

CHAIRMAN'S STATEMENT

Despite persistent economic challenges in its main markets, the Sagicor Group of Companies was able to grow shareholders' equity by 7% to US \$576.8 million and Book value per share by 7% to US\$1.98 over the nine months to September 30, 2010. The Group recorded net income of US \$33.4 million and total comprehensive income of US \$85.4 million for the nine months ended September 30, 2010. Net income attributable to shareholders was US \$15.7 million and the corresponding total comprehensive income to shareholders was US \$50.6 million.

Consolidated Total Comprehensive Income for the Nine Months ended September 30th		
	2010	2009
	US\$M	US\$M
REVENUE	908.7	913.2
BENEFITS & EXPENSES	(862.5)	(833.9)
Net income before taxes	46.2	79.3
Income taxes	(12.8)	(15.3)
Net Income for the Period	33.4	64.0
OTHER COMPREHENSIVE INCOME		
Changes in fair value of financial assets net of actuarial liabilities	45.1	41.6
Retranslation of foreign currency operations	6.7	(14.3)
Other net	0.2	(1.1)
Total Comprehensive Income for the period	85.4	90.2
Attributable to:		
Shareholders	50.6	64.6
Non-controlling interests	34.8	25.6
	85.4	90.2

Revenue for the nine months was flat compared with 2009 and amounted to US \$908.7 million. Premium revenue for the period totalled US \$648.2 million (2009 – US \$641.5 million) and was distributed 53% (2009 – 51%) across the Caribbean region, 37% (2009 – 26%) in the UK and 12% (2009 – 21%) in the USA. The increase in property and casualty premium in the UK, compared with the reduction in single premium annuity premium in the USA, has had the effect of increasing commission expenses. This is important in understanding some of the relative changes in benefits and commissions when comparing the two years. Net investment and other income amounted to US \$260.5 million as compared with US \$271.7 million in 2009, a period when the Group benefitted from additional capital gains and better investment yields in Jamaica.

Benefits totalled US \$560.9 million for the period. Included in this total are net policy benefits of US \$397.4 million (2009 – US \$331.4 million) of which US \$142.8 million was recorded in the third quarter alone. The relative growth in benefits in the third quarter is heavily influenced by expected claims arising from a major earthquake in New Zealand on July 15, and by other property and casualty claims occurring during this period. Taken together with the claims in respect of the Chilean earthquake reported on earlier in the March 31 and June 30 financial statements, the international property and casualty business written through our UK operations recorded earthquake related net claims of US \$16.8 million resulting in a net loss of US \$9.0 million for the nine month period, of which US \$7.8 million was booked in the third quarter alone. It is indeed unfortunate that Chile and New Zealand experienced these significant and unusual earthquake claims in 2010, since neither country is normally associated with frequent earthquake activity.

Included in benefits are the changes in actuarial liabilities totalling US \$104.5 million (2009 – US \$144.8 million). This significant reduction is partly a consequence of the reduction in single premium annuity business written by our USA operations.

Total expenses recorded were US \$301.6 million (2009 – US \$279.2 million). Increased commission and a modest increase in administrative expenses were recorded in 2010 directly as a consequence in the shift in premium to the UK operations in 2010, as explained above.

Other comprehensive income consists of net gains or losses resulting from movements in fair value of assets, and currency translation gains or losses from subsidiary operations. The Group recorded net gains of US \$45.6 million resulting from movements in the fair value of assets and net gains of US \$6.7 million in respect of currency translation. Other comprehensive income totalled US \$52.0 million for the period, of which US \$34.9 million is attributable to shareholders.

In the statement of financial position, assets increased by 10% to US \$4.9 billion, of which financial investments comprised US \$3.6 billion. Liabilities comprised policy related balances of US \$2.7 billion and other liabilities of US \$1.5 billion. The debt component of liabilities amounted to US \$193.1 million. As of September 30, 2010, total equity reached US \$744.1 million of which US \$576.8 million represented shareholders' equity.

The overall performance of the Group for 2010 of US \$33.4 million was not as strong as for the same period in 2009. This was partly due to the catastrophe claims experienced by our UK operations during the nine months to September 30, 2010, and favourable actuarial liability adjustments in Sagicor Jamaica and Sagicor USA in 2009 that did not recur in the current period. However, total comprehensive income for the period was strong at US \$85.4 million, slightly behind the performance for 2009.

