



SAGICOR FINANCIAL CORPORATION

FINANCIAL RESULTS

FOR THE THREE MONTHS ENDED MARCH 31, 2014

CHAIRMAN'S REVIEW

The Sagicor Group recorded net income of US \$15.1 million for the first three months to March 31, 2014, compared to US \$8.1 million for the same quarter of 2013. The Group's continuing operations recorded net income of US \$15.6 million, compared to US \$14.3 million for the corresponding period in 2013.

Net income from continuing operations attributable to shareholders was US \$10.4 million, compared to the prior year result of US \$11.5 million. Earnings per common share from continuing operations was US 3.2¢, and represented an annualised return on common shareholders' equity of 8.4%.

Continuing operations, comprising our businesses in the Caribbean and in the USA, closed the period with total revenue amounting to US \$261.7 million, an improvement of US \$11.9 million over the corresponding period in 2013. Net premium revenue stood at US \$164.4 million, and was in line with the same period in the prior year. Net investment income and other income improved by 14% to US \$97.3 million.

Total benefits reached US \$156.2 million for the quarter, up from the same quarter in the previous year by 4%, representing increased benefits paid to policyholders. Total expenses amounted to US \$85.7 million, (US \$82.1 million for 2013) and included US \$2.3 million in restructuring costs.

Total comprehensive income significantly improved when compared to the same period in the prior year. Comprehensive income showed a positive result of US \$18.6 million, compared to a loss of US \$6.9 million for the same period in the prior year. Included in comprehensive income were net gains on financial assets of US \$15.2 million. However, a decline in the Jamaica and Trinidad dollar against the US dollar contributed to currency retranslation losses of US \$11.6 million.

The discontinued operation represents our UK business which was sold on December 23, 2013. The terms of the sale required the company to retain an interest in the 2011, 2012 and 2013 underwriting years of account. There were no significant changes in our estimates related to this business during the period.

In the statement of financial position as at March 31, 2014, assets amounted to US \$5.4 billion and liabilities totalled US \$4.7 billion. Sagicor's Group equity totalled US \$727.8 million. The Group's debt, which is included in other liabilities, totalled US \$296.7 million. The resulting debt to equity ratio was 40.8%.

During the first quarter of 2014, the economies of the Caribbean continued to be challenged by weak economic conditions. While the global economy is expected to improve during the year, indications are that the weak conditions in the Caribbean will continue through 2014. The Board and Management will continue to adopt conservative and prudent strategies during these times, while we deliver credible performance to our Stakeholders.

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

Stephen McNamara
Chairman
May 7, 2014.

| FINANCIAL HIGHLIGHTS <i>(in US currency except percentages)</i> | Three months ended March 31 | |
|---|-----------------------------|----------|
| | 2014 | 2013 |
| Total revenue | \$261.7m | \$249.8m |
| Group net income from continuing operations | \$15.6m | \$14.3m |
| Group net loss from discontinued operations | (\$0.5m) | (\$6.2m) |
| Overall Group net income | 15.1m | \$8.1m |
| Shareholders' net income from continuing operations | \$10.4m | \$11.5m |
| Shareholders' net (loss) from discontinued operations | (\$0.5m) | (\$6.2m) |
| Overall Shareholders' net income | \$9.9m | \$5.3m |
| Net income allocated to non-controlling interest | \$5.9m | \$3.8m |
| Total equity | \$727.8m | \$782.4m |
| Ratio of Debt to Equity | 40.8% | 31.4% |
| Earnings per common share from continuing operations | 3.2¢ | 3.6¢ |
| Annualised return of continuing operations on common shareholders' equity | 8.4% | 8.3% |

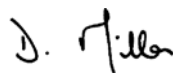
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Amounts expressed in US \$000

| | March 31 2014 (unaudited) | March 31 2013 (unaudited) | December 31 2013 (audited) |
|---------------------------------------|---------------------------------|---------------------------------|----------------------------------|
| ASSETS | | | |
| Financial investments | 4,287,014 | 4,124,090 | 4,191,766 |
| Other investments and assets | 1,117,697 | 822,408 | 1,105,986 |
| Assets of discontinued operation | - | 733,697 | - |
| Total assets | 5,404,711 | 5,680,195 | 5,297,752 |
| LIABILITIES | | | |
| Policy liabilities | 2,942,522 | 2,673,803 | 2,885,754 |
| Other liabilities | 1,678,932 | 1,566,797 | 1,631,788 |
| Liabilities of discontinued operation | 55,501 | 657,154 | 55,024 |
| Total liabilities | 4,676,955 | 4,897,754 | 4,572,566 |
| EQUITY | | | |
| Shareholders' equity | 517,598 | 576,642 | 512,097 |
| Participating accounts | (6,653) | (11,425) | (5,662) |
| Minority interest | 216,811 | 217,224 | 218,751 |
| Total equity | 727,756 | 782,441 | 725,186 |
| Total liabilities and equity | 5,404,711 | 5,680,195 | 5,297,752 |

These financial statements have been approved for issue by the Board of Directors on May 07, 2014.



