

**CHAIRMAN'S STATEMENT**

The Sagicor Group of Companies recorded net income of US \$12.5 million for the three months ended March 31, 2010. For the same period in 2009, the Group recorded net income of US \$17.8 million. Net income attributable to shareholders was US \$6.0 million, compared with US \$10.5 million in 2009. Earnings per share for the three months totaled US \$2.1 cents and the annualized return on shareholders' equity was 4.4%.

The results for the period were adversely affected by insurance losses of US \$7.5 million, arising from the February 27 Chilean Earthquake. These losses were incurred by our UK operations, Sagicor at Lloyd's, which writes a significant amount of insurance business outside the UK. The Chilean Earthquake, in insurance terminology, is considered to be a catastrophic event. At Sagicor at Lloyd's, catastrophic events are built into the annual plans, and therefore catastrophic insurance losses are not unexpected. However, without these losses, the pre-tax results otherwise show an improvement of 14.8% over the first quarter of 2009.

Revenue totaled US \$292.5 million, which represents an increase of US \$42.6 million from last year. Premium revenue increased by 18.7% over 2009 and amounted to US \$197.3 million. Most of this growth came from the Sagicor at Lloyd's operations. Our US and UK operations accounted for 46.0% of premium revenue for the quarter, up from 36.5% last year. Investment and other income totaled US \$95.3 million, recording an increase over the corresponding 2009 amount of 13.7%.


Total benefits recorded were US \$177.2 million for the period, an increase of US \$42.8 million over the total for the corresponding period in 2009. In addition to the

claims arising from the aforementioned earthquake, benefits rose in line with the increased business inforce. In addition, expenses recorded a modest increase of 4.4% over 2009 to reach US \$98.1 million for the period.

Total comprehensive income for the period consists of net income plus other gains and losses (including reclassification adjustments) that are not recognized in the income statement. For Sagicor, total comprehensive income for the period was strong, recording a positive result of US \$35.2 million as compared with a loss of US \$14.2 million for the corresponding three months in 2009. Since March 2009, the Group has recorded positive changes in its investment fair value equity reserves. The Jamaica dollar has also maintained its value to the US dollar since March 2009. These foregoing factors have contributed to the strengthening of the overall Group equity position over the past year, which now surpasses US \$700 million. Shareholders' equity now totals US \$550.6 million, and with 290.9 million issued shares, the book value per share is US \$1.89 (Barbados \$3.78, Trinidad \$12.03, UK 125p). This is considerably in excess of the equivalent quoted prices for Sagicor shares of US

\$1.48 to US \$1.59 (Barbados \$2.95, Trinidad \$10.10, UK 105p) at March 31, 2010 on the stock exchanges on which the shares are listed.

The global financial and economic environment continues to present many challenges. While there are some early signs of improvement, there is still considerable uncertainty as to the sustainability of the global economic recovery. For us at Sagicor, we continue to see improvements in the fair value of our asset portfolio, and to enjoy growth in most of our business segments. The Board of Directors and Management are encouraged by the growth recorded by our new operations in the UK and US and continue to support their development. Our Caribbean operations continue to perform creditably in a challenging economic environment.



Stephen McNamara  
 Chairman  
 May 26, 2010

FINANCIAL HIGHLIGHTS	March 31, 2010	March 31, 2009
Group net income	US \$12.5m	US \$17.8m
Total Group comprehensive income	US \$35.2m	US \$(14.2)m
Net income attributable to shareholders	US \$6.0m	US \$10.5m
Total comprehensive income attributable to shareholders	US \$19.3m	US \$(10.3)m
Annualised income return on shareholders' equity	4.4%	9.7%
Annualised comprehensive income return on shareholders' equity	14.4%	(9.2)%
Shareholders' equity	US \$550.6m	US \$431.1m
Revenue	US \$292.5m	US \$250.0m

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**SAGICOR FINANCIAL CORPORATION**

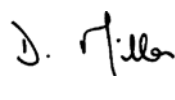
Amounts expressed in US \$000

	March 31 2010 (unaudited)	December 31 2009 (audited)
<b>ASSETS</b>		
Financial investments	3,419,043	3,274,442
Other investments and assets	1,254,666	1,185,530
<b>Total assets</b>	<b>4,673,709</b>	<b>4,459,972</b>
<b>LIABILITIES</b>		
Policy liabilities	2,488,974	2,418,697
Other liabilities	1,477,272	1,359,847
<b>Total liabilities</b>	<b>3,966,246</b>	<b>3,778,544</b>
<b>EQUITY</b>		
Shareholders' equity	550,595	536,941
Participating accounts	6,800	6,984
Minority interest	150,068	137,503
<b>Total equity</b>	<b>707,463</b>	<b>681,428</b>
<b>Total liabilities and equity</b>	<b>4,673,709</b>	<b>4,459,972</b>

These financial statements have been approved for issue by the Board of Directors on May 26, 2010.



