

SAGICOR Financial Corporation

Review of Quarter ended
September 30th 2010

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

Sagicor Financial Corporation

Environment

- Global financial and economic environment continues to be challenging.
- Within the region, Jamaica managing its economy under an IMF program, Barbados downgraded to “BBB-” by S&P, and T&T experiencing reduced growth.
- Other Caribbean countries are faced with widening fiscal deficits, and impact of natural disasters.

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In this challenging environment, the SFC performance was:

- Reduced net income of US\$33.4M compared to US\$64M last year.
- Stable total comprehensive income of US \$85.4M compared to US\$90.2M last year.
- Net Book Value grew by 7% to US\$1.98 per share.
- Maintained strong capital position and modest debt/equity ratios.

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SAGICOR FINANCIAL CORPORATION		
CONSOLIDATED STATEMENT OF INCOME		
	30-Sep	30-Sep
(Amounts expressed in US\$ M)	2010	2009
Total Revenue	909	913
Benefits & Expenses	845	834
Net Income before Taxes and Cat Losses	64	79
Income Taxes	(13)	(15)
Net Income before Cat Losses	51	64
Catastrophe Losses	(17)	0
Net Income for the period	34	64

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Sagicor at Lloyds (SaL)

- Unusual catastrophe losses:
 - Chile quake in Q1 produced US\$11.4M of claims;
 - New Zealand quake in Q3 potential claims of US\$5.4M
 - Total losses of US\$6.4M in Q3 and US\$16.8M YTD.
- Windstorm and other significant claims of US\$5M in Q3
- SaL net income of US\$(9)M compared with US\$(1)M

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Sagicor USA

- Net premiums of US\$78M compared to US\$137M last year due to reduction of annuity business throughout industry.
- Difficult to scale back fixed costs in the short term to match reduced premium income.
- Net income of US\$(1)M vs US\$8.6M last year.
- US operation being built out and will eventually generate sufficient revenue to produce sustainable profits.

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Sagicor Life Jamaica

- Has generated strong performance over the years.
- Delivered US\$23.1M compared with US\$31.3M last year.
- Contributing factors this year:
 - Significant capital gains and stronger yields in 2009;
 - Lower investment yields, post JDX in 2010;
 - Lower premium revenue in 2010;
 - Overall challenging business environment.

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Sagicor Life Inc.

- Main Caribbean operating subsidiary represented in Barbados, T&T, Eastern Caribbean, Netherlands Antilles and Belize.
- Delivered strong performance of US\$22.5M compared with US\$18.5M last year.
- Improved premium revenue and favourable per policy expenses contributed to this performance.

Comprehensive Income

(Expressed in US \$ M)	<u>2010</u>	<u>2009</u>
Total 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

- Total comprehensive income for the period was strong at US \$85.4M, compared with US\$ 90.2M last year.
- Changes in fair value of financial assets net of related actuarial liabilities of US \$45.1M, which was US \$3.5M stronger than 2009.
- Underscores the overall performance of the Group for the period.

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(Expressed in US \$000)	<u>2010</u>	<u>2009</u>
REVENUE		
Net premium revenue	648,179	641,493
Net investment and other income	260,541	271,682
Total revenue	908,720	913,175
BENEFITS		
Net policy benefits	397,371	331,434
Change in actuarial liabilities	104,527	144,798
Interest expense	59,049	78,497
Total benefits	560,947	554,729
EXPENSES		
Administrative expenses	151,298	144,283
Commissions and premium taxes	124,044	110,186
Finance costs, depreciation and amortization	26,269	24,711
Total expenses	301,611	279,180
INCOME BEFORE TAXES	46,162	79,266
Income taxes	(12,806)	(15,282)
NET INCOME FOR THE PERIOD	33,356	63,984

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Balance Sheet

- Total assets grew 11% to US\$ 4.9B.
- Total Equity grew 9% to US\$ 744.1M.
- Shareholders' equity grew 7% to US\$576.8M
- Modest Debt/Equity Ratio of 26%
- Solid capital and financial condition

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Balance Sheet

- A.M. Best rating of “A- Excellent”
(in top 25% of global insurers)
- S&P Rating of BBB- (Stable)
(in line with Barbados Sovereign)
- Solid capital and financial condition

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Summary

- Operating in challenging business environment.
- UK operations affected by unusual catastrophes.
- Reduced net income for the period.
- Strong comprehensive income.
- Strong risk adjusted capital position.
- Strong financial condition.
- Committed to our markets and diversification strategy.

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Thank You

Any Questions?