA closed the period with total revenue amounting to US \$264.4 million, compared to US \$271.6 million for the corresponding period in 2015. Net premium revenue stood at US \$157.3 million, and was marginally below the prior year amount of US \$164.9 million. Net investment income and other income closed at US \$107.0 million compared to US \$106.6 million in the prior year.

Benefits closed at US \$134.0 million for the quarter, compared to US \$147.8 million for the previous year and reflected a higher level of business reinsured in our USA segment when compared to the prior year. Expenses amounted to US \$101.4 million, compared to US \$100.7 million in the prior year and included additional net finance costs US \$4.6 million due to the issuance of the US \$320.0 million Senior Notes in 2015. There was a reduction in asset taxes incurred when compared to the prior year.

Total comprehensive income for the period was US \$19.9 million, compared to US \$15.8 million for the same period in the prior year. Included in comprehensive income were net gains on financial assets of US \$10.6 million (2015, US\$ 3.6 million). Retranslation losses amounted to US \$6.4 million, compared to US \$1.4 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.

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. The company has now fully provided for its contingent exposure and no further exposure to underwriting losses will be incurred. During the period the company settled the outstanding liability with a payment of US \$44.6 million and experienced an exchange gain of US \$1.9 million.

In the statement of financial position as at March 31, 2016, assets amounted to US \$6.5 billion, and liabilities totalled US \$5.8 billion. Sagicor's Group equity totalled US \$747.0 million. The Group's debt, which is included in other liabilities, was US \$500.9 million. On March 21, 2016 the company early redeemed Short-term Notes of US \$43.4 million due May 12, 2016 and issued new notes in the amount of US \$75.0 million due April 14, 2017. The new notes were issued at a rate of 5.0% per annum. During 2015 the

Group also pre-funded the redemption of the Convertible Redeemable Preference Shares. The debt to capital ratio was 40.1% and will return to lower levels, (approximately 35%) when the Convertible Redeemable Preference shares, which mature in July 2016, are redeemed.

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



Stephen McNamara
Chairman
May 12, 2016.

FINANCIAL HIGHLIGHTS <i>(in US currency except percentages)</i>	Three months ended MARCH 31	
	2016	2015 Restated
Total revenue	\$264.4m	\$271.6m
Group net income from continuing operations	\$20.4m	\$17.9m
Group net income/(loss) from discontinued operations	\$1.9m	(\$2.0m)
Overall Group net income	\$22.3m	\$15.9m
Shareholders' net income from continuing operations	\$12.0m	\$12.1m
Shareholders' net income/(loss) from discontinued operations	\$1.9m	(\$2.0m)
Overall Shareholders' net income	\$13.9m	\$10.1m
Net income allocated to non-controlling interests	\$8.1m	\$6.4m
Total equity	\$747.0m	\$773.6m
Debt to capital	40.1%	28.2%
Earnings per common share from continuing operations	3.9¢	3.8¢
Annualised return of continuing operations on common shareholders' equity	9.5%	9.4%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts expressed in US \$000

	March 31 2016 (unaudited)	March 31 2015 Restated (unaudited)	December 31 2015 (audited)
ASSETS			
Financial investments	4,877,964	4,805,981	4,826,621
Other investments and assets	1,641,887	1,440,896	1,573,264
Assets of discontinued operation	485	-	-
Total assets	6,520,336	6,246,877	6,399,885
LIABILITIES			
Policy liabilities	3,224,834	3,175,904	3,206,874
Other liabilities	2,548,533	2,249,773	2,407,821
Liabilities of discontinued operation	-	47,644	46,026
Total liabilities	5,773,367	5,473,321	5,660,721
EQUITY			
Shareholders' equity	518,706	533,992	506,046
Participating accounts	1,498	404	1,383
Non-controlling interests	226,765	239,160	231,735
Total equity	746,969	773,556	739,164
Total liabilities and equity	6,520,336	6,246,877	6,399,885

These financial statements have been approved for issue by the Board of Directors on May 12, 2016.