After taking into account shareholders' total comprehensive income of US \$50.6 million less shareholder dividends declared of US \$11.6 million, the total shareholders' equity increased by US \$39.8 million over the nine month period. Consequently, book value per share grew by US 13¢ to US \$1.98 as of September 30, 2010.

While the recent advent of the tropical storm Tomás in the Eastern Caribbean is expected to generate some additional property and casualty claims in the fourth quarter, preliminary reports indicate that the level of claims will not have a significant effect on the Group's results.

The global financial and economic environment continues to be challenging. Some considerable uncertainty remains as to the resumption of sustainable economic growth in our markets located in the Caribbean region, the USA and the UK. Despite the recent downgrade of Sagicor Life by S&P to "BBB-" in line with the Barbados sovereign, we remain committed to the markets in which we operate. The Board of Directors and Management are fully focused on guiding the Group safely through this difficult economic climate, in accordance with our strategic plans, and are confident about the future prospects of the Group.

We sincerely thank our Shareholders, Policyholders, Clients, Staff, Insurance Advisors and Business Partners for their continued and valued support to Sagicor over the period.



Stephen McNamara
Chairman
November 09, 2010.

FINANCIAL HIGHLIGHTS as of September 30	2010	2009
Group net income	US \$33.4m	US \$64.0m
Total Group comprehensive income	US \$85.4m	US \$90.2m
Net income attributable to shareholders	US \$15.7m	US \$39.6m
Total comprehensive income attributable to shareholders	US \$50.6m	US \$64.6m
Annualised income return on shareholders' equity	2.9%	8.7%
Annualised comprehensive income return on shareholders' equity	9.5%	14.6%
Shareholders' equity	US \$576.8m	US \$503.1m
Book value per share	US \$1.98	US \$1.80
Revenue	US \$908.7m	US \$913.2m

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**SAGICOR FINANCIAL CORPORATION**

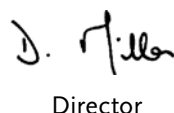
Amounts expressed in US \$000

	September 30 2010 (unaudited)	December 31 2009 (audited)
ASSETS		
Financial investments	3,577,951	3,274,442
Other investments and assets	1,298,299	1,185,530
Total assets	4,876,250	4,459,972
LIABILITIES		
Policy liabilities	2,663,048	2,418,697
Other liabilities	1,469,054	1,359,847
Total liabilities	4,132,102	3,778,544
EQUITY		
Shareholders' equity	576,781	536,941
Participating accounts	5,645	6,984
Minority interest	161,722	137,503
Total equity	744,148	681,428
Total liabilities and equity	4,876,250	4,459,972

These financial statements have been approved for issue by the Board of Directors on November 9, 2010.



Director



Director

CONSOLIDATED INCOME STATEMENT**SAGICOR FINANCIAL CORPORATION**

Amounts expressed in US \$000

	Nine months ended September 30		Three months ended September 30	
	2010 (unaudited)	2009 (restated)	2010 (unaudited)	2009 (restated)
REVENUE				
Net premium revenue	648,179	641,493	236,902	225,521
Net investment and other income	260,541	271,682	90,786	100,680
Total revenue	908,720	913,175	327,688	326,201
BENEFITS				
Net policy benefits	397,371	331,434	142,818	112,224
Change in actuarial liabilities	104,527	144,798	55,537	71,700
Interest expense	59,049	78,497	18,452	25,857
Total benefits	560,947	554,729	216,807	209,781
EXPENSES				
Administrative expenses	151,298	144,283	51,975	49,591
Commissions and premium taxes	124,044	110,186	39,363	41,099
Finance costs, depreciation and amortisation	26,269	24,711	8,645	8,412
Total expenses	301,611	279,180	99,983	99,102
INCOME BEFORE TAXES	46,162	79,266	10,898	17,318
Income taxes	(12,806)	(15,282)	(2,897)	(3,529)
NET INCOME FOR THE PERIOD	33,356	63,984	8,001	13,789
NET INCOME ATTRIBUTABLE TO:				
Shareholders	15,663	39,635	999	6,802
Participating policyholders	(1,328)	2,386	(21)	785
Minority interest	19,021	21,963	7,023	6,202
	33,356	63,984	8,001	13,789
Net income attributed to shareholders - EPS				
Basic earnings per common share	5.4 cents	14.2 cents	0.3 cents	2.4 cents
Fully diluted earnings per common share	5.4 cents	14.2 cents	0.3 cents	2.4 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**SAGICOR FINANCIAL CORPORATION**

