



# SAGICOR FINANCIAL CORPORATION – FINANCIAL REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2006

## CHAIRMAN'S REPORT

In the first three months of 2006, the Sagicor Group continued to build on its performance in 2005. Group Net Earnings of Bds \$26.3 million were recorded for the three months ended March 31, 2006, an increase of 14.3% over the corresponding period in 2005.

Net Income attributable to Shareholders was Bds \$18.9 million for the three month period, representing an earnings per share of Bds 7.1 cents. Comparable amounts for 2005 were Net Income attributable to Shareholders of Bds \$14.7 million and earnings per share of Bds 5.7 cents.

Total Revenue for the three months amounted to Bds \$302.1 million, compared to Bds \$253.5 million for the corresponding period. This growth is a result of additional revenue contributed from businesses acquired after March 31, 2005, and from growth achieved from business on our books in the first quarter of 2005.

Benefits and Expenses have experienced similar trends. Total Benefits and Expenses have increased 19.9% to Bds \$270.5 million.

Total Assets and Total Liabilities at March 31, 2006, were Bds \$6.4 billion and Bds \$5.5 billion respectively, both marginally higher than the amounts at the end of 2005. Financial Investments were affected by some declines in market values of available for sale instruments. As these adjustments to market value are recorded in equity, the reserves in equity also experienced a decline.

The Board is satisfied with the performance to date in 2006, and looks forward to the continued growth and development of the Sagicor Group.

Subsequent to the end of the first quarter, the Group successfully floated debt securities in the US market and raised US \$150 million. The debt securities were issued on May 12, 2006, at an initial offering price of 99.123%, with a fixed interest coupon rate of 7.500%, and for a term of ten years. The success of this debt issue is a consequence of the Group's recent performance, the prospects for its continued growth and development, and the recently assigned financial strength rating for Sagicor Life Inc of BBB+ by Standard and Poor's. The Board and Management remain committed to realising the Group's strategic goals, the achievement of which should redound to the benefit of all the Stakeholders of the Group.

J. Arthur Bethell  
Chairman  
May 24, 2006

## CONSOLIDATED BALANCE SHEET

<i>Amounts expressed in thousands of Barbados dollars</i>	March 31	December 31
	2006 (unaudited)	2005 (audited)
<b>ASSETS</b>		
Financial investments	4,841,586	4,732,425
Other investments and assets	1,600,643	1,684,768
Total assets	<b>6,442,229</b>	<b>6,417,193</b>
<b>LIABILITIES</b>		
Policy liabilities	3,448,616	3,487,791
Other liabilities	2,010,498	1,935,795
Total liabilities	<b>5,459,114</b>	<b>5,423,586</b>
<b>EQUITY</b>		
Shareholders' equity	730,906	747,549
Participating accounts	34,784	34,647
Minority interest	217,425	211,411
Total equity	<b>983,115</b>	<b>993,607</b>
Total liabilities and equity	<b>6,442,229</b>	<b>6,417,193</b>

## CONSOLIDATED INCOME STATEMENT

<i>Amounts expressed in thousands of Barbados dollars</i>	Three months ended	
	March 31 2006 (unaudited)	March 31 2005 (restated)
<b>REVENUE</b>		
Net premium revenue	179,318	140,664
Net investment and other income	122,802	112,800
Total revenue	<b>302,120</b>	<b>253,464</b>
<b>BENEFITS AND EXPENSES</b>		
Benefits	171,512	150,669
Expenses	98,971	75,004
Total benefits and expenses	<b>270,483</b>	<b>225,673</b>
<b>INCOME FROM ORDINARY ACTIVITIES</b>		
Income taxes	(5,332)	(4,783)
<b>NET INCOME FOR THE PERIOD</b>	<b>26,305</b>	<b>23,008</b>
Net income attributed to shareholders	18,867	14,711
Net income attributed to participating policyholders	515	1,403
Net income attributed to minority interest	6,923	6,894
	<b>26,305</b>	<b>23,008</b>
<b>Basic and diluted earnings per share</b>	<b>7.1 cents</b>	<b>5.7 cents</b>

