



Wise Financial Thinking for Life

SAGICOR FINANCIAL CORPORATION

FINANCIAL RESULTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

CHAIRMAN'S REVIEW

The Sagicor Group recorded net income from continuing operations of US \$39.3 million for the nine months to September 30, 2013, a slight improvement over the US \$38.6 million, for the 2012 comparative period.

Net income from continuing operations attributable to shareholders was US \$23.8 million, a 31% increase over the previous year's result of US \$18.2 million and includes a capital loss of US \$11.8 million, (US \$5.7 million to shareholders) incurred as a participant in the Government of Jamaica National Debt Exchange Programme in January this year. Earnings per common share from continuing operations were US 7.6¢, and represented an annualised return on common shareholders' equity of 6.1%.

Continuing operations comprising our businesses in the Caribbean and in the USA performed well, with revenue amounting to US \$790.6 million, an improvement of US \$50.1 million over the corresponding period in 2012. Net premium revenue closed the period at US \$506.1 million, an increase when compared with the US \$468.1 million, recorded for the same period in the previous year. Net investment income and other income improved from US \$272.4 million to US \$284.5 million and includes the abovementioned capital loss.

Total benefits and expenses (including agents and broker's commissions) increased by US \$51.8 million to close at US \$738.5 million for the period compared with US \$686.7 million for the prior period. This growth was consistent with the growth in premium revenue.

As previously indicated, the Sagicor Group entered into an agreement with AmTrust Financial Services Inc. on July 26, 2013, for the sale of Sagicor Europe Limited (SEL) and its subsidiaries, which includes Sagicor at Lloyd's Limited. This arrangement will result in Sagicor retaining an interest in the ultimate results of the 2011, 2012 and 2013 underwriting years of account after the syndicate has been formally sold. The impact of this transaction and the performance of SEL are included in these results to September 30, 2013. This transaction is expected to close in the fourth quarter of 2013 upon regulatory approval.

The discontinued operation recorded a net loss of US \$41.2 million for the nine-month period, and includes an impairment estimate of all future losses of US \$10.8 million, which was essentially unchanged from the second quarter. This impairment provision is based on current estimates, and is subject to revision if there is a change in the syndicate's performance relating to the above noted underwriting years. The provision is also subject to future currency exchange movements.

In the statement of financial position as at September 30, 2013, assets amounted to US \$5.8 billion and liabilities totalled US \$5.1 billion. Sagicor's Group equity totalled US \$730.2 million. The Group's debt, which is included in other liabilities, totalled US \$249.4 million. The resulting debt to equity ratio was 34.2%.

The global economy continues to be fragile, although showing signs of modest improvement. The Caribbean economies with the exception of Trinidad & Tobago continue to be under pressure, with no noticeable improvement in economic activity. In this economic environment, the continuing operations of the Sagicor Group produced encouraging results.

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

Stephen McNamara
Chairman
November 07, 2013.

FINANCIAL HIGHLIGHTS	NINE months ended SEPTEMBER 30	
<i>(in US currency except percentages)</i>	2013	2012
Revenue	\$790.6m	\$740.5m
Group net income from continuing operations	\$39.3m	\$38.6m
Group net (loss)/income from discontinued operations	(\$41.2)m	\$0
Overall Group net (loss)/income	(\$1.9)m	\$38.6m
Shareholders' net income from continuing operations	\$23.8m	\$18.2m
Overall Shareholders' net (loss)/income	(\$17.4)m	\$18.2m
Total equity	\$730.2m	\$853.0m
Ratio of Debt to Equity	34.2%	28.2%
Earnings per common share from continuing operations	7.6¢	5.8¢
Annualised return of continuing operations on common shareholders' equity	6.1%	4.2%

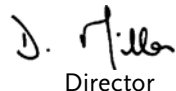
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts expressed in US \$000	Sept 30	Sept 30	Dec 31
	2013	2012	2012
	(unaudited)	(unaudited)	(audited)
ASSETS			
Financial investments	4,108,093	4,302,809	4,041,326
Other investments and assets	942,563	1,254,944	802,297
Assets of discontinued operation	730,718	-	705,732
Total assets	5,781,374	5,557,753	5,549,355
LIABILITIES			
Policy liabilities	2,870,766	3,077,595	2,574,302
Other liabilities	1,547,792	1,627,111	1,525,436
Liabilities of discontinued operation	632,633	-	630,977
Total liabilities	5,051,191	4,704,706	4,730,715
EQUITY			
Shareholders' equity	527,734	623,402	601,605
Participating accounts	(18,981)	(377)	(10,333)
Minority interest	221,430	230,022	227,368
Total equity	730,183	853,047	818,640
Total liabilities and equity	5,781,374	5,557,753	5,549,355

These financial statements have been approved for issue by the Board of Directors on November 07, 2013.



