

CHAIRMAN'S STATEMENT

The Sagicor Group recorded another strong performance for the first three months to March 31, 2019. Group net income closed the period at US \$32.9 million against a prior year result of US \$38.9 million. Net income attributable to shareholders from continuing operations was US \$15.1 million compared to the prior year result of US \$19.5 million. Net income to shareholders from continuing operations in 2018 benefited from certain one-time positive earnings releases that did not recur in 2019.

Total revenue for the Group amounted to US \$523.5 million, against a prior year amount of US \$291.3 million, an increase of US \$232.2 or 80%. Revenue growth was driven primarily by the USA business segment which generated meaningful premium growth, amplified by our strategic decision to cease reinsuring its premiums to third parties. Revenues grew year over year in the Sagicor Jamaica and Sagicor Life business segments as well.

Benefits were US \$347.8 million, compared to US \$132.1 million for the previous year and was consistent with the growth in premium income. Expenses were US \$131.0 million, compared to US \$117.6 million for the same period in the prior year, an increase of 11%, the growth in expenses has been impacted by the consolidation of the Sagicor X Fund Group from October 1, 2018. Excluding this impact expenses grew by 4%.

Group comprehensive income was US \$66.5 million, compared to US \$17.0 million for the prior year. Shareholder comprehensive income from continuing operations was US \$38.2 million, compared to US \$5.4 million for the prior year. The Group benefited from significant net gains on investments measured at Fair Value through Other Comprehensive Income.

Sagicor benefited from strong performance in each of its three operating segments. Net income to shareholders from continuing operations in Sagicor Life was US \$11.2 million, a strong performance although down compared to 2018 which had one-time factors. Net income to shareholders from continuing operations for Sagicor Jamaica was US \$10.4 million. Net income to shareholders from continuing operations for the USA business segment increased significantly to US \$6.9 million compared to a loss in Q1 2018, as the segment benefits from critical mass.

During the first three months of the year Sagicor Group adopted a new accounting standard which became effective from January 1, 2019. IFRS 16, Leases, removes the distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts.

There was no significant impact on the net assets of the Company on the implementation of this standard.

In the statement of financial position as at March 31, 2019, assets amounted to US \$7.6 billion, and liabilities amounted to US \$6.4 billion. Group equity was US \$1,202.7 million, compared to US \$1,135.5 million at December 31, 2018. Shareholders' equity was US \$640.4 million, compared to US \$600.9 million at December 31, 2018, and book value per share increased from US \$1.96 per share at year-end 2018 to US \$2.09 per share. The Group's debt was US \$480.3 million with a debt to capital ratio of 28.5%, compared to 30.2% at December 31, 2018.

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



Stephen McNamara
Chairman
May 9, 2019

| FINANCIAL HIGHLIGHTS <i>(in US Currency except percentages)</i> | Three months ended | |
|---|---------------------------|-------------|
| | MARCH 31 | |
| | 2019 | 2018 |
| Total revenue | \$523.5m | \$291.3m |
| Overall Group net income | \$32.9m | \$38.9m |
| Shareholders' net income from continuing operations | \$15.1m | \$19.5m |
| Net income allocated to non-controlling interests | \$17.0m | \$10.8m |
| Total equity | \$1,202.7m | \$931.7m |
| Book Value per share | \$2.09 | \$2.03 |
| Ratio of Debt to Capital | 28.5% | 30.4% |
| Earnings per common share from continuing operations | 4.9¢ | 6.4¢ |
| Annualised return to common shareholders' equity from continuing operations | 9.9% | 12.7% |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts expressed in US \$000

