

SAGICOR FINANCIAL COMPANY LTD.

Condensed Consolidated Financial Statements

Six-months ended June 30, 2022

SAGICOR FINANCIAL COMPANY LTD.

ACRONYMS

Certain acronyms have been used throughout the financial statements and notes thereto to substitute phrases.

The more frequent acronyms and associated phrases are set out below.

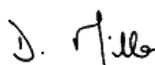
Acronym	Phrase
ECL	Expected Credit Losses
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit and Loss
OCI	Other Comprehensive Income
IAS	International Accounting Standards

SAGICOR FINANCIAL COMPANY LTD.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<u>Amounts in US \$000</u>	As of June 30, 2022 (unaudited)	As of December 31, 2021 (audited)
ASSETS		
Investment property	76,237	75,954
Property, plant and equipment	264,157	266,781
Associates and joint ventures (note 20)	58,135	55,261
Intangible assets	112,478	89,101
Financial investments (note 7)	8,005,935	7,889,752
Financial investments repledged (note 7)	612,057	608,343
Reinsurance assets	603,708	630,717
Income tax assets	69,917	47,161
Miscellaneous assets and receivables	293,140	276,752
Cash	409,713	359,975
Restricted cash	87,438	78,135
Total assets	10,592,915	10,377,932
LIABILITIES		
Actuarial liabilities (note 14)	4,994,147	4,792,627
Other policy liabilities	355,820	341,441
Investment contract liabilities (note 8)	474,009	468,094
Total policy liabilities	5,823,976	5,602,162
Notes and loans payable (note 9)	683,477	683,388
Lease liabilities (note 16)	29,390	32,836
Deposit and security liabilities (note 10)	2,061,316	1,996,373
Other liabilities / retirement benefit liabilities	67,733	81,513
Income tax liabilities	70,332	61,926
Accounts payable and accrued liabilities	300,091	253,521
Total liabilities	9,036,315	8,711,719
EQUITY		
Share capital	1,425	1,431
Share premium	734,479	737,114
Reserves (note 15)	(181,393)	(60,472)
Retained earnings	517,160	455,897
Total shareholders' equity	1,071,671	1,133,970
Participating accounts	(762)	581
Non-controlling interests	485,691	531,662
Total equity	1,556,600	1,666,213
Total liabilities and equity	10,592,915	10,377,932

These financial statements have been approved for issue by the Board of Directors on August 11, 2022.


Director


Director

The accompanying notes form an integral part of these financial statements.

SAGICOR FINANCIAL COMPANY LTD.
CONDENSED CONSOLIDATED STATEMENT OF INCOME

<u>Amounts in US \$000</u>	Six months to June 30, 2022	Six months to June 30, 2021	Three months to June 30, 2022	Three months to June 30, 2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE				
Premium revenue (note 4)	1,222,090	693,277	640,260	393,519
Reinsurance premium expense (note 4)	(52,898)	(52,288)	(27,468)	(28,602)
Net premium revenue	1,169,192	640,989	612,792	364,917
Gain on derecognition of amortised cost investments	2,167	5,583	1,202	3,775
Gain / (loss) on derecognition of assets carried at FVOCI	4,669	3,411	3,601	(1,308)
Interest income earned from financial assets measured at amortised cost and FVOCI (note 5)	193,796	160,616	101,851	80,350
Other investment income (note 5)	(100,903)	58,256	(93,650)	27,406
Credit impairment losses	(2,349)	3,336	(1,908)	2,880
Fees and other revenue	86,342	75,526	48,423	38,245
Total revenue, net	1,352,914	947,717	672,311	516,265
BENEFITS				
Policy benefits and change in actuarial liabilities (note 6)	877,483	601,720	432,905	359,924
Policy benefits and change in actuarial liabilities reinsured (note 6)	(16,206)	(24,085)	(12,727)	(26,742)
Net policy benefits and change in actuarial liabilities	861,277	577,635	420,178	333,182
Interest costs	27,027	20,989	14,650	9,998
Total benefits	888,304	598,624	434,828	343,180
EXPENSES				
Administrative expenses	195,921	168,611	105,232	85,697
Commissions and related compensation	73,183	58,991	35,849	32,272
Premium and asset taxes	11,545	10,905	3,018	2,799
Finance costs	20,307	26,053	10,269	15,899
Depreciation and amortisation	15,877	16,793	8,104	8,028
Total expenses	316,833	281,353	162,472	144,695
Gain arising on business combinations, acquisitions and divestitures (note 20)	-	10,691	-	12
Share of operating income of associates and joint ventures	4,138	5,796	1,857	3,379
	4,138	16,487	1,857	3,391
INCOME BEFORE TAXES	151,915	84,227	76,868	31,781

The accompanying notes form an integral part of these financial statements.

