

# SAGICOR Financial Corporation

**Review of Half Year ended**  
**June 30<sup>th</sup> 2010**

**To be a GREAT Company, committed to improving the lives of the people in the communities in which we operate.**

## Agenda

1. Review of Half Year 2010:
  - Environment
  - Performance
  - Ratings
  - Summary
  
2. Questions

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## Environment

- ✓ Global financial and economic environment continues to be challenging.
- ✓ While there were early signs of improvements, there is still considerable uncertainty as to the sustainability of the recovery.
- ✓ With few exceptions, global economies are faced with large fiscal deficits.

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## Environment (con't)

- ✓ The US and UK markets have suffered setbacks in recent times.
- ✓ The challenges across the Euro Zone have been well publicized.
- ✓ Most have lowered their growth prospects for 2010.

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## Environment (con't)

- ✓ Some economists are suggesting a double dip recession is very possible.
- ✓ Caribbean economies are now feeling the full impact of the global recession.
- ✓ Jamaica has entered another IMF stabilization program.

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## Environment (con't)

- ✓ Barbados has raised US \$200 million in debt on the international market, increasing its already high debt to GDP ratio.
- ✓ Trinidad has lowered its 2010 GDP growth rate to under 2%.
- ✓ Other Caribbean countries are also faced with widening fiscal deficits.

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## Performance

- ✓ Sagicor had a commendable performance within a weak and uncertain economic environment.
- ✓ Net income to shareholders (excluding provisions for claims arising from the Chilean earthquake) was level with 2009.

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<b>SAGICOR FINANCIAL CORPORATION</b>		
<b>CONSOLIDATED STATEMENT OF INCOME</b>		
	<b>30-Jun</b>	<b>30-Jun</b>
(Amounts expressed in US \$000)	<b>2010</b>	<b>2009</b>
<b>Revenue:</b>		
Net premium revenue	411,277	415,972
Net investment and other income	176,417	171,002
<b>Total Revenue</b>	<b>587,694</b>	<b>586,974</b>
<b>Benefits</b>	<b>343,814</b>	<b>360,013</b>
Expenses	201,628	180,078
<b>Total benefits and expenses</b>	<b>545,442</b>	<b>540,091</b>
<b>Income before taxes</b>	<b>42,252</b>	<b>46,883</b>
Income taxes	(8,715)	(6,480)
<b>Net Income for the period</b>	<b>33,537</b>	<b>40,403</b>
Less: Minority Interest & Participating policyholders	(10,691)	(17,362)
<b>Net Income to shareholders</b>	<b>22,846</b>	<b>23,041</b>
Provisions for Earthquake Claims	(10,400)	
<b>Net Income to shareholders for the period</b>	<b>12,446</b>	<b>23,041</b>

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## Performance (con't)

- ✓ Total revenue was level with 2009 at US \$587.7 million (2009 = US \$586.9 million).
- ✓ Net premium revenue was down slightly on 2009.
- ✓ Strong growth from Sagicor at Lloyds, being partially offset by lower growth in the US as the market in general reduced its demand for annuity products.

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## Performance (con't)

- ✓ Net premium revenue for the Caribbean was level with the previous year.
- ✓ Investment and other income improved 3% to reach US \$176.4 million.
- ✓ Benefits were lower than for the same period in 2009, reflecting the impact of lower annuity sales in the USA.

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## Performance (con't)

- ✓ Expenses, which include commissions and other selling expenses, were 12% higher than in 2009, reflecting the growth in business at Sagicor at Lloyds which not only generated increased sales, but also increased commissions and other selling expenses.

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## Performance (con't)

- ✓ Total comprehensive income increased 10% from US \$52.9 million to US \$58.3 million.
- ✓ Shareholders' equity increased from US \$536.9 million to US \$565.0 million.
- ✓ Total capital increased by 7% from US \$681.4 million to US \$726.7 million.

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## Ratings

- ✓ S&P rating was reaffirmed at “BBB” in line with the Barbados Sovereign rating.
- ✓ A.M. Best adjusted Sagicor’s rating from “A Excellent” to “A- Excellent”, reflecting their ongoing concern over Jamaica’s economic prospects.

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## Ratings (con't)

- ✓ A.M. Best acknowledged the financial strength of Sagicor, citing:
  - Strong and consistent operating performance
  - More than adequate risk adjusted capital
  
- ✓ Sagicor recognizes the inherent business risk of operating in our fragile regional markets and is assured that the Jamaican authorities are taking the appropriate measures to correct the situation

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## Summary

- ✓ Global economic environment remains fragile and challenging.
- ✓ Sagicor recorded a commendable performance:
  - ✓ Good net income to shareholders – US \$12.6 m
  - ✓ Strong Comprehensive net income – US \$58.3 m

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## Summary (Con't)

- ✓ Total Assets of US \$4.7 billion
- ✓ Shareholders Equity – US \$565.2 m
- ✓ Total capital – US \$726.8 m
- ✓ More than adequate risk adjusted capital.
- ✓ Strong S&P and A.M Best ratings.

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Thank You

Any Questions?