| | March 31 2019 | March 31 2018 | December 31 2018 |
|-------------------------------------|------------------|------------------|---------------------|
| | (unaudited) | (unaudited) | (audited) |
| ASSETS | | | |
| Financial investments | 5,615,931 | 5,021,369 | 5,347,663 |
| Other investments and assets | 2,023,856 | 1,833,988 | 1,960,522 |
| Assets of discontinued operation | - | 10,502 | 17,239 |
| Total assets | 7,639,787 | 6,865,859 | 7,325,424 |
| LIABILITIES | | | |
| Policy liabilities | 3,921,494 | 3,551,362 | 3,662,438 |
| Other liabilities | 2,515,572 | 2,382,788 | 2,527,525 |
| Total liabilities | 6,437,066 | 5,934,150 | 6,189,963 |
| EQUITY | | | |
| Shareholders' equity | 640,447 | 622,890 | 600,869 |
| Participating accounts | 4,672 | 6,043 | 4,078 |
| Non-controlling interests | 557,602 | 302,776 | 530,514 |
| Total equity | 1,202,721 | 931,709 | 1,135,461 |
| Total liabilities and equity | 7,639,787 | 6,865,859 | 7,325,424 |

These financial statements have been approved for issue by the Board of Directors on May 9, 2019.



Director



Director

CONSOLIDATED STATEMENT OF INCOME
Amounts expressed in US \$000

| | Three months to March 31 | |
|--|--------------------------|---------------------|
| | 2019 (unaudited) | 2018 (unaudited) |
| REVENUE | | |
| Net premium revenue | 365,059 | 187,302 |
| Net investment and other income | 158,460 | 103,978 |
| Total revenue | 523,519 | 291,280 |
| BENEFITS AND EXPENSES | | |
| Benefits | 347,835 | 132,092 |
| Expenses | 130,964 | 117,617 |
| Total benefits and expenses | 478,799 | 249,709 |
| OTHER | | |
| Gain arising on business combinations, acquisitions and divestitures | - | 5,280 |
| INCOME BEFORE TAXES | 44,720 | 46,851 |
| Income taxes | (12,370) | (8,381) |
| NET INCOME FROM CONTINUING OPERATIONS | 32,350 | 38,470 |
| Net income from discontinued operation | 517 | 392 |
| NET INCOME FOR THE PERIOD | 32,867 | 38,862 |
| NET INCOME ATTRIBUTABLE TO: | | |
| Common Shareholders | | |
| From continuing operations | 15,099 | 19,497 |
| From discontinued operation | 517 | 392 |
| | 15,616 | 19,889 |
| Participating policyholders | 248 | 8,187 |
| Non-controlling interests | 17,003 | 10,786 |
| | 32,867 | 38,862 |
| Basic earnings per common share: | | |
| From continuing operations | 4.9 cents | 6.4 cents |
| From discontinued operation | 0.2 cents | 0.1 cents |
| | 5.1 cents | 6.5 cents |
| Fully diluted earnings per common share: | | |
| From continuing operations | 4.9 cents | 6.2 cents |
| From discontinued operation | 0.2 cents | 0.1 cents |
| | 5.1 cents | 6.3 cents |

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

| | Three months to March 31 | |
|--|--------------------------|---------------------|
| | 2019 (unaudited) | 2018 (unaudited) |
| NET INCOME FOR THE PERIOD | 32,867 | 38,862 |
| Items net of tax that may be reclassified subsequently to income: | | |
| Available for sale financial assets: | | |
| Net gains / (losses) on investments in debt instruments measured at FVOCI | 65,935 | (28,391) |
| Net losses / (gains) on financial assets measured at FVOCI reclassified to profit or loss on disposal | 429 | (3,637) |
| Net change in actuarial liabilities | (34,150) | 13,163 |
| Retranslation of foreign currency operations | 4,460 | (3,041) |
| Other items | - | (1) |
| | 36,674 | (21,907) |
| Items net of tax that will not be reclassified subsequently to income: | | |
| Unrealised losses arising on revaluation of owner occupied property | (3,023) | - |
| Net gains on investments in equity instruments designated at fair value through other comprehensive income | 17 | 14 |
| OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD | 33,668 | (21,893) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 66,535 | 16,969 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | |
| Common Shareholders | | |
| From continuing operations | 38,248 | 5,381 |
| From discontinued operation | 517 | 392 |
| | 38,765 | 5,773 |
| Participating policyholders | 644 | 8,160 |
| Non-controlling interests | 27,126 | 3,036 |
| | 66,535 | 16,969 |