SAGICOR FINANCIAL COMPANY LTD.
CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Six months to June 30, 2022 (unaudited)	Six months to June 30, 2021 (unaudited)	Three months to June 30, 2022 (unaudited)	Three months to June 30, 2021 (unaudited)
<u>Amounts in US \$000</u>				
INCOME BEFORE TAXES	151,915	84,227	76,868	31,781
Income taxes	(53,396)	(23,135)	(34,275)	(12,289)
NET INCOME FOR THE PERIOD	98,519	61,092	42,593	19,492
Net income is attributable to:				
Common shareholders	77,091	40,799	35,277	9,327
Participating policyholders	(397)	(7)	(206)	47
Non-controlling interests	21,825	20,300	7,522	10,118
	98,519	61,092	42,593	19,492
Earnings per common share (note 17):				
Basic earnings per common share	53.9 cents	27.9 cents	24.7 cents	6.4 cents
Fully diluted earnings per common share	53.3 cents	27.6 cents	24.5 cents	6.3 cents

The accompanying notes form an integral part of these financial statements.

SAGICOR FINANCIAL COMPANY LTD.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<u>Amounts in US \$000</u>	Six months to June 30, 2022 (unaudited)	Six months to June 30, 2021 (unaudited)	Three months to June 30, 2022 (unaudited)	Three months to June 30, 2021 (unaudited)
NET INCOME FOR THE PERIOD	98,519	61,092	42,593	19,492
OTHER COMPREHENSIVE INCOME:				
Items net of tax that may be reclassified subsequently to income:				
Financial assets measured at FVOCI:				
(Losses) / gains on revaluation	(379,636)	(5,520)	(205,725)	62,296
(Gains) / losses transferred to income	(3,733)	(3,221)	(2,909)	1,426
Net change in actuarial liabilities	217,054	(8,205)	103,390	(43,195)
Cash flow hedges	-	3,482	-	(28)
Retranslation of foreign currency operations	14,184	(55,241)	11,184	(21,660)
Other reserves	-	-	(15)	-
	(152,131)	(68,705)	(94,075)	(1,161)
Items net of tax that will not be reclassified subsequently to income:				
Gains / (losses) arising on revaluation of owner-occupied property and owner- managed property	20	1,799	(3)	(9)
Gains on defined benefit plans	4,252	4	4,252	-
	4,272	1,803	4,249	(9)
Other comprehensive loss	(147,859)	(66,902)	(89,826)	(1,170)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(49,340)	(5,810)	(47,233)	18,322
Total comprehensive (loss) / income is attributable to:				
Common shareholders	(42,901)	14,968	(42,415)	16,571
Participating policyholders	(1,255)	(325)	(741)	(162)
Non-controlling interests	(5,184)	(20,453)	(4,077)	1,913
	(49,340)	(5,810)	(47,233)	18,322

The accompanying notes form an integral part of these financial statements.

SAGICOR FINANCIAL COMPANY LTD.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Reserves	Retained Earnings	Total Shareholders' Equity
<u>Amounts in US \$000</u>	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Six months to June 30, 2022					
Balance as of December 31, 2021	1,431	737,114	(60,472)	455,897	1,133,970
Total comprehensive (loss) / income	-	-	(119,447)	76,546	(42,901)
Transactions with holders of equity instruments:					
Allotment of common shares	5	2,853	-	-	2,858
Repurchase of shares (note 18)	(11)	(5,482)	-	33	(5,460)
Movements in treasury shares	-	(6)	-	-	(6)
Changes in reserve for equity compensation benefits	-	-	(1,185)	(44)	(1,229)
Dividends declared	-	-	-	(16,088)	(16,088)
Disposal of interest in subsidiaries (note 22)	-	-	-	396	396
Transfers and other movements	-	-	(289)	420	131
Balance as of June 30, 2022	1,425	734,479	(181,393)	517,160	1,071,671