Director



Director

CONSOLIDATED STATEMENT OF INCOME
Amounts expressed in US \$000

	Three months to March 31	
	2016	Restated 2015
	(unaudited)	(unaudited)
REVENUE		
Net premium revenue	157,334	164,940
Net investment and other income	107,045	106,631
Total revenue	264,379	271,571
BENEFITS AND EXPENSES		
Benefits	133,972	147,834
Expenses	101,440	100,673
Total benefits and expenses	235,412	248,507
INCOME BEFORE TAXES	28,967	23,064
Income taxes	(8,601)	(5,097)
NET INCOME FROM CONTINUING OPERATIONS	20,366	17,967
Net income/(loss) from discontinued operation	1,897	(2,024)
NET INCOME FOR THE PERIOD	22,263	15,943
NET INCOME ATTRIBUTABLE TO:		
Common Shareholders		
From continuing operations	11,954	12,171
From discontinued operation	1,897	(2,024)
	13,851	10,147
Participating policyholders	273	(576)
Non-controlling interests	8,139	6,372
	22,263	15,943
Basic earnings per common share:		
From continuing operations	3.9 cents	3.8 cents
From discontinued operation	0.7 cents	(0.7) cents
	4.6 cents	3.1 cents
Fully diluted earnings per common share:		
From continuing operations	3.8 cents	3.7 cents
From discontinued operation	0.5 cents	(0.7) cents
	4.3 cents	3.0 cents

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

	Three months to March 31	
	2016	Restated 2015
	(unaudited)	(unaudited)
NET INCOME FOR THE PERIOD	22,263	15,943
Items net of tax that may be reclassified subsequently to income:		
Available for sale financial assets:		
Unrealised gains arising on revaluation	12,256	9,065
Gains transferred to income	(1,628)	(5,493)
Net change in actuarial liabilities	(6,576)	(2,371)
Retranslation of foreign currency operations	(6,388)	(1,377)
	(2,336)	(176)
Items net of tax that will not be reclassified subsequently to income:		
Unrealised gains arising on revaluation of owner occupied property	-	76
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(2,336)	(100)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	19,927	15,843
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Common Shareholders		
From continuing operations	10,301	13,356
From discontinued operation	1,897	(2,024)
	12,198	11,332
Participating policyholders	171	98
Non-controlling interests	7,558	4,413
	19,927	15,843

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

(unaudited)	Share Capital	Reserves	Retained Earnings	Participating Accounts	Non-controlling Interests	Total
Three months to March 31, 2016:						
Balance, beginning of period	299,320	(59,688)	266,414	1,383	231,735	739,164
Total comprehensive income from continuing operations	-	(1,653)	11,954	171	7,558	18,030
Total comprehensive income from discontinued operation	-	-	1,897	-	-	1,897
Transactions with holders of equity instruments:						
Movements in treasury shares	422	-	-	-	-	422
Changes in reserve for equity compensation benefits	-	153	-	-	-	153
Dividends declared	-	-	-	-	(10,853)	(10,853)
Transfers and other movements	-	(208)	95	(56)	(1,675)	(1,844)
Balance, end of period	299,742	(61,396)	280,360	1,498	226,765	746,969
Three months to March 31, 2015 Restated:						
Balance, beginning of period	295,989	(8,765)	244,474	364	241,480	773,542
Total comprehensive income from continuing operations	-	1,185	12,171	98	4,413	17,867
Total comprehensive income from discontinued operation	-	-	(2,024)	-	-	(2,024)
Transactions with holders of equity instruments:						
Movements in treasury shares	(15)	-	-	-	-	(15)
Changes in reserve for equity compensation benefits	-	991	-	-	-	991
Dividends declared	-	-	(9,916)	-	(6,733)	(16,649)
Transfers and other movements	-	(3,641)	3,543	(58)	-	(156)
Balance, end of period	295,974	(10,230)	248,248	404	239,160	773,556