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

(unaudited)

| | Share Capital | Share Premium | Reserves | Retained Earnings | Participating Accounts | Non-controlling Interest | Total |
|--|---------------|----------------|-----------------|-------------------|------------------------|--------------------------|------------------|
| Three months to March 31, 2019: | | | | | | | |
| Balance, beginning of period | 3,061 | 300,665 | (76,995) | 374,138 | 4,078 | 530,514 | 1,135,461 |
| Total comprehensive income from continuing operations | - | - | 23,149 | 15,099 | 644 | 27,126 | 66,018 |
| Total comprehensive income from discontinued operation | - | - | - | 517 | - | - | 517 |
| Transactions with holders of equity instruments: | | | | | | | |
| Movements in treasury shares | 2 | 180 | - | - | - | - | 182 |
| Changes in reserve for equity compensation benefits | - | - | 440 | - | - | - | 440 |
| Transfers and other movements | - | - | 1,046 | (855) | (50) | (38) | 103 |
| Balance, end of period | 3,063 | 300,845 | (52,360) | 388,899 | 4,672 | 557,602 | 1,202,721 |
| Three months to March 31, 2018: | | | | | | | |
| Balance, beginning of period | 3,059 | 300,470 | (47,482) | 367,327 | 865 | 308,089 | 932,328 |
| Prior period adjustment | - | - | 94 | 3,454 | - | 3,677 | 7,225 |
| January 1, 2018 adjustment-change on initial application of IFRS 9 | - | - | (217) | (10,442) | (2,930) | (2,352) | (15,941) |
| Balance as restated | 3,059 | 300,470 | (47,605) | 360,339 | (2,065) | 309,414 | 923,612 |
| Total comprehensive income from continuing operations | - | - | (14,116) | 19,497 | 8,160 | 3,036 | 16,577 |
| Total comprehensive income from discontinued operation | - | - | - | 392 | - | - | 392 |
| Transactions with holders of equity instruments: | | | | | | | |
| Movements in treasury shares | - | 31 | - | - | - | - | 31 |
| Changes in reserve for equity compensation benefits | - | - | 1,259 | - | - | - | 1,259 |
| Dividends declared | - | - | - | - | - | (10,464) | (10,464) |
| Transfers and other movements | - | - | (176) | (260) | (52) | 790 | 302 |
| Balance, end of period | 3,059 | 300,501 | (60,638) | 379,968 | 6,043 | 302,776 | 931,709 |

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

| | Three months to March 31 | |
|--|--------------------------|---------------------------------|
| | 2019 (unaudited) | 2018 restated (unaudited) |
| CASH FLOWS | | |
| Operating activities: | | |
| Cash from income, interest and taxation | 185,828 | 19,264 |
| Net increase in investments and operating assets | (127,967) | (76,635) |
| Net change in operating liabilities | (15,481) | 65,326 |
| | 42,380 | 7,955 |
| Investing activities | (2,340) | (3,577) |
| Financing activities | (2,590) | (650) |
| Effects of exchange rate changes | 1,171 | (461) |
| Net change in cash and cash equivalents - continuing operations | 38,621 | 3,267 |
| Net change in cash and cash equivalents - discontinued operation | 17,756 | - |
| Cash and cash equivalents, beginning of period | 321,561 | 338,349 |
| Cash and cash equivalents, end of period | 377,938 | 341,616 |

STATEMENT OF INCOME BY SEGMENT

Amounts expressed in US \$000

(unaudited)

