

CHAIRMAN'S REVIEW

I am pleased to report a much improved performance of the Sagicor Group for the nine months ended September 30, 2016. Net Income more than doubled to US \$89.9 million, when compared to US \$41.9 million for the same period of 2015. This was primarily due to significant improvement in investment income, modest growth in premiums and the run-off of the discontinued operations at the end of 2015, which allowed the full benefits of our performance to flow to our shareholders.

Net income attributable to shareholders was US \$52.0 million compared to US \$20.2 million for the same period of 2015, an increase of US \$31.8 million.

Total revenue amounted to US \$850.5 million, compared to US \$807.9 million for the corresponding period in 2015, an increase of US \$42.6 million. Net premium revenue of US \$492.7 million exceeded the prior year amount of US \$488.0 million. Net investment income and other income of US \$357.8 million exceeded the prior year amount of US \$319.8 million by US \$38.0 million.

Benefits of US \$422.2 million marginally exceeded the prior year amount of US \$417.0 million.

Expenses of US \$312.7 million were below the prior year amount of US \$313.4 million. Expenses for this year included some non-recurring items relating to the prefunding of the redemption of the Convertible Redeemable Preference Shares and administrative expenses.

Total comprehensive income closed the period at US \$112.2 million, compared to a loss of US \$41.6 million for the same period in the prior year, an increase of US \$153.8 million. The main contributor to the increase in comprehensive income was an increase of net gains on financial assets of US \$173.4 million from marked-to-market gains on our international assets. Retranslation losses, which arise on translation of our foreign operations into US dollars for financial reporting purposes, increased by US \$15.5 million over the previous period. This is as a result of the decline in the Jamaica dollar and the Trinidad dollar when compared to the United States dollar.

In the statement of financial position as at September 30, 2016, assets amounted to US \$6.7 billion compared to the prior year amount of US \$6.4 billion, an increase of US \$0.3 billion. Sagicor's Group equity totalled US \$826.8 million, compared to the prior year amount of US \$719.9 million, an increase of US \$106.9 million. The Group's debt, which is included in other liabilities, was US \$390.6 million. The debt to capital ratio was 32.1% down from the prior year ratio of 39.3%. Earnings per common share was US 16.8 cents, compared to US 6.5 cents for 2015, and the annualised return on common shareholders' equity improved to 13.2% compared to 10.6% for 2015.

Consistent with shareholders' approval, on July 20, 2016 the company re-domiciled from Barbados, and continued as an exempted company under the laws of Bermuda as Sagicor Financial Corporation Limited. The company is in the process of implementing the corporate reorganisation of its operations with the expectation of improved transparency, financial ratings and cost of capital.

On September 27, 2016 Standard and Poor's (S&P) affirmed the financial strength rating of Sagicor Life Inc at BB-, the maximum allowed three notches above the rating of Barbados which was downgraded to B- on September 23, 2016. This rating action reflects the commencement of the delinking of the financial strength ratings of the Sagicor Group from the financial ratings of Barbados.

On October 6, 2016 the Directors of Sagicor Financial Corporation Limited declared an interim dividend of 2.5 cents per share United States currency on the issued and outstanding Common Shares of the Company, to be paid on November 15, 2016. This dividend represents an increase of 25% over the previous dividend.

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



Stephen McNamara
Chairman
November 10, 2016

FINANCIAL HIGHLIGHTS <i>(in US currency except percentages)</i>	Nine months ended SEPTEMBER 30	
	2016	2015
Total revenue	\$850.5m	\$807.9m
Overall Group net income	\$89.9m	\$41.9m
Overall Shareholders' net income	\$52.0m	\$20.2m
Net income allocated to non-controlling interests	\$39.9m	\$26.4m
Total equity	\$826.8m	\$719.9m
Book Value per share	\$1.85	\$1.61
Ratio of Debt to Capital	32.1%	39.3%
Earnings per common share	16.8¢	6.5¢
Annualised return on common shareholders' equity	13.2%	10.6%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

