

#### CHAIRMAN'S REVIEW

The Sagicor Group recorded net income of US \$39.0 million for the nine months to September 30, 2014, compared to a loss of US \$1.9 million for the same period of 2013. The Group's continuing operations recorded net income of US \$39.6 million for 2014, compared to US \$39.3 million for the corresponding period in 2013.

Net income from continuing operations attributable to shareholders was US \$22.4 million, compared to the prior year result of US \$23.8 million. Earnings per common share from continuing operations was US 7.2¢, and represented an annualised return on common shareholders' equity of 6.0%.

Continuing operations comprising our businesses in the Caribbean and in the USA closed the period with total revenue amounting to US \$751.4 million, and was US \$39.2 million below the corresponding period in 2013. Net premium revenue stood at US \$457.2 million, compared to US \$506.1 for the same period in the prior year. The lower premium income resulted from a decision to reinsure a significant portion of new annuity business in our USA segment, together with the fact that single premium annuity business was higher in 2013, when compared to 2014. Net investment income and other income closed the period at US \$294.2 million, and was an improvement over the prior year amount of US \$284.5 million.

Total benefits amounted to US \$423.5 million for the period and this fell below the comparative amount for the previous year by US \$56.2 million. This reduction in benefits is as a result of the lower single premium annuity business written in 2014 when compared to 2013. Total expenses amounted to US \$276.7 million (US \$258.8 million for 2013), and included US \$6.0 million in restructuring costs, along with operating expenses now incurred within the banking division, following the acquisition of RBC Royal Bank's Jamaica banking operations.

Total comprehensive income was significantly improved when compared to the same period in the prior year. Other comprehensive income showed a positive result of US \$4.8 million compared to a loss of US \$59.2 million for the same period in 2013. Included in comprehensive income were net gains on financial assets of US \$20.1 million. A decline in the Jamaica dollar against the US dollar contributed to currency retranslation losses of US \$15.1 million. The Jamaican dollar depreciated against the US dollar by 6% for the first nine months of 2014, compared to 11% for 2013. With the continued improvement in the Jamaican economy, we have seen the currency stabilise against the US dollar and expect further depreciation to be lower than previous years.

On June 26, 2014, the Group completed the acquisition of RBC Royal Bank's Jamaica banking operations and rebranded the business as Sagicor Bank. Acquired assets and liabilities are included in these financial statements at their carrying values. The Group is still in the process of fair valuing the acquired balance sheet and, as a result, any resulting goodwill/negative goodwill will be reflected in the 4th quarter results.

The discontinued operation represents our UK business which was sold on December 23, 2013. The terms of the sale required the Sagicor Group to retain an interest in the 2013 and prior underwriting years of account. Although actuarial reserves are established to cover best estimates of this liability, exposure to any fluctuations in experience continues until 2018. As part of our 2014 review of the discontinued business, we have decided to explore the purchase of reinsurance to cover this residual exposure. If successful, this would effectively transfer any retained risk to the reinsurer and would effectively close this discontinued line at the end of 2014. The cost of this reinsurance, together with any reserve movement for 2014, will be accounted for during the 4th quarter of 2014.

In the statement of financial position as at September 30, 2014, assets amounted to US \$5.9 billion, an increase of US \$0.6 billion over the amount of US \$5.3 billion at December 2013. Similarly, liabilities closed at US \$5.2 billion

compared to US 4.6 billion, an increase of US \$0.6 billion. The increase in assets and liabilities largely reflects the acquisition of RBC Royal Bank's Jamaica banking operations. Sagicor's Group equity totalled US \$754.3 million. The Group's debt, which is included in other liabilities, totalled US \$300.4 million. The resulting debt to equity ratio was 39.8%.

In summary, our operations in the USA, Trinidad and Tobago and Jamaica are performing according to expectation. The Jamaican Government's economic performance, compared to targets established under the International Monetary Fund (IMF) Stabilisation Programme agreed in April 2013, reveals continuing improvement in prospects that is being widely recognised. With completion of the acquisition of the RBC Royal Bank's operations in Jamaica, we expect Sagicor Bank to produce positive benefits for shareholders and customers alike. The economies of Barbados and the OECs countries are under stress, but we continue to pursue strategies to mitigate the impact on the conservation of our business and the sale of new policies in these territories. Against this background, the performance of our continuing operations has been creditable.