	Total Shareholders' Equity	Participating Accounts	Non-controlling Interests	Total Equity
<u>Amounts in US \$000</u>	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Six months to June 30, 2022				
Balance as of December 31, 2021	1,133,970	581	531,662	1,666,213
Total comprehensive loss	(42,901)	(1,255)	(5,184)	(49,340)
Transactions with holders of equity instruments:				
Allotment of common shares	2,858	-	-	2,858
Repurchase of shares (note 18)	(5,460)	-	-	(5,460)
Movements in treasury shares	(6)	-	-	(6)
Changes in reserve for equity compensation benefits	(1,229)	-	-	(1,229)
Dividends declared	(16,088)	-	(13,679)	(29,767)
Disposal of interest in subsidiaries (note 22)	396	-	(27,460)	(27,064)
Transfers and other movements	131	(88)	352	395
Balance as of June 30, 2022	1,071,671	(762)	485,691	1,556,600

The accompanying notes form an integral part of these financial statements.

SAGICOR FINANCIAL COMPANY LTD.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Reserves	Retained Earnings	Total Shareholders' Equity
<u>Amounts in US \$000</u>	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Six months to June 30, 2021					
Balance as of December 31, 2020	1,463	753,490	(14,868)	369,695	1,109,780
Total comprehensive (loss) / income	-	-	(25,835)	40,803	14,968
Transactions with holders of equity instruments:					
Allotment of common shares	8	3,963	-	-	3,971
Repurchase of shares (note 18)	(15)	(7,633)	-	124	(7,524)
Movements in treasury shares	-	(7)	-	-	(7)
Changes in reserve for equity compensation benefits	-	-	(2,758)	17	(2,741)
Dividends declared	-	-	-	(16,425)	(16,425)
Change in ownership interest in subsidiaries	-	-	-	(1)	(1)
Disposal of interest in subsidiaries	-	-	-	(13)	(13)
Transfers and other movements	-	-	622	(581)	41
Balance as of June 30, 2021	1,456	749,813	(42,839)	393,619	1,102,049

	Total Shareholders' Equity	Participating Accounts	Non-controlling Interests	Total Equity
<u>Amounts in US \$000</u>	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Six months to June 30, 2021				
Balance as of December 31, 2020	1,109,780	1,607	546,823	1,658,210
Total comprehensive (loss) / income	14,968	(325)	(20,453)	(5,810)
Transactions with holders of equity instruments:				
Allotment of common shares	3,971	-	-	3,971
Repurchase of shares (note 18)	(7,524)	-	-	(7,524)
Movements in treasury shares	(7)	-	-	(7)
Changes in reserve for equity compensation benefits	(2,741)	-	-	(2,741)
Dividends declared	(16,425)	-	(11,987)	(28,412)
Change in ownership interest in subsidiaries	(1)	-	(6)	(7)
Disposal of interest in subsidiaries	(13)	-	(3,181)	(3,194)
Transfers and other movements	41	(92)	(1,801)	(1,852)
Balance as of June 30, 2021	1,102,049	1,190	509,395	1,612,634

The accompanying notes form an integral part of these financial statements.

SAGICOR FINANCIAL COMPANY LTD.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<u>Amounts in US \$000</u>	Six months to June 30, 2022 (unaudited)	Six months to June 30, 2021 (unaudited)
OPERATING ACTIVITIES		
Income before taxes	151,915	84,227
Adjustments for non-cash items, interest and dividends (note 13)	476,747	61,471
Interest and dividends received	210,603	190,207
Interest paid	(44,659)	(44,715)
Income taxes paid	(23,623)	(41,613)
Net change in investments and operating assets (note 13)	(983,069)	(431,097)
Net change in operating liabilities (note 13)	80,111	265,376
Net cash flows - operating activities	(131,975)	83,856
INVESTING ACTIVITIES		
Property, plant and equipment, net (note 13)	(8,221)	(6,481)
Associates and joint ventures	-	50,955
Acquisition of subsidiaries, net of cash and cash equivalents	(5,205)	(7)
Dividends received from associates and joint ventures	400	659
Purchase of intangible assets	(3,650)	(1,381)
Net cash flows - investing activities	(16,676)	43,745
FINANCING ACTIVITIES		
Repurchase of common shares	(5,460)	(7,524)
Shares purchased from non-controlling interests	254	(1,819)
Movement in treasury shares	(6)	(7)
Issuance of notes and loans payable (note 13)	60,218	397,222
Repayment of notes and loans payable (note 13)	(70,704)	(134,342)
Lease liability principal (note 13)	(4,030)	(3,923)
Dividends paid to common shareholders	(16,096)	(16,431)
Dividends paid to non-controlling interests	(13,679)	(11,987)
Proceeds on disposal of interest in subsidiary (note 22)	10,305	-
Net cash flows - financing activities	(39,198)	221,189
Effect of exchange rate changes	(286)	(10,024)
Net change in cash and cash equivalents	(188,135)	338,766
Cash and cash equivalents, beginning of period	836,791	547,208
Cash and cash equivalents, end of period (note 13)	648,656	885,974

