

CHAIRMAN'S STATEMENT

The Sagicor Group of companies recorded a commendable performance for the nine months ended September 30, 2009. Earnings per share totaled 12.9 US cents compared to 19.8 US cents in 2008. The annualised return on shareholders' equity was 10.4%, against 17.4% for 2008, when the ratio benefited also from a decline in shareholders' equity. Group net income for the period amounted to US \$60.3 million, compared to US \$74.1 million for the corresponding period in 2008. Net income attributable to shareholders was US \$36.0 million compared to US \$54.8 million for 2008.

Adjusting for exceptional items as follows:

- (i) a foreign exchange loss in 2009 of US\$ 8.7 million arising from the retranslation of net non-monetary liabilities at historic exchange rates rather than current exchange rates,
- (ii) the acquisition gain on Barbados Farms of US \$4.6 million in 2008,
- (iii) the uplift in investment income from the disposal of the RBTT shares of approximately US \$5 million in 2008,

the adjusted shareholder results are as follows:

	September 30, 2009	September 30, 2008
Adjusted net income attributable to shareholders	US \$44.7m	US \$45.1m
Adjusted earnings per share	16.1 US cents	16.4 US cents
Adjusted annualized return on shareholders' equity	12.9%	14.4%

Our Caribbean divisions generated net income to shareholders of US \$49.5 million, compared to an adjusted US \$50.7 million for 2008 (US \$ 60.3 million non-adjusted).

Our International division, which includes our USA and UK operations and our Property & Casualty business, generated an adjusted profit of US \$14.0 million for the nine months ended September 2009. The USA operations contributed a modest profit. As indicated above and consistent with many UK syndicates operating within the Lloyds of London insurance market, which write dollar denominated insurance business, Sagicor at Lloyd's recorded a foreign exchange loss of US \$8.7 million. This reduced the income of the international division to a non-adjusted net profit of US \$5.3 million. The foreign exchange loss is an accounting entry only, and has no cash flow or economic impact on the operating performance of the syndicate. These foreign exchange differences are expected to even themselves out over time, as they result from non-monetary assets and liabilities being translated at historical

rates, but related monetary assets and liabilities being translated at current rates.

Total revenue for the Sagicor Group for the nine months amounted to US \$913.2 million, compared with US \$710.1 million; an increase of 29%. Net premium revenue reached US \$641.5 million, 41% above the amount for the same period in 2008. Strong new business growth from the USA and UK, together with the positive impact of the acquisition of the business of Blue Cross in Jamaica at the end of 2008, accounted for the significant growth in net premium revenue.

Net investment and other income at US \$271.7 million was 8% above that in 2008.

Benefits for the period under review reached US \$560.4 million, up by 50% from US \$374.6 million in 2008. This is a consequence of the increased business from the USA and UK operations and the acquisition of the business of Blue Cross in Jamaica. Expenses increased by 13% over 2008, reflecting the growth in the operating activity of the Group.

One significant feature during the period has been the continuing reversal of mark-to-market losses on available for sale financial assets. For the nine months under review, there was an unrealised net increase in the fair value of available for sale investments of US \$57.9 million. This is to be compared with unrealised fair value losses of US \$56.6 million for the same period last year. These are positive signs that the financial markets are stabilising as the effect of the financial crisis and the global recession begin to ease internationally. We continue to record foreign exchange translation losses on our Jamaica operations as the Jamaica dollar depreciated against the US dollar. However, these have been partially offset by foreign exchange translation gains from the pound sterling, which has appreciated against the dollar in 2009.

Total Group comprehensive income for the period, which includes the foregoing fair value and currency movements, amounted to US \$100.0 million, compared with a comprehensive loss of US \$20.8 million for 2008. As a result, total Group Equity as of September 30, 2009 has reached US \$661.3 million, up from US\$ 577.4 million one year ago.

Total assets reached US \$4.4 billion, up from US \$3.9 billion as at the beginning of the year. 31% of total assets are held in respect of our USA and UK operations.

During the period, the economic environment in the Caribbean became

increasingly challenging as the region began to experience the impact of the global recession. Many regional Governments have signaled their intention to seek balance of payment support from the International Monetary Fund (IMF) as the fiscal positions across the region deteriorate. Both the Government of Jamaica and the Government of Barbados have had their international ratings downgraded by Standard & Poor's (S&P). Trinidad and Tobago, which remains the strongest economy in the region, has had its rating outlook changed to "negative". As a result of these Country rating changes, Sagicor, which operates in all of these territories, has had its rating changed from BBB+ to BBB, in line with its sovereign Barbados. Our rating has been further impacted with an outlook change to negative, following the further downgrade of Jamaica; this despite consistent profitable operating performance and continued strong capitalisation.

Through its insurance business in the Caribbean, Sagicor is required by law to invest substantially in the bonds and other instruments issued by the Governments of the countries in which we operate. This is not unexpected as the funds available for investments are seen as part of the national savings, which should be available to fund the economic development of the country. However, this naturally exposes our Group to the vagaries of the economic performances of these countries. We continue to address this business risk through expansion and geographic diversification.

We expect the region to continue to be challenged by economic conditions for the remainder of 2009, and perhaps well into the next year. We remain committed to the development of the communities in which we operate, while delivering competitive returns to our stakeholders. In this regard, we are also committed to the orderly development of our international operations, particularly in the USA and the UK. We believe that this will be to the long-term benefit of all of our stakeholders.



