

# SAGICOR FINANCIAL CORPORATION

## STATEMENT ON PRIVATE PLACEMENT

Sagicor Financial Corporation (Sagicor) is a strong financial institution. Throughout its long history, the Board and Management have always adopted a conservative and prudent approach to managing its business. Sagicor has implemented a comprehensive governance architecture and follows established risk management practices. In addition, we have remained true to our core business of insurance and ancillary financial services. This has served us well, and Sagicor has enjoyed excellent growth and profitability over the years, while maintaining strong capital ratios and a conservative investment risk profile.

We operate on the basis of a multi-year rolling business plan. An integral component of the business plan is a capital plan. This plan is constructed to ensure that Sagicor maintains a strong regulatory capital position in all its jurisdictions, protects its financial ratings and has the capacity to fund existing and planned business growth. Sagicor confirms that its current capital position achieves all of these objectives.

Sagicor's 2009 business plan included a capital raising by way of new equity to be issued in Barbados, Trinidad & Tobago and the United Kingdom. This new capital is required to finance our further expansion, primarily in diligently selected opportunities in the US and UK. These two markets, which provide good geographic diversification, are delivering strong profitable growth and are contributing positively to the strength of the Sagicor Group. This will augur well for the Group's continuing financial success.

After several months of working on the plan, we, along with our advisers, formed the view that market conditions were not appropriate for capital raising. Companies that had proceeded with a plan to raise capital did so at substantial discounts on their share price ranging from 10% to 30%. The Board believed that this was not in the best interest of our shareholders and therefore postponed the capital raising exercise, and adjusted our business plan accordingly. However, we conducted preliminary discussions with significant long-term institutional investors in both Barbados and Trinidad to gauge their appetite to participate in an equity issue. The private placement to the Barbados National Insurance Board was the culmination of these discussions.

Several questions have been raised in the press, and through queries to our staff. We address these questions below:

1. *Is the company in financial difficulty?*

The answer is NO. Sagicor is in good financial health. As at the end of our 3rd quarter September 30th 2009, our total capital stood at US \$661 million, increasing from US \$581 million at the end of 2008, entirely by internal growth and without any new capital injection. Our free capital comfortably exceeds regulatory standards, as well as the targets established by the Board, and compares favorably with strong companies internationally. Both A.M Best and S&P cite our continued capital strength in determining our rating, which remains investment grade at "A" Excellent (A.M Best) and BBB (S&P) respectively. Despite the historically difficult global environment experienced during 2009, our profitability at September 30, 2009 remains strong and compares favorably with the similar period in 2008 when certain unusual items are excluded from the 2008 results. Sagicor remains in solid financial condition.

2. *What is the effect of a Private Placement on existing shareholders?*

Once the decision to pursue this course of action was taken, the laws of Barbados permit Directors to issue new shares by means of a private placement without shareholder approval, and without first offering the shares to existing shareholders.

The natural effect of such a transaction would be some reduction in the percentage ownership of existing shareholders. In this instance, the private placement had the effect of diluting existing shareholders shares by 4% of their previous holdings.

3. *Why not make a rights issue?*

The Board and Management considered making a rights issue, but concluded that this approach was unlikely to produce the results expected. However, we have not ruled out a rights issue should shareholder interest and market conditions suggest that this is a viable option.

4. *Did we need to do the Private Placement now?*

Although it was part of our capital plan, there was no pressing financial issue that required us to do the private placement in December 2009. However, if there was one lesson learnt from the financial crisis of 2008, it is that taking a proactive opportunity to augment capital during a period of global economic uncertainty can be a prudent business decision.

Sagicor remains committed to the prudent and ethical management of our business and delivering long-term value to all our stakeholders.

Group President & CEO



Dodridge Miller



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