The accompanying notes form an integral part of these financial statements.

SAGICOR FINANCIAL COMPANY LTD.**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

These unaudited interim condensed consolidated financial statements ("condensed financial statements") of Sagicor Financial Company Ltd. and its subsidiaries (the "Group"), ("Sagicor") are presented in compliance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting. The common shares and warrants of Sagicor were listed on the Toronto Stock Exchange and are traded under the symbols "SFC" and "SFC.WT", respectively. The condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited 2021 annual consolidated financial statements and the accompanying notes included in pages 126 to 293 of the Annual Report for 2021. The condensed financial statements however do include certain disclosures required in the annual financial statements, but which are additional to the requirements of IAS 34.

Effective January 1, 2022, Sagicor Life Inc executed a reinsurance arrangement with Sagicor Reinsurance Bermuda Limited ("SRBL"), the Bermuda reinsurance subsidiary of Sagicor Financial Corporation Limited, through a segregated account established and managed by SRBL, and owned by Sagicor Financial Company Ltd. Through this arrangement, SLI has transferred the insurance risks associated with certain life and annuity products relating to its Trinidad & Tobago business to SRBL for a ceding commission. Inter-entity balances have been appropriately eliminated in these financial statements.

2. ACCOUNTING POLICIES

These condensed financial statements have been prepared using the same accounting policies and methods used in preparation of the audited 2021 annual consolidated financial statements. The principal accounting policies are described in note 2 of those annual consolidated financial statements.

2.1 Exchange rates

The following exchange rates were applied for the conversion of amounts to US dollars.

	Closing rates as of June 30, 2022	Closing rates as of December 31, 2021	Average rates for the six months to June 30, 2022	Average rates for the three months to June 30, 2022	Average rates for the six months to June 30, 2021	Average rates for the three months to June 30, 2021
Barbados dollar	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Eastern Caribbean dollar	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000
Jamaica dollar	150.5442	153.9200	154.3448	153.8290	148.2582	149.4026
Trinidad & Tobago dollar	6.7530	6.7626	6.7450	6.7470	6.7388	6.7360
Pound sterling	0.82350	0.74080	0.76352	0.78326	0.72066	0.71576

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTS

The Group conducts its business through three reportable operating segments, as follows:

- Sagicor Life: Engages in life and health insurance, annuities and pension administration in Barbados, Eastern Caribbean, Dutch Caribbean, Bahamas, Belize, Panamá and Trinidad & Tobago and, through a segregated account, transfers insurance risks associated with certain life and annuity products relating to Trinidad & Tobago business to Sagicor Reinsurance Bermuda Ltd.
- Sagicor Jamaica: Engages in life, health, annuity, property and casualty insurance business, pension administration services, banking and financial services, hospitality and real estate investment services in Jamaica, Cayman Islands, Costa Rica and USA.
- Sagicor Life USA: Engages in life insurance and annuities in certain states of the USA and, through a segregated account, transfers insurance risks associated with certain life and annuity products, and financial instruments supporting those liabilities, to Sagicor Reinsurance Bermuda Ltd.

There have been no changes in the reportable operating segments from 2021. Segmented financial information is set out in the sections 3.1 to 3.5.

