

CHAIRMAN'S REVIEW

The Sagicor Group recorded net income from continuing operations of US \$18.5 million for the first three months to March 31, 2015, compared to US \$14.4 million for the same quarter of 2014.

Net income from continuing operations attributable to shareholders was US \$12.7 million, compared to the prior year result of US \$9.8 million. Earnings per common share from continuing operations was US 3.9¢, and represented an annualised return on common shareholders' equity of 9.9%.

Continuing operations comprising our businesses in the Caribbean and in the USA closed the period with total revenue amounting to US \$271.6 million, compared to US \$261.7 million for the corresponding period in 2014. Net premium revenue stood at US \$164.9 million, and was in line with the same period in the prior year. Net investment income and other income improved by 9.6% to US \$106.7 million.

Benefits reached US \$147.8 million for the quarter, compared to US \$156.1 million for the previous year and reflected a lower level of annuity business in the period when compared to the prior year. Expenses amounted to US \$100.2 million, (US \$87.1 million for 2014) and included US \$8.4 million in asset taxes (2014, US \$1.9 million) paid in March 2015 and fully expensed in the period in accordance with reporting standards. Expenses also included amounts incurred within the banking division, following the acquisition of the RBC Royal Bank's Jamaica banking operations on June 27, 2014.

Total comprehensive income for the period was US \$6.1 million, compared to US \$7.9 million for the same period in the prior year. Included in comprehensive income were net gains on financial assets of US \$1.4 million (2014, US\$15.2 million). Retranslation losses amounted to US \$1.4 million, an improvement over the loss of US \$11.5 million reported in the prior year, largely resulting from the improved stability of the Jamaican dollar to the United States dollar, during the period.

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. During the period, management completed the negotiation of reinsurance to cover this residual exposure, at a cost of US \$12.7 million. The cost of this reinsurance is expensed in these financial statements and this will bring to an end our exposure to the Lloyd's market.

In the statement of financial position as at March 31, 2015, assets amounted to US \$6.2 billion, and liabilities totalled US \$5.5 billion. Sagicor's Group equity totalled US \$763.9 million. The Group's debt, which is included in other liabilities, totalled US \$362.3 million at the end of the period, and represented an increase over the prior year amount of US \$296.7 million. On March 20, 2015, the

Group entered into a convertible note arrangement in the amount of US \$58.0 million. The resulting debt to equity ratio temporarily increased to 47.4%.

The economic challenges currently being experienced in the Caribbean are expected to continue during 2015. While modest growth is expected, hindrances to economic stability remain. The Board and Management will continue to adopt prudent strategies, while focusing on reducing operating costs and improving customer service.

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



Stephen McNamara
Chairman
May 14, 2015.

FINANCIAL HIGHLIGHTS (in US currency except percentages)	Three months ended March 31	
	2015	2014 Restated
Total revenue	\$271.6m	\$261.7m
Group net income from continuing operations	\$18.5m	\$14.4m
Group net loss from discontinued operations	(\$12.4m)	(\$10.0m)
Overall Group net income	\$6.1m	\$4.4m
Shareholders' net income from continuing operations	\$12.7m	\$9.8m
Shareholders' net (loss) from discontinued operations	(\$12.4m)	(\$10.0m)
Overall Shareholders' net income/(loss)	\$0.3m	(\$0.2m)
Net income allocated to non-controlling interests	\$6.4m	\$5.3m
Total equity	\$763.9m	\$717.0m
Ratio of Debt to Equity	47.4%	41.4%
Earnings per common share from continuing operations	3.9¢	3.0¢
Annualised return of continuing operations on common shareholders' equity	9.9%	8.0%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts expressed in US \$000

	Restated		
	March 31 2015 (unaudited)	March 31 2014 (unaudited)	December 31 2014 (audited)
ASSETS			
Financial investments	4,806,176	4,287,014	4,661,494
Other investments and assets	1,440,896	1,117,697	1,518,926
Total assets	6,247,072	5,404,711	6,180,420
LIABILITIES			
Policy liabilities	3,175,904	2,942,402	3,120,602
Other liabilities	2,307,317	1,680,260	2,240,480
Liabilities of discontinued operation	-	65,019	45,796
Total liabilities	5,483,221	4,687,681	5,406,878
EQUITY			
Shareholders' equity	524,287	507,464	531,698
Participating accounts	404	(6,653)	364
Minority interest	239,160	216,219	241,480
Total equity	763,851	717,030	773,542
Total liabilities and equity	6,247,072	5,404,711	6,180,420

These financial statements have been approved for issue by the Board of Directors on May 14, 2015.