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

	Three months to March 31	
	2016	Restated 2015
	(unaudited)	(unaudited)
CASH FLOWS		
Operating activities:		
Cash from income, interest and taxation	12,166	14,464
Net increase in investments and operating assets	(73,860)	(165,201)
Net change in operating liabilities	118,860	8,467
	57,166	(142,270)
Investing activities	(3,415)	(3,001)
Financing activities	29,217	(429)
Effects of exchange rate changes	(1,757)	7,730
Net change in cash and cash equivalents - continuing operations	81,211	(137,970)
Net change in cash and cash equivalents - discontinued operation	(44,613)	(176)
Cash and cash equivalents, beginning of period	384,879	441,194
Cash and cash equivalents, end of period	421,477	303,048

STATEMENT OF INCOME BY SEGMENT

Amounts expressed in US \$000
(unaudited)

	Three months to March 31, 2016					
	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head Office and other	Inter-segment eliminations	Total
Total revenue	99,703	124,975	29,660	21,107	(11,066)	264,379
Total benefits and expenses	80,736	104,364	25,083	18,365	6,864	235,412
INCOME BEFORE TAXES	18,967	20,611	4,577	2,742	(17,930)	28,967
Income taxes	(1,915)	(4,876)	(1,602)	(208)	-	(8,601)
NET INCOME FROM CONTINUING OPERATIONS	17,052	15,735	2,975	2,534	(17,930)	20,366
Net income / (loss) attributable to shareholders from continuing operations	16,779	7,730	2,975	(7,848)	(7,682)	11,954
Total Comprehensive income / (loss) attributable to shareholders from continuing operations	14,686	7,053	4,168	(7,876)	(7,730)	10,301
	Restated Three months to March 31, 2015					
	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head Office and other	Inter-segment eliminations	Total
NET INCOME FROM CONTINUING OPERATIONS	13,061	11,811	1,614	16,283	(24,802)	17,967
Net income / (loss) attributable to shareholders from continuing operations	13,637	5,801	1,614	10,519	(19,400)	12,171
Total Comprehensive income / (loss) attributable to shareholders from continuing operations	14,646	3,845	3,936	10,343	(19,414)	13,356

STATEMENT OF FINANCIAL POSITION BY SEGMENT

Amounts expressed in US \$000

	March 31, 2016					
	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head Office and other	Inter-segment eliminations	Total
(unaudited)						
Total assets	1,908,429	2,600,511	1,765,805	497,955	(252,364)	6,520,336
Total liabilities	1,291,957	2,211,579	1,638,628	883,567	(252,364)	5,773,367
Net assets	616,472	388,932	127,177	(385,612)	-	746,969
	Restated March 31, 2015					
	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head Office and other	Inter-segment eliminations	Total
Net assets	466,178	406,661	212,020	(311,303)	-	773,556

PRODUCTS AND SERVICES

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

	Three months to March 31, 2016	
	2016	Restated 2015
	(unaudited)	(unaudited)
Life, health and annuity insurance contracts issued to individuals	146,277	158,211
Life, health and annuity insurance and pension administration contracts issued to groups	65,283	64,371
Property and casualty insurance	8,270	7,948
Banking, investment management and other financial services	35,867	34,531
Other revenues	8,682	6,510
	264,379	271,571

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. RESTATEMENTS

The financial results for the three months ended March 31, 2015 have been restated from the amounts published by the Group in its report for the first quarter of 2015. All material changes are further discussed below.

The Group entered into negotiations to purchase reinsurance to cover the residual exposure under the deed of undertaking on the sale of Sagicor Europe. The Group also entered into negotiations to finance the residual liability under the Deed of Undertaking with a convertible note. The impact of these arrangements were recorded in the published financial statements of March 31, 2015. These transactions were not completed and have been removed from the results.

Consequently, net income from continuing operations was increased by \$71,507 representing the reversal of interest on the convertible note. The net loss from discontinued operation has been reduced by \$12.6 million, the cost of this reinsurance to close; and increased by \$2.3 million representing the experience loss under the deed of undertaking for the three months to March 31, 2015. With respect to the Statement of Financial Position, there was an increase in liabilities of discontinued operation of \$47.6 million representing the liability under the deed of undertaking and a reduction of notes and loans payable of \$58.0 million. In the Consolidated Statement of Cash Flows, net cash and cash equivalents of the continuing operations reduced by \$58.0 million and cash and cash equivalents of the discontinued operation increased by \$58.0 million.