Director



Director

CONSOLIDATED STATEMENT OF INCOME

Amounts expressed in US \$000	Nine months to Sept 30		Three months to Sept 30	
	2013	2012	2013	2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE				
Net premium revenue	506,077	468,129	191,426	166,205
Net investment and other income	284,542	272,373	100,520	97,084
Total revenue	790,619	740,502	291,946	263,289
BENEFITS AND EXPENSES				
Benefits	479,730	449,824	191,605	163,231
Expenses	258,752	236,876	85,161	79,473
Total benefits and expenses	738,482	686,700	276,766	242,704
INCOME BEFORE TAXES	52,137	53,802	15,180	20,585
Income taxes	(12,800)	(15,222)	(4,240)	(6,417)
NET INCOME FROM CONTINUING OPERATIONS	39,337	38,580	10,940	14,168
Net (loss) / income from discontinued operation	(41,211)	16	455	445
NET INCOME FOR THE PERIOD	(1,874)	38,596	11,395	14,613
NET INCOME ATTRIBUTABLE TO:				
Common Shareholders				
From continuing operations	23,766	18,233	4,467	5,967
From discontinued operation	(41,211)	16	455	445
	(17,445)	18,249	4,922	6,412
Participating policyholders	(5,778)	(3,057)	(1,958)	(706)
Minority interest	21,349	23,404	8,431	8,907
	(1,874)	38,596	11,395	14,613
Basic earnings per common share:				
From continuing operations	7.6 cents	5.8 cents	1.5 cents	2.0 cents
From discontinued operation	(13.7) cents	0.0 cents	0.2 cents	0.1 cents
	(6.1) cents	5.8 cents	1.7 cents	2.1 cents
Fully diluted earnings per common share:				
From continuing operations	7.5 cents	5.7 cents	1.5 cents	2.0 cents
From discontinued operation	(13.7) cents	0.0 cents	0.1 cents	0.1 cents
	(6.2) cents	5.7 cents	1.6 cents	2.1 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts expressed in US \$000	Nine months to Sept 30		Three months to Sept 30	
	2013	2012	2013	2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
NET INCOME FOR THE PERIOD	(1,874)	38,596	11,395	14,613
Items net of tax that may be reclassified subsequently to income:				
Available for sale financial assets:				
Unrealised gains / (losses) arising on revaluation	(38,231)	37,255	(2,842)	18,601
(Gains) / losses transferred to income	(19,538)	(11,712)	(6,799)	(4,760)
Net change in actuarial liabilities	24,534	(12,510)	1,256	(8,534)
Retranslation of foreign currency operations	(27,307)	(8,869)	(4,807)	(2,930)
	(60,542)	4,164	(13,192)	2,377
Items net of tax that will not be reclassified subsequently to income:				
Unrealised gains arising on revaluation of owner occupied property	39	74	-	(6)
OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS	(60,503)	4,238	(13,192)	2,371
Other Comprehensive Income from discontinued operation	1,313	(747)	399	(491)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(59,190)	3,491	(12,793)	1,880
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(61,064)	42,087	(1,398)	16,493
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Common Shareholders				
From continuing operations	(11,926)	25,396	(5,236)	9,296
From discontinued operation	(39,898)	(731)	854	(46)
	(51,824)	24,665	(4,382)	9,250
Participating policyholders	(8,468)	(2,393)	(3,373)	(313)
Minority interest	(772)	19,815	6,357	7,556
	(61,064)	42,087	(1,398)	16,493

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, 2013:						
Balance, beginning of period	296,058	16,411	289,136	(10,333)	227,368	818,640
Prior period adjustment	-	-	(14,868)	-	(1,310)	(16,178)
Balance as restated	296,058	16,411	274,268	(10,333)	226,058	802,462
Total comprehensive income from continuing operations	-	(35,692)	23,766	(8,468)	(772)	(21,166)
Total comprehensive income from discontinued operation	-	1,313	(41,211)	-	-	(39,898)
Transactions with holders of equity instruments:						
Allotment of common shares	-	-	-	-	(18)	(18)
Movements in treasury shares	7	-	-	-	-	7
Changes in reserve for equity compensation benefits	-	2,552	-	-	122	2,674
Dividends declared	-	-	(9,918)	-	(3,960)	(13,878)
Transfers and other movements	-	(3,166)	3,346	(180)	-	-
Balance, end of period	296,065	(18,582)	250,251	(18,981)	221,430	730,183
Nine months to September 30, 2012:						
Balance, beginning of period	296,048	20,865	290,222	2,201	188,197	797,533
Prior period adjustment	-	-	(8,673)	-	155	(8,518)
Balance as restated	296,048	20,865	281,549	2,201	188,352	789,015
Total comprehensive income from continuing operations	-	7,163	18,233	(2,393)	19,815	42,818
Total comprehensive income from discontinued operation	-	(747)	16	-	-	(731)
Transactions with holders of equity instruments:						
Changes in reserve for equity compensation benefits	-	3,762	-	-	76	3,838
Changes in ownership interests	-	1,731	4,516	-	27,580	33,827
Dividends declared	-	-	(9,919)	-	(5,801)	(15,720)
Transfers and other movements	-	(509)	694	(185)	-	-
Balance, end of period	296,048	32,265	295,089	(377)	230,022	853,047

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts expressed in US \$000

	Nine months to Sept 30	
	2013 (unaudited)	2012 (unaudited)
CASH FLOWS		
Operating activities:		
Cash from income, interest and taxation	168,260	133,513
Net increase in investments and operating assets	(263,877)	(167,161)
Net change in operating liabilities	102,251	30,049
	6,634	(3,599)
Investing activities	19,304	(23,593)
Financing activities	(14,319)	20,080
Effects of exchange rate changes	956	392
Net change in cash and cash equivalents - continuing operations	12,575	(6,720)
Net change in cash and cash equivalents - discontinued operation	(18,117)	(45,684)
Cash and cash equivalents, beginning of period	213,564	264,659
Cash and cash equivalents, end of period	208,022	212,255

NOTE 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, 2012 audited financial statements except for the change in accounting policy explained in note 2 below. The amounts presented in the statements of income, comprehensive income and cash flows for the comparative period to September 30, 2012, have been restated to reflect the Sagikor Europe operations as discontinued.

2. CHANGE IN ACCOUNTING POLICY

The option in IAS 19 - Employee Benefits which allows the deferral of actuarial gains and losses within a 10% corridor has been withdrawn, effective from accounting periods beginning January 1, 2013. The Group has therefore recognised deferred actuarial gains and losses as a prior period adjustment in the current financial statements and for the comparative period to September 30, 2012.