During the course of the current financial year, the Group commenced an initiative to examine and streamline its processes across entities in different jurisdictions. We expect this important and far-reaching exercise to generate synergies that will improve our cost base, as well as our service to customers. We will provide updates on this initiative as it progresses.

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



Stephen McNamara  
Chairman  
November 10, 2014

FINANCIAL HIGHLIGHTS <i>(in US currency except percentages)</i>	NINE months ended SEPTEMBER 30	
	2014	2013
Total revenue	\$751.4m	\$790.6m
Group net income from continuing operations	\$39.6m	\$39.3m
Group net loss from discontinued operations	(\$0.6m)	(\$41.2m)
Overall Group net income/(loss)	39.0m	(\$1.9m)
Shareholders' net income from continuing operations	\$22.4m	\$23.8m
Shareholders' net (loss) from discontinued operations	(\$0.6m)	(\$41.2m)
Overall Shareholders' net income/(loss)	\$21.8m	(\$17.4m)
Net income allocated to non-controlling interests	\$18.8m	\$21.3m
Total equity	\$754.3m	\$730.2m
Ratio of Debt to Equity	39.8%	34.2%
Earnings per common share from continuing operations	7.2¢	7.6¢
Annualised return of continuing operations on common shareholders' equity	6.0%	6.1%

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

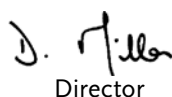
Amounts expressed in US \$000

	Sept 30 2014 (unaudited)	Sept 30 2013 (unaudited)	Dec 31 2013 (audited)
<b>ASSETS</b>			
Financial investments	4,641,174	4,108,093	4,191,766
Other investments and assets	1,293,827	942,563	1,105,986
Assets of discontinued operation	-	730,718	-
<b>Total assets</b>	<b>5,935,001</b>	<b>5,781,374</b>	<b>5,297,752</b>
<b>LIABILITIES</b>			
Policy liabilities	3,063,946	2,870,766	2,885,754
Other liabilities	2,096,419	1,547,792	1,631,788
Liabilities of discontinued operation	20,365	632,633	55,024
<b>Total liabilities</b>	<b>5,180,730</b>	<b>5,051,191</b>	<b>4,572,566</b>
<b>EQUITY</b>			
Shareholders' equity	534,439	527,734	512,097
Participating accounts	(7,593)	(18,981)	(5,662)
Minority interest	227,425	221,430	218,751
<b>Total equity</b>	<b>754,271</b>	<b>730,183</b>	<b>725,186</b>
<b>Total liabilities and equity</b>	<b>5,935,001</b>	<b>5,781,374</b>	<b>5,297,752</b>

These financial statements have been approved for issue by the Board of Directors on November 10, 2014.



Director



Director

#### CONSOLIDATED STATEMENT OF INCOME

Amounts expressed in US \$000

	Nine months to Sept 30		Three months to Sept 30	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
<b>REVENUE</b>				
Net premium revenue	457,196	506,077	148,353	191,426
Net investment and other income	294,192	284,542	101,357	100,520
<b>Total revenue</b>	<b>751,388</b>	<b>790,619</b>	<b>249,710</b>	<b>291,946</b>
<b>BENEFITS AND EXPENSES</b>				
Benefits	423,496	479,730	134,570	191,605
Expenses	276,711	258,752	101,622	85,161
<b>Total benefits and expenses</b>	<b>700,207</b>	<b>738,482</b>	<b>236,192</b>	<b>276,766</b>
<b>INCOME BEFORE TAXES</b>	<b>51,181</b>	<b>52,137</b>	<b>13,518</b>	<b>15,180</b>
Income taxes	(11,562)	(12,800)	(1,588)	(4,240)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>39,619</b>	<b>39,337</b>	<b>11,930</b>	<b>10,940</b>
Net (loss) /Income from discontinued operation	(558)	(41,211)	903	455
<b>NET INCOME FOR THE PERIOD</b>	<b>39,061</b>	<b>(1,874)</b>	<b>12,833</b>	<b>11,395</b>
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Common Shareholders				
From continuing operations	22,401	23,766	7,929	4,467
From discontinued operation	(558)	(41,211)	903	455
Participating policyholders	21,843	(17,445)	8,832	4,922
Minority interest	(1,629)	(5,778)	(954)	(1,958)
	18,847	21,349	4,955	8,431
	<b>39,061</b>	<b>(1,874)</b>	<b>12,833</b>	<b>11,395</b>
<b>Basic earnings per common share:</b>				
From continuing operations	7.2 cents	7.6 cents	2.6 cents	1.5 cents
From discontinued operation	(0.2) cents	(13.6) cents	0.3 cents	0.1 cents
	7.0 cents	(6.0) cents	2.9 cents	1.6 cents
<b>Fully diluted earnings per common share:</b>				
From continuing operations	6.6 cents	7.5 cents	2.2 cents	1.5 cents
From discontinued operation	(0.2) cents	(13.5) cents	0.2 cents	0.1 cents
	6.4 cents	(6.0) cents	2.4 cents	1.6 cents