Director



Director

CONSOLIDATED STATEMENT OF INCOME
Amounts expressed in US \$000

	Three months to March 31	
	Restated	
	2015	2014
(unaudited)	(unaudited)	
REVENUE		
Net premium revenue	164,940	164,436
Net investment and other income	106,656	97,280
Total revenue	271,596	261,716
BENEFITS AND EXPENSES		
Benefits	147,834	156,124
Expenses	100,218	87,080
Total benefits and expenses	248,052	243,204
INCOME BEFORE TAXES	23,544	18,512
Income taxes	(5,097)	(4,125)
NET INCOME FROM CONTINUING OPERATIONS	18,447	14,387
Net loss from discontinued operation	(12,380)	(9,997)
NET INCOME FOR THE PERIOD	6,067	4,390
NET INCOME ATTRIBUTABLE TO:		
Common Shareholders		
From continuing operations	12,651	9,765
From discontinued operation	(12,380)	(9,997)
	271	(232)
Participating policyholders	(576)	(643)
Minority interest	6,372	5,265
	6,067	4,390
Basic earnings per common share:		
From continuing operations	3.9 cents	3.0 cents
From discontinued operation	(4.1) cents	(3.3) cents
	(0.2) cents	(0.3) cents
Fully diluted earnings per common share:		
From continuing operations	3.9 cents	2.9 cents
From discontinued operation	(4.1) cents	(3.2) cents
	(0.2) cents	(0.3) cents

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

	Three months to March 31	
	Restated	
	2015	2014
(unaudited)	(unaudited)	
NET INCOME FOR THE PERIOD	6,067	4,390
Items net of tax that may be reclassified subsequently to income:		
Available for sale financial assets:		
Unrealised gains arising on revaluation	9,064	25,947
Gains transferred to income	(5,322)	(2,166)
Net change in actuarial liabilities	(2,371)	(8,561)
Retranslation of foreign currency operations	(1,376)	(11,538)
Other items	-	(108)
	(5)	3,574
Items net of tax that will not be reclassified subsequently to income:		
Unrealised gains arising on revaluation of owner occupied property	76	-
Gains / (losses) on defined benefit plans	-	(85)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	71	3,489
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,138	7,879
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Common Shareholders		
From continuing operations	14,007	14,816
From discontinued operation	(12,380)	(9,997)
	1,627	4,819
Participating policyholders	98	(933)
Minority interest	4,413	3,993
	6,138	7,879

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

(unaudited)	Share	Retained	Participating	Minority	Total	
	Capital	Reserves	Earnings	Accounts		Interest
Three months to March 31, 2015						
Balance, beginning of period	295,989	(8,765)	244,474	364	241,480	773,542
Total comprehensive income from continuing operations	-	1,356	12,651	98	4,413	18,518
Total comprehensive income from discontinued operation	-	-	(12,380)	-	-	(12,380)
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	(10,059)	238,372	404	239,160	763,851
(unaudited)	Share	Retained	Participating	Minority	Total	
	Capital	Reserves	Earnings	Accounts		Interest
Three months to March 31, 2014						
Balance, beginning of period	295,450	(4,825)	221,472	(5,662)	218,751	725,186
Total comprehensive income from continuing operations	-	5,245	9,571	(933)	3,993	17,876
Total comprehensive income from discontinued operation	-	-	(9,997)	-	-	(9,997)
Transactions with holders of equity instruments:						
Movements in treasury shares	(278)	-	-	-	-	(278)
Changes in reserve for equity compensation benefits	-	923	-	-	-	923
Dividends declared	-	-	(9,918)	-	(6,525)	(16,443)
Transfers and other movements	-	(3,379)	3,200	(58)	-	(237)
Balance, end of period	295,172	(2,036)	214,328	(6,653)	216,219	717,030

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

	Three months to March 31	
	Restated	
	2015	2014
(unaudited)	(unaudited)	
CASH FLOWS		
Operating activities:		
Cash from income, interest and taxation	66,286	32,232
Net increase in investments and operating assets	(156,926)	(61,323)
Net change in operating liabilities	6,270	28,923
	(84,370)	(168)
Investing activities	(2,901)	(7,122)
Financing activities	(429)	(6,486)
Effects of exchange rate changes	7,730	5,047
Net change in cash and cash equivalents – continuing operations	(79,970)	(8,729)
Net change in cash and cash equivalents – discontinued operation	(58,176)	9,997
Cash and cash equivalents, beginning of period	441,194	258,600
Cash and cash equivalents, end of period	303,048	259,868