Director



Director

CONSOLIDATED STATEMENT OF INCOME
Amounts expressed in US \$000

| | Three months to March 31 | |
|---|--------------------------|---------------------|
| | 2014 (unaudited) | 2013 (unaudited) |
| REVENUE | | |
| Net premium revenue | 164,436 | 164,382 |
| Net investment and other income | 97,280 | 85,402 |
| Total revenue | 261,716 | 249,784 |
| BENEFITS AND EXPENSES | | |
| Benefits | 156,248 | 149,929 |
| Expenses | 85,725 | 82,091 |
| Total benefits and expenses | 241,973 | 232,020 |
| INCOME BEFORE TAXES | 19,743 | 17,764 |
| Income taxes | (4,125) | (3,506) |
| NET INCOME FROM CONTINUING OPERATIONS | 15,618 | 14,258 |
| Net (loss) from discontinued operation | (477) | (6,166) |
| NET INCOME FOR THE PERIOD | 15,141 | 8,092 |
| NET INCOME ATTRIBUTABLE TO: | | |
| Common Shareholders | | |
| From continuing operations | 10,392 | 11,494 |
| From discontinued operation | (477) | (6,166) |
| | 9,915 | 5,328 |
| Participating policyholders | (643) | (1,011) |
| Minority interest | 5,869 | 3,775 |
| | 15,141 | 8,092 |
| Basic earnings per common share: | | |
| From continuing operations | 3.2 cents | 3.6 cents |
| From discontinued operation | (0.2) cents | (2.1) cents |
| | 3.0 cents | 1.5 cents |
| Fully diluted earnings per common share: | | |
| From continuing operations | 3.1 cents | 3.5 cents |
| From discontinued operation | (0.1) cents | (2.0) cents |
| | 3.0 cents | 1.5 cents |

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

| | Three months to March 31 | |
|---|--------------------------|---------------------|
| | 2014 (unaudited) | 2013 (unaudited) |
| NET INCOME FOR THE PERIOD | 15,141 | 8,092 |
| Items net of tax that may be reclassified subsequently to income: | | |
| Available for sale financial assets: | | |
| Unrealised gains arising on revaluation | 25,947 | 8,629 |
| (Gains) transferred to income | (2,166) | (9,554) |
| Net change in actuarial liabilities | (8,561) | 548 |
| Retranslation of foreign currency operations | (11,563) | (16,101) |
| Other items | (108) | - |
| | 3,549 | (16,478) |
| Items net of tax that will not be reclassified subsequently to income: | | |
| Unrealised gains arising on revaluation of owner occupied property | - | 40 |
| (Losses) on defined benefit plans | (85) | - |
| OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS | 3,464 | (16,438) |
| Other Comprehensive Income from discontinued operation | - | 1,424 |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | 3,464 | (15,014) |
| TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD | 18,605 | (6,922) |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | |
| Common Shareholders | | |
| From continuing operations | 15,430 | 3,621 |
| From discontinued operation | (477) | (4,742) |
| | 14,953 | (1,121) |
| Participating policyholders | (933) | (1,034) |
| Minority interest | 4,585 | (4,767) |
| | 18,605 | (6,922) |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts expressed in US \$000
(unaudited)

| | Share Capital | Reserves | Retained Earnings | Participating Accounts | Minority Interest | Total |
|--|------------------|----------------|----------------------|---------------------------|----------------------|----------------|
| 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 | - | 5,231 | 10,199 | (933) | 4,585 | 19,082 |
| Total comprehensive income from discontinued operation | - | - | (477) | - | - | (477) |
| 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 | (2,050) | 224,476 | (6,653) | 216,811 | 727,756 |
| Three months to March 31, 2013: | | | | | | |
| Balance, beginning of period | 296,058 | 16,411 | 289,136 | (10,333) | 227,368 | 818,640 |
| Prior period adjustment | - | - | (14,868) | - | (1,310) | (16,178) |
| Balance as restated | 296,058 | 16,411 | 274,268 | (10,333) | 226,058 | 802,462 |
| Total comprehensive income from continuing operations | - | (7,874) | 11,495 | (1,034) | (4,767) | (2,180) |
| Total comprehensive income from discontinued operation | - | 1,425 | (6,167) | - | - | (4,742) |
| Transactions with holders of equity instruments: | | | | | | |
| Movements in treasury shares | 4 | - | - | - | - | 4 |
| Changes in reserve for equity compensation benefits | - | 882 | - | - | 53 | 935 |
| Dividends declared | - | - | (9,918) | - | (4,120) | (14,038) |
| Transfers and other movements | - | (2,951) | 3,009 | (58) | - | - |
| Balance, end of period | 296,062 | 7,893 | 272,687 | (11,425) | 217,224 | 782,441 |

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts expressed in US \$000

| | Three months to March 31 | |
|--|--------------------------|----------------|
| | 2014 | 2013 |
| | (unaudited) | (unaudited) |
| CASH FLOWS | | |
| Operating activities: | | |
| Cash from income, interest and taxation | 32,232 | 64,560 |
| Net increase in investments and operating assets | (61,323) | (151,468) |
| Net change in operating liabilities | 38,920 | 70,660 |
| | 9,829 | (16,248) |
| Investing activities | (7,122) | 25,988 |
| Financing activities | (6,486) | (4,303) |
| Effects of exchange rate changes | 5,047 | (718) |
| Net change in cash and cash equivalents - continuing operations | 1,268 | 4,719 |
| Net change in cash and cash equivalents - discontinued operation | - | 1,089 |
| Cash and cash equivalents, beginning of period | 258,600 | 213,564 |
| Cash and cash equivalents, end of period | 259,868 | 219,372 |

NOTE 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, 2013 audited financial statements.