Director



Director

**CONSOLIDATED STATEMENT OF INCOME**

**SAGICOR FINANCIAL CORPORATION**

Amounts expressed in US \$000

	Three months ended March 31	
	2010 (unaudited)	2009 (unaudited)
<b>REVENUE</b>		
Net premium revenue	197,267	166,184
Net investment and other income	95,271	83,771
<b>Total revenue</b>	<b>292,538</b>	<b>249,955</b>
<b>BENEFITS AND EXPENSES</b>		
Benefits	177,199	134,415
Expenses	98,149	94,041
<b>Total benefits and expenses</b>	<b>275,348</b>	<b>228,456</b>
<b>INCOME BEFORE TAXES</b>	<b>17,190</b>	<b>21,499</b>
Income taxes	(4,664)	(3,734)
<b>NET INCOME FOR THE PERIOD</b>	<b>12,526</b>	<b>17,765</b>
<b>NET INCOME ATTRIBUTABLE TO:</b>		
Shareholders	5,960	10,538
Participating policyholders	(413)	(821)
Minority interest	6,979	8,048
	<b>12,526</b>	<b>17,765</b>
<b>Net income attributed to shareholders – EPS</b>		
Basic earnings per common share	2.1 cents	3.8 cents
Fully diluted earnings per common share	2.1 cents	3.8 cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### SAGICOR FINANCIAL CORPORATION

Amounts expressed in US \$000

	Three months ended March 31	
	2010 (unaudited)	2009 (unaudited)
<b>NET INCOME FOR THE PERIOD</b>	<b>12,526</b>	<b>17,765</b>
<b>OTHER COMPREHENSIVE INCOME:</b>		
Changes in fair value reserves:		
Available for sale financial assets	28,678	(12,837)
Cash flow hedges	191	244
	28,869	(12,593)
Retranslation of foreign currency operations	(6,211)	(19,361)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>22,658</b>	<b>(31,954)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>35,184</b>	<b>(14,189)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
Shareholders	19,260	(10,261)
Participating policyholders	(120)	(945)
Minority interest	16,044	(2,983)
	<b>35,184</b>	<b>(14,189)</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### SAGICOR FINANCIAL CORPORATION

Amounts expressed in US \$000

	Three months ended March 31, 2010 (unaudited)					
	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	Total
Balance, beginning of period	278,248	(38,239)	296,926	6,985	137,502	681,422
Total comprehensive income	–	13,299	5,961	(120)	16,044	35,184
Dividends declared	–	–	(5,818)	–	(3,603)	(9,421)
Other movements	–	665	(447)	(65)	125	278
Balance, end of period	<b>278,248</b>	<b>(24,275)</b>	<b>296,622</b>	<b>6,800</b>	<b>150,068</b>	<b>707,463</b>
	Three months ended March 31, 2009 (unaudited)					
	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	Total
Balance, beginning of period	258,153	(85,272)	274,870	12,499	121,397	581,647
Total comprehensive income	–	(20,799)	10,538	(945)	(2,983)	(14,189)
Issue of shares	–	–	–	–	220	220
Dividends declared	–	–	(5,553)	–	(5,273)	(10,826)
Other movements	–	(877)	46	(66)	(15)	(912)
Balance, end of period	<b>258,153</b>	<b>(106,948)</b>	<b>279,901</b>	<b>11,488</b>	<b>113,346</b>	<b>555,940</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

### SAGICOR FINANCIAL CORPORATION

Amounts expressed in US \$000

	Three months ended March 31	
	2010 (unaudited)	2009 (unaudited)
<b>CASH FLOWS</b>		
Operating activities	11,352	62,276
Investing activities	(2,440)	(2,855)
Financing activities	130	(9,830)
Effects of exchange rate changes	(10,729)	(5,997)
Net change in cash and cash equivalents	(1,687)	43,594
Cash and cash equivalents, beginning of period	324,983	226,852
<b>Cash and cash equivalents, end of period</b>	<b>323,296</b>	<b>270,446</b>

## 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, 2009 audited financial statements.