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

	Nine months to Sept 30		Three months to Sept 30	
	2014	2013	2014	2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>NET INCOME FOR THE PERIOD</b>	<b>39,061</b>	<b>(1,874)</b>	<b>12,833</b>	<b>11,395</b>
<b>Items net of tax that may be reclassified subsequently to income:</b>				
Available for sale financial assets:				
Unrealised gains / (losses) arising on revaluation	47,216	(38,231)	(4,277)	(2,842)
(Gains) / losses transferred to income	(5,928)	(19,538)	(957)	(6,799)
Net change in actuarial liabilities	(21,183)	24,534	(1,586)	1,256
Retranslation of foreign currency operations	(15,076)	(27,307)	(937)	(4,807)
Other items	(108)	-	-	-
	<b>4,921</b>	<b>(60,542)</b>	<b>(7,757)</b>	<b>(13,192)</b>
<b>Items net of tax that will not be reclassified subsequently to income:</b>				
Unrealised gains arising on revaluation of owner occupied property	-	39	-	-
(Losses) / gains on defined benefit plans	(85)	-	-	-
<b>OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS</b>	<b>4,836</b>	<b>(60,503)</b>	<b>(7,757)</b>	<b>(13,192)</b>
Other Comprehensive Income from discontinued operation	-	1,313	-	399
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>4,836</b>	<b>(59,190)</b>	<b>(7,757)</b>	<b>(12,793)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>43,897</b>	<b>(61,064)</b>	<b>5,076</b>	<b>(1,398)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Common Shareholders				
From continuing operations	29,370	(11,926)	2,757	(5,236)
From discontinued operation	(558)	(39,898)	903	854
	28,812	(51,824)	3,660	(4,382)
Participating policyholders	(1,755)	(8,468)	(2,013)	(3,373)
Minority interest	16,840	(772)	3,429	6,357
	<b>43,897</b>	<b>(61,064)</b>	<b>5,076</b>	<b>(1,398)</b>

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

	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	Total
<b>Nine months to September 30, 2014:</b>						
Balance, beginning of period	295,450	(4,825)	221,472	(5,662)	218,751	725,186
Total comprehensive income from continuing operations	-	7,162	22,208	(1,755)	16,840	44,455
Total comprehensive income from discontinued operation	-	-	(558)	-	-	(558)
Transactions with holders of equity instruments:						
Movements in treasury shares	539	-	-	-	-	539
Changes in reserve for equity compensation benefits	-	1,096	-	-	-	1,096
Changes in ownership interests	-	-	1,510	-	(1,791)	(281)
Dividends declared	-	-	(9,918)	-	(6,375)	(16,293)
Transfers and other movements	-	(2,223)	2,526	(176)	-	127
Balance, end of period	<b>295,989</b>	<b>1,210</b>	<b>237,240</b>	<b>(7,593)</b>	<b>227,425</b>	<b>754,271</b>
<b>Nine months to September 30, 2013:</b>						
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	<b>296,065</b>	<b>(18,582)</b>	<b>250,251</b>	<b>(18,981)</b>	<b>221,430</b>	<b>730,183</b>