3.1 Statement of income by reportable operating segment

<u>Amounts in US \$000</u>	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjust- ments	Total
Six months to June 30, 2022						
Net premium revenue	190,440	172,715	787,541	18,496	-	1,169,192
Gain on derecognition of amortised cost investments	567	1,579	-	21	-	2,167
Gain on derecognition of assets carried at FVOCI	214	1,625	2,830	-	-	4,669
Interest income earned from financial assets measured at amortised cost and FVOCI	42,840	83,116	63,210	4,630	-	193,796
Other investment income / (loss)	3,532	(12,752)	(70,437)	(21,204)	(42)	(100,903)
Credit impairment losses	1,239	(1,364)	(2,174)	(50)	-	(2,349)
Fees and other revenue	3,203	76,957	(1,123)	8,001	(696)	86,342
Inter-segment revenue	12,291	-	-	18,201	(30,492)	-
Total revenue, net	254,326	321,876	779,847	28,095	(31,230)	1,352,914
Net policy benefits	132,782	121,237	91,418	7,587	-	353,024
Net change in actuarial liabilities	29,565	(19,818)	498,506	-	-	508,253
Interest costs	7,105	16,203	2,245	1,474	-	27,027
Administrative expenses	39,432	105,345	22,548	28,040	556	195,921
Commissions and premium and asset taxes	22,262	29,796	27,077	5,593	-	84,728
Finance costs	46	1,908	738	17,615	-	20,307
Depreciation and amortisation	3,391	9,175	2,037	1,274	-	15,877
Inter-segment expenses	(1,070)	603	6,447	11,884	(17,864)	-
Total benefits and expenses	233,513	264,449	651,016	73,467	(17,308)	1,205,137
Share of operating income of associates and joint ventures	1,911	2,227	-	-	-	4,138
Segment income / (loss) before taxes	22,724	59,654	128,831	(45,372)	(13,922)	151,915
Income taxes	(4,313)	(17,351)	(30,860)	(855)	(17)	(53,396)
Segment net income / (loss)	18,411	42,303	97,971	(46,227)	(13,939)	98,519
Net income / (loss) attributable to non-controlling interests	-	22,106	-	(281)	-	21,825
Net income / (loss) attributable to shareholders	18,808	20,197	97,971	(45,946)	(13,939)	77,091
Total comprehensive (loss) / income attributable to shareholders	(836)	(6,809)	23,652	(46,564)	(12,344)	(42,901)

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTS (continued)

3.1 Statement of income by reportable operating segment (continued)

<u>Amounts in US \$000</u>	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjust- ments	Total
Six months to June 30, 2021						
Net premium revenue	184,226	172,073	266,071	18,619	-	640,989
Gain / (loss) on derecognition of amortised cost investments	14	5,639	3	(73)	-	5,583
Gain / (loss) on derecognition of assets carried at FVOCI	1,665	7,122	(6,153)	777	-	3,411
Interest income earned from financial assets measured at amortised cost and FVOCI	40,912	76,985	41,050	1,669	-	160,616
Other investment income	7,246	15,526	18,300	17,235	(51)	58,256
Credit impairment losses	1,489	(1,473)	2,777	543	-	3,336
Fees and other revenue	4,430	65,963	(4,814)	10,303	(356)	75,526
Inter-segment revenue	12,587	-	-	4,715	(17,302)	-
Total revenue, net	252,569	341,835	317,234	53,788	(17,709)	947,717
Net policy benefits	128,102	111,748	84,643	5,365	-	329,858
Net change in actuarial liabilities	34,784	37,907	175,086	-	-	247,777
Interest costs	7,736	13,486	(1,183)	950	-	20,989
Administrative expenses	35,156	86,714	20,793	25,472	476	168,611
Commissions and premium and asset taxes	22,084	29,603	12,906	5,303	-	69,896
Finance costs	51	3,007	181	22,814	-	26,053
Depreciation and amortisation	4,198	9,010	2,310	1,275	-	16,793
Inter-segment expenses	4,194	894	863	11,956	(17,907)	-
Total benefits and expenses	236,305	292,369	295,599	73,135	(17,431)	879,977
Gain / (loss) arising on business combinations, acquisitions and divestitures (note 20)	-	(1,572)	-	12,263	-	10,691
Share of operating income of associates and joint ventures	2,449	3,347	-	-	-	5,796
Segment income / (loss) before taxes	18,713	51,241	21,635	(7,084)	(278)	84,227
Income taxes	(3,617)	(13,775)	(4,528)	(1,189)	(26)	(23,135)
Segment net income / (loss)	15,096	37,466	17,107	(8,273)	(304)	61,092
Net income / loss attributable to non-controlling interests	-	20,536	-	(236)	-	20,300
Net income / (loss) attributable to shareholders	15,103	16,930	17,107	(8,037)	(304)	40,799
Total comprehensive income / (loss) attributable to shareholders	12,979	(7,828)	18,769	(8,597)	(355)	14,968