Amounts expressed in US \$000

	Nine months ended September 30		Three months ended September 30	
	2010 (unaudited)	2009 (restated)	2010 (unaudited)	2009 (restated)
NET INCOME FOR THE PERIOD	33,356	63,984	8,001	13,789
OTHER COMPREHENSIVE INCOME				
Changes in fair value reserves:				
Owner occupied property	97	-	57	-
Available for sale financial assets	55,345	55,007	18,389	32,812
Actuarial liabilities	(10,249)	(13,418)	(3,701)	(3,626)
Cash flow hedges	387	(1,057)	195	(1,291)
	45,580	40,532	14,940	27,895
Retranslation of foreign currency operations	6,651	(14,315)	4,233	(4,405)
Other items	(221)	-	(76)	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	52,010	26,217	19,097	23,490
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	85,366	90,201	27,098	37,279
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders	50,617	64,582	17,316	23,388
Participating policyholders	(1,147)	2,358	(171)	884
Minority interest	35,896	23,261	9,953	13,007
	85,366	90,201	27,098	37,279

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SAGICOR FINANCIAL CORPORATION

Amounts expressed in US \$000

Nine months ended September 30, 2010

(unaudited)

	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	Total
Balance, beginning of period	278,252	(38,238)	296,927	6,984	137,503	681,428
Prior year adjustment	-	(4,458)	4,458	-	-	-
Balance as restated	278,252	(42,696)	301,385	6,984	137,503	681,428
Total comprehensive income	-	34,954	15,663	(1,147)	35,896	85,366
Issue of shares	659	-	-	-	-	659
Dividends declared	-	-	(11,591)	-	(8,500)	(20,091)
Other movements	(504)	1,274	(615)	(192)	(3,177)	(3,214)
Balance, end of period	278,407	(6,468)	304,842	5,645	161,722	744,148

Nine months ended September 30, 2009

(restated)

	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
Prior year adjustment	-	8,816	(8,816)	-	-	-
Balance as restated	258,153	(76,456)	266,054	12,499	121,397	581,647
Total comprehensive income	-	24,947	39,635	2,358	23,261	90,201
Issue of shares	1,430	-	-	-	420	1,850
Dividends declared	-	-	(11,118)	-	(11,387)	(22,505)
Other movements	(695)	1,227	(31)	(196)	40	345
Balance, end of period	258,888	(50,282)	294,540	14,661	133,731	651,538

CONSOLIDATED STATEMENT OF CASH FLOWS

SAGICOR FINANCIAL CORPORATION

Amounts expressed in US \$000

Nine months ended

September 30

2010

2009

(unaudited) (unaudited)

CASH FLOWS

Operating activities	(7,951)	159,613
Investing activities	(7,597)	(10,036)
Financing activities	(8,906)	(9,557)
Effects of exchange rate changes	(111)	(5,387)
Net change in cash and cash equivalents	(24,565)	134,633
Cash and cash equivalents, beginning of period	324,985	226,852
Cash and cash equivalents, end of period	300,420	361,485

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, 2009 audited financial statements except for the change in accounting policy explained in note 2 below.

2. CHANGE IN ACCOUNTING POLICY

The Group has voluntarily adopted the use of adjusted liability accounting which is permitted in paragraph 30 of International Financial Reporting Standard 4 - Insurance Contracts.

Under adjusted liability accounting, if the measurement of insurance liabilities is affected by the recognised, unrealised fair value gains or losses of assets that are recorded in other comprehensive income, the corresponding measurement change in insurance liabilities is also recorded in other comprehensive income. In prior reported periods, such corresponding measurement changes in insurance liabilities were reported in income.

Under the asset liability matching methodology employed by the insurers in the Group in respect of their long-term insurance business, specific assets are selected to match and back the actuarial liabilities. With the adoption of adjusted liability accounting, the Group is better able to match in the income and comprehensive income statements respectively, the market movements of backing assets and the associated changes in insurance liabilities.

This change in accounting policy has been adopted retroactively to January 1, 2009, and consequently prior reported periods have been restated in these financial statements.