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

	Nine months to September 30	
	2014	2013
	(unaudited)	(unaudited)
<b>CASH FLOWS</b>		
Operating activities:		
Cash from income, interest and taxation	87,222	168,260
Net increase in investments and operating assets	(52,347)	(263,877)
Net change in operating liabilities	1,182	102,251
	36,057	6,634
Investing activities	22,937	19,304
Financing activities	(17,290)	(14,319)
Effects of exchange rate changes	5,783	956
<b>Net change in cash and cash equivalents - continuing operations</b>	<b>47,487</b>	<b>12,575</b>
Net change in cash and cash equivalents - discontinued operation	(35,239)	(18,117)
Cash and cash equivalents, beginning of period	258,600	213,564
<b>Cash and cash equivalents, end of period</b>	<b>270,848</b>	<b>208,022</b>

**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, 2013 audited financial statements.

**STATEMENT OF INCOME BY SEGMENT**
*Amounts expressed in US \$000*
*(unaudited)*

	Nine months to September 30, 2014					
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	Total
Total revenue	267,261	344,990	104,664	57,870	(23,397)	751,388
Total benefits and expenses	230,569	304,842	100,008	53,602	11,186	700,207
<b>INCOME BEFORE TAXES</b>	<b>36,692</b>	<b>40,148</b>	<b>4,656</b>	<b>4,268</b>	<b>(34,583)</b>	<b>51,181</b>
Income taxes	(5,271)	(4,882)	(630)	(779)	-	(11,562)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>31,421</b>	<b>35,266</b>	<b>4,026</b>	<b>3,489</b>	<b>(34,583)</b>	<b>39,619</b>
<b>Net income / (loss) attributable to shareholders from continuing operations</b>	<b>33,050</b>	<b>17,375</b>	<b>4,026</b>	<b>(14,800)</b>	<b>(17,250)</b>	<b>22,401</b>
<b>Total Comprehensive income / (loss) attributable to shareholders from continuing operations</b>	<b>35,822</b>	<b>14,477</b>	<b>10,995</b>	<b>(14,776)</b>	<b>(17,148)</b>	<b>29,370</b>
	<b>Nine months to September 30, 2013</b>					
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	Total
<b>NET INCOME / (LOSS) FROM CONTINUING OPERATIONS</b>	<b>23,536</b>	<b>38,471</b>	<b>5,647</b>	<b>(7,844)</b>	<b>(20,473)</b>	<b>39,337</b>
Net income / (loss) attributable to shareholders from continuing operations	29,314	19,181	5,647	(23,813)	(6,563)	23,766
<b>Total Comprehensive income / (loss) attributable to shareholders from continuing operations</b>	<b>21,476</b>	<b>(2,528)</b>	<b>(312)</b>	<b>(24,062)</b>	<b>(6,500)</b>	<b>(11,926)</b>

**STATEMENT OF FINANCIAL POSITION BY SEGMENT**
*Amounts expressed in US \$000*
*(unaudited)*

	September 30, 2014						
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Sagior Europe	Inter-segment eliminations	Total
Total assets	1,761,018	2,337,883	1,661,448	324,449	-	(149,797)	5,935,001
Total liabilities	1,310,232	1,960,466	1,461,919	597,910	-	(149,797)	5,180,730
<b>Net assets</b>	<b>450,786</b>	<b>377,417</b>	<b>199,529</b>	<b>(273,461)</b>	<b>-</b>	<b>-</b>	<b>754,271</b>
	<b>September 30, 2013</b>						
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Sagior Europe	Inter-segment eliminations	Total
<b>Net assets</b>	<b>393,417</b>	<b>364,934</b>	<b>187,942</b>	<b>(314,195)</b>	<b>98,085</b>	<b>-</b>	<b>730,183</b>

**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	
	2014	2013
Life, health and annuity insurance contracts issued to individuals	427,077	457,444
Life, health and annuity insurance and pension administration contracts issued to groups	208,928	230,809
Property and casualty insurance	26,347	24,779
Banking, investment management and other financial services	78,842	68,777
Farming and unallocated revenues	10,194	8,810
	<b>751,388</b>	<b>790,619</b>