Stephen McNamara
Acting Chairman
November 24, 2009

FINANCIAL HIGHLIGHTS	September 30, 2009	September 30, 2008
Group net income	US\$ 60.3m	US\$ 74.1m
Net income attributable to shareholders	US\$ 36.0m	US\$ 54.8m
Annualized return on shareholders' equity	10.4%	17.4%
Shareholders' equity	US\$ 512.9m	US\$ 436.6m
Total Group comprehensive income / (loss)	US\$ 100.0m	US\$ (20.8)m
Revenue	US\$ 913.2m	US\$ 710.1m

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SAGICOR FINANCIAL CORPORATION

Amounts expressed in US \$000

	September 30 2009 (unaudited)	December 31 2008 (audited)
ASSETS		
Financial investments	3,201,209	2,879,466
Other investments and assets	1,203,270	1,099,850
Total assets	4,404,479	3,979,316
LIABILITIES		
Policy liabilities	2,394,454	2,103,247
Other liabilities	1,348,737	1,294,422
Total liabilities	3,743,191	3,397,669
EQUITY		
Shareholders' equity	512,896	447,751
Participating accounts	14,661	12,499
Minority interest	133,731	121,397
Total equity	661,288	581,647
Total liabilities and equity	4,404,479	3,979,316

These financial statements have been approved for issue by the Board of Directors on November 24, 2009.



Director



Director

CONSOLIDATED INCOME STATEMENT

SAGICOR FINANCIAL CORPORATION

Amounts expressed in US \$000

	Nine months ended September 30		Three months ended September 30	
	2009 (unaudited)	2008 (unaudited)	2009 (unaudited)	2008 (unaudited)
REVENUE				
Net premium revenue	641,493	454,225	225,521	168,422
Net investment and other income	271,682	251,212	100,680	79,931
Net gains arising on acquisitions	-	4,645	-	-
Total revenue	913,175	710,082	326,201	248,353
BENEFITS AND EXPENSES				
Benefits	560,372	374,557	200,359	132,363
Expenses	279,180	247,343	99,102	82,841
Total benefits and expenses	839,552	621,900	299,461	215,204
INCOME FROM ORDINARY ACTIVITIES	73,623	88,182	26,740	33,149
Income taxes	(13,307)	(14,122)	(6,827)	(4,538)
NET INCOME FOR THE PERIOD	60,316	74,060	19,913	28,611
NET INCOME ATTRIBUTABLE TO:				
Shareholders	35,967	54,773	12,926	21,482
Participating policyholders	2,386	778	785	1,189
Minority interest	21,963	18,509	6,202	5,940
	60,316	74,060	19,913	28,611
Net income attributed to shareholders- EPS				
Basic earnings per common share	12.9 cents	19.8 cents	4.6 cents	7.7 cents
Fully diluted earnings per common share	12.9 cents	19.7 cents	4.6 cents	7.7 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SAGICOR FINANCIAL CORPORATION

Amounts expressed in US \$000

	Nine months ended September 30		Three months ended September 30	
	2009 (unaudited)	2008 (unaudited)	2009 (unaudited)	2008 (unaudited)
NET INCOME FOR THE PERIOD	60,316	74,060	19,913	28,611
OTHER COMPREHENSIVE INCOME				
Changes in fair value reserves:				
Owner occupied property	-	907	-	16
Available for sale financial assets	55,007	(81,754)	32,812	(33,011)
Cash flow hedges	(1,057)	-	(1,291)	-
	53,950	(80,847)	31,521	(32,995)
Retranslation of foreign currency operations	(14,315)	(13,772)	(4,405)	(11,155)
Other items	-	(198)	-	(195)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	39,635	(94,817)	27,116	(44,345)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	99,951	(20,757)	47,029	(15,734)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders	74,332	(26,556)	33,138	(19,529)
Participating policyholders	2,358	748	884	1,189
Minority interest	23,261	5,051	13,007	2,606
	99,951	(20,757)	47,029	(15,734)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SAGICOR FINANCIAL CORPORATION

Amounts expressed in US \$000

	Nine months ended September 30, 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 for the period	-	38,365	35,967	2,358	23,261	99,951
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	(45,680)	299,688	14,661	133,731	661,288
	Nine months ended September 30, 2008 (unaudited)					
	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	Total
Balance, beginning of period	231,695	21,735	201,744	9,396	122,137	586,707
Total comprehensive income / (loss) for the period	-	(81,131)	54,575	748	5,051	(20,757)
Issue of shares	27,623	-	-	-	1,394	29,017
Minority interest acquired	-	-	-	-	13,485	13,485
Dividends declared	-	-	(19,453)	-	(9,048)	(28,501)
Other movements	(1,233)	4,076	(2,990)	(130)	(2,261)	(2,538)
Balance, end of period	258,085	(55,320)	233,876	10,014	130,758	577,413

CONSOLIDATED STATEMENT OF CASH FLOWS

SAGICOR FINANCIAL CORPORATION

Amounts expressed in US \$000

	Nine months ended September 30	
	2009 (unaudited)	2008 (unaudited)
CASH FLOWS		
Operating activities	159,613	118,009
Investing activities	(10,036)	(7,347)
Financing activities	(9,557)	943
Effects of exchange rate changes	(5,387)	(14,059)
Net change in cash and cash equivalents	134,633	97,546
Cash and cash equivalents, beginning of period	226,852	113,492
Cash and cash equivalents, end of period	361,485	211,038

NOTE TO THE FINANCIAL STATEMENT

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, 2008 audited financial statements.