Three months to March 31, 2019

| | Sagikor Life | Sagikor Jamaica | Sagikor Life USA | Head Office and other | Inter-segment eliminations | Total |
|---|---------------|-----------------|------------------|-----------------------|----------------------------|---------------|
| Total revenue | 134,791 | 171,073 | 208,381 | 15,118 | (5,844) | 523,519 |
| Total benefits and expenses | 121,028 | 135,582 | 199,615 | 19,335 | 3,239 | 478,799 |
| INCOME BEFORE TAXES | 13,763 | 35,491 | 8,766 | (4,217) | (9,083) | 44,720 |
| Income taxes | (2,322) | (8,065) | (1,869) | (120) | 6 | (12,370) |
| NET INCOME FROM CONTINUING OPERATIONS | 11,441 | 27,426 | 6,897 | (4,337) | (9,077) | 32,350 |
| | | | | | | |
| Net income / (loss) attributable to shareholders from continuing operations | 11,193 | 10,433 | 6,897 | (12,723) | (701) | 15,099 |
| Total Comprehensive income / (loss) attributable to shareholders from continuing operations | 15,735 | 23,495 | 12,772 | (12,950) | (804) | 38,248 |

Three months to March 31, 2018

| | Sagikor Life | Sagikor Jamaica | Sagikor Life USA | Head Office and other | Inter-segment eliminations | Total |
|---|---------------|-----------------|------------------|-----------------------|----------------------------|---------------|
| NET INCOME FROM CONTINUING OPERATIONS | 35,992 | 21,484 | (3,194) | (6,945) | (8,867) | 38,470 |
| | | | | | | |
| Net income / (loss) attributable to shareholders from continuing operations | 27,805 | 10,550 | (3,194) | (15,105) | (559) | 19,497 |
| Total Comprehensive income / (loss) attributable to shareholders from continuing operations | 26,199 | 3,002 | (8,554) | (15,455) | 189 | 5,381 |

STATEMENT OF FINANCIAL POSITION BY SEGMENT

Amounts expressed in US \$000

(unaudited)

March 31, 2019

| | Sagikor Life | Sagikor Jamaica | Sagikor Life USA | Head Office and other | Inter-segment eliminations | Total |
|-------------------|----------------|-----------------|------------------|-----------------------|----------------------------|------------------|
| Total assets | 2,002,566 | 3,233,229 | 2,520,933 | 370,356 | (487,297) | 7,639,787 |
| Total liabilities | 1,496,675 | 2,363,948 | 2,261,366 | 802,374 | (487,297) | 6,437,066 |
| Net assets | 505,891 | 869,281 | 259,567 | (432,018) | - | 1,202,721 |

March 31, 2018

| | Sagikor Life | Sagikor Jamaica | Sagikor Life USA | Head Office and other | Inter-segment eliminations | Total |
|-------------------|----------------|-----------------|------------------|-----------------------|----------------------------|----------------|
| Net assets | 573,366 | 549,305 | 232,325 | (423,287) | - | 931,709 |

PRODUCTS AND SERVICES

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

Amounts expressed in US \$000

Three months to March 31

| | 2019 (unaudited) | 2018 (unaudited) |
|--|---------------------|---------------------|
| Life, health and annuity insurance contracts issued to individuals | 364,758 | 164,235 |
| Life, health and annuity insurance and pension administration contracts issued to groups | 70,274 | 69,816 |
| Property and casualty insurance | 11,854 | 11,586 |
| Banking, investment management and other financial services | 43,526 | 40,001 |
| Other revenues | 33,107 | 5,642 |
| | 523,519 | 291,280 |

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, 2018 audited financial statements, except for the adoption of IFRS 16 - Leases. This standard became effective from January 1, 2019. IFRS 16 removes the distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals, for virtually all lease contracts.

In accordance with the transition provisions in IFRS 16, the standard has been implemented using the modified retrospective method with no restatement of comparative information. In applying IFRS 16 for the first time, the group has used the practical expedients permitted by the standard.