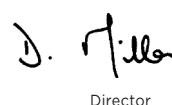
Amounts expressed in US \$'000

	September 30 2016 (unaudited)	September 30 2015 (unaudited)	December 31 2015 (audited)
ASSETS			
Financial investments	4,944,681	4,690,976	4,826,621
Other investments and assets	1,715,318	1,746,376	1,573,264
Assets of discontinued operation	438	-	-
Total assets	6,660,437	6,437,352	6,399,885
LIABILITIES			
Policy liabilities	3,357,975	3,246,631	3,206,874
Other liabilities	2,475,670	2,427,889	2,407,821
Liabilities of discontinued operation	-	42,897	46,026
Total liabilities	5,833,645	5,717,417	5,660,721
EQUITY			
Shareholders' equity	562,613	497,001	506,046
Participating accounts	(355)	(3,102)	1,383
Non-controlling interests	264,534	226,036	231,735
Total equity	826,792	719,935	739,164
Total liabilities and equity	6,660,437	6,437,352	6,399,885

These financial statements have been approved for issue by the Board of Directors on November 10, 2016.



Director



Director

CONSOLIDATED STATEMENT OF INCOME
Amounts expressed in US \$000

	Nine months to September 30		Three months to September 30	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
REVENUE				
Net premium revenue	492,686	488,025	173,914	165,964
Net investment and other income	357,788	319,839	123,526	93,443
Total revenue	850,474	807,864	297,440	259,407
BENEFITS AND EXPENSES				
Benefits	422,192	416,979	127,366	119,733
Expenses	312,720	313,363	102,920	111,422
Total benefits and expenses	734,912	730,342	230,286	231,155
INCOME BEFORE TAXES	115,562	77,522	67,154	28,252
Income taxes	(27,524)	(17,092)	(11,345)	(5,310)
NET INCOME FROM CONTINUING OPERATIONS	88,038	60,430	55,809	22,942
Net income/(loss) from discontinued operation	1,850	(18,509)	(15)	(3,456)
NET INCOME FOR THE PERIOD	89,888	41,921	55,794	19,486
NET INCOME ATTRIBUTABLE TO:				
Common Shareholders				
From continuing operations	50,162	38,695	35,285	16,854
From discontinued operation	1,850	(18,509)	(15)	(3,456)
Participating policyholders	52,012	20,186	35,270	13,398
Non-controlling interests	(2,015)	(4,666)	(1,661)	(3,236)
	39,891	26,401	22,185	9,324
	89,888	41,921	55,794	19,486
Basic earnings per common share:				
From continuing operations	16.2 cents	12.6 cents	11.6 cents	5.6 cents
From discontinued operation	0.6 cents	(6.1) cents	0.0 cents	(1.2) cents
	16.8 cents	6.5 cents	11.6 cents	4.4 cents
Fully diluted earnings per common share:				
From continuing operations	15.4 cents	12.1 cents	11.0 cents	5.1 cents
From discontinued operation	0.5 cents	(6.1) cents	0.0 cents	(1.2) cents
	15.9 cents	6.0 cents	11.0 cents	3.9 cents

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

	Nine months to September 30		Three months to September 30	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
NET INCOME FOR THE PERIOD	89,888	41,921	55,794	19,486
Items net of tax that may be reclassified subsequently to income:				
Available for sale financial assets:				
Unrealised gains / (losses) arising on revaluation	88,640	(79,178)	26,570	(61,082)
Gains transferred to income	(4,430)	(9,972)	(952)	(2,737)
Net change in actuarial liabilities	(35,104)	16,286	(11,719)	3,575
Retranslation of foreign currency operations	(26,348)	(10,820)	(5,918)	(4,516)
	22,758	(83,684)	7,981	(64,760)
Items net of tax that will not be reclassified subsequently to income:				
Unrealised (losses) / gains arising on revaluation of owner occupied property	(500)	134	(500)	-
Gains on defined benefit plans	34	-	34	-
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	22,292	(83,550)	7,515	(64,760)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	112,180	(41,629)	63,309	(45,274)
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:				
Common Shareholders				
From continuing operations	65,343	(11,074)	41,393	(19,292)
From discontinued operation	1,850	(18,509)	(15)	(3,456)
Participating policyholders	67,193	(29,583)	41,378	(22,748)
Non-controlling interests	(1,570)	(3,293)	(1,300)	(4,077)
	46,557	(8,753)	23,231	(18,449)
	112,180	(41,629)	63,309	(45,274)

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

(unaudited)	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	Total
Nine months to September 30, 2016:						
Balance, beginning of period	299,320	(59,688)	266,414	1,383	231,735	739,164
Total comprehensive income from continuing operations	-	15,155	50,188	(1,570)	46,557	110,330
Total comprehensive income from discontinued operation	-	-	1,850	-	-	1,850
Transactions with holders of equity instruments:						
Movements in treasury shares	751	-	-	-	-	751
Changes in reserve for equity compensation benefits	-	1,233	-	-	-	1,233
Dividends declared	-	-	(11,311)	-	(10,620)	(21,931)
Transfers and other movements	-	(4,559)	3,260	(168)	(3,138)	(4,605)
Balance, end of period	300,071	(47,859)	310,401	(355)	264,534	826,792
Nine months to September 30, 2015:						
Balance, beginning of period	295,989	(8,765)	244,474	364	241,480	773,542
Total comprehensive income from continuing operations	-	(49,769)	38,695	(3,293)	(8,753)	(23,120)
Total comprehensive income from discontinued operation	-	-	(18,509)	-	-	(18,509)
Transactions with holders of equity instruments:						
Movements in treasury shares	29	-	-	-	-	29
Changes in reserve for equity compensation benefits	-	2,849	-	-	-	2,849
Dividends declared	-	-	(9,916)	-	(6,691)	(16,607)
Transfers and other movements	-	(7,636)	9,560	(173)	-	1,751
Balance, end of period	296,018	(63,321)	264,304	(3,102)	226,036	719,935

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

	Nine months to September 30	
	2016 (unaudited)	2015 (unaudited)
CASH FLOWS		
Operating activities:		
Cash from income, interest and taxation	96,364	59,886
Net increase in investments and operating assets	(197,547)	(260,735)
Net change in operating liabilities	207,147	74,468
	105,964	(126,381)
Investing activities	(14,062)	(40,692)
Financing activities	(110,463)	141,512
Effects of exchange rate changes	(3,616)	(1,338)
Net change in cash and cash equivalents - continuing operations	(22,177)	(26,899)
Net change in cash and cash equivalents - discontinued operation	(44,614)	(21,408)
Cash and cash equivalents, beginning of period	384,879	441,194
Cash and cash equivalents, end of period	318,088	392,887

STATEMENT OF INCOME BY SEGMENT

Amounts expressed in US \$000

	Nine months to September 30, 2016					Total
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	
(unaudited)						
Total revenue	306,774	401,696	107,749	74,797	(40,542)	850,474
Total benefits and expenses	248,132	306,571	101,551	58,020	20,638	734,912
INCOME BEFORE TAXES	58,642	95,125	6,198	16,777	(61,180)	115,562
Income taxes	(5,705)	(18,653)	(2,170)	(996)	-	(27,524)
NET INCOME FROM CONTINUING OPERATIONS	52,937	76,472	4,028	15,781	(61,180)	88,038
Net income / (loss) attributable to shareholders from continuing operations	54,952	37,560	4,028	(15,637)	(30,741)	50,162
Total Comprehensive income / (loss) attributable to shareholders from continuing operations	56,660	43,747	11,313	(15,814)	(30,563)	65,343

	Nine months to September 30, 2015					Total
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	
NET INCOME FROM CONTINUING OPERATIONS	45,441	50,482	4,688	6,485	(46,666)	60,430
Net income / (loss) attributable to shareholders from continuing operations	50,107	24,793	4,688	(21,561)	(19,332)	38,695
Total Comprehensive income / (loss) attributable to shareholders from continuing operations	41,120	(9,505)	(1,606)	(21,779)	(19,304)	(11,074)

STATEMENT OF FINANCIAL POSITION BY SEGMENT

Amounts expressed in US \$000

	September 30, 2016					Total
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	
(unaudited)						
Total assets	1,954,210	2,751,772	1,858,736	377,273	(281,554)	6,660,437
Total liabilities	1,317,688	2,289,979	1,724,098	783,434	(281,554)	5,833,645
Net assets	636,522	461,793	134,638	(406,161)	-	826,792

	September 30, 2015					Total
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	
Net assets	491,962	379,707	206,803	(358,537)	-	719,935

PRODUCTS AND SERVICES

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

Amounts expressed in US \$000

	Nine months to September 30	
	2016	2015
	(unaudited)	(unaudited)
Life, health and annuity insurance contracts issued to individuals	470,361	462,215
Life, health and annuity insurance and pension administration contracts issued to groups	214,431	192,500
Property and casualty insurance	26,445	25,812
Banking, investment management and other financial services	117,922	111,228
Other services	21,315	16,109
	850,474	807,864

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, 2015 audited financial statements.