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTS (continued)

3.1 Statement of income by reportable operating segment (continued)

<u>Amounts in US \$000</u>	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjust- ments	Total
Three months to June 30, 2022						
Net premium revenue	98,318	87,988	417,236	9,250	-	612,792
Gain on derecognition of amortised cost investments	567	606	-	29	-	1,202
Gain / (loss) on derecognition of assets carried at FVOCI	166	1,140	2,284	11	-	3,601
Interest income earned from financial assets measured at amortised cost and FVOCI	21,684	42,516	35,143	2,508	-	101,851
Other investment income / (loss)	1,462	(11,632)	(48,647)	(34,813)	(20)	(93,650)
Credit impairment losses	250	(87)	(2,047)	(24)	-	(1,908)
Fees and other revenue	1,453	39,600	3,612	4,273	(515)	48,423
Inter-segment revenues	6,220	-	-	15,736	(21,956)	-
Total revenue, net	130,120	160,131	407,581	(3,030)	(22,491)	672,311
Net policy benefits	62,782	62,678	41,105	3,289	-	169,854
Net change in actuarial liabilities	18,373	(7,167)	239,118	-	-	250,324
Interest costs	3,734	8,973	1,271	672	-	14,650
Administrative expenses	20,623	56,447	11,149	16,507	506	105,232
Commissions and premium and asset taxes	10,799	11,508	13,590	2,970	-	38,867
Finance costs	31	806	661	8,771	-	10,269
Depreciation and amortisation	1,689	4,765	1,010	640	-	8,104
Inter-segment expenses	(750)	263	3,460	5,957	(8,930)	-
Total benefits and expenses	117,281	138,273	311,364	38,806	(8,424)	597,300
Share of operating income of associates and joint ventures	1,010	847	-	-	-	1,857
Segment income / (loss) before taxes	13,849	22,705	96,217	(41,836)	(14,067)	76,868
Income taxes	(2,288)	(7,448)	(23,998)	(503)	(38)	(34,275)
Segment net income / (loss)	11,561	15,257	72,219	(42,339)	(14,105)	42,593
Net income / (loss) attributable to non-controlling interests	-	7,702	-	(180)	-	7,522
Net income / (loss) attributable to shareholders	11,767	7,555	72,219	(42,159)	(14,105)	35,277
Total comprehensive income / (loss) attributable to shareholders	(2,499)	(4,373)	20,546	(43,076)	(13,013)	(42,415)

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTS (continued)

3.1 Statement of income by reportable operating segment (continued)

<u>Amounts in US \$000</u>	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjust- ments	Total
Three months to June 30, 2021						
Net premium revenue	89,328	86,971	179,250	9,368	-	364,917
Gain / (loss) on derecognition of amortised cost investments	24	3,763	3	(15)	-	3,775
Gain / (loss) on derecognition of assets carried at FVOCI	204	4,067	(6,356)	777	-	(1,308)
Interest income earned from financial assets measured at amortised cost and FVOCI	20,259	38,202	21,065	824	-	80,350
Other investment income	3,706	11,288	11,879	558	(25)	27,406
Credit impairment losses	911	(1,065)	2,556	478	-	2,880
Fees and other revenue	1,696	33,209	(1,976)	5,489	(173)	38,245
Inter-segment revenues	6,312	-	-	2,418	(8,730)	-
Total revenue, net	122,440	176,435	206,421	19,897	(8,928)	516,265
Net policy benefits	64,185	58,063	41,764	2,741	-	166,753
Net change in actuarial liabilities	16,414	26,864	123,151	-	-	166,429
Interest costs	3,398	6,741	(714)	573	-	9,998
Administrative expenses	17,159	45,104	10,387	13,632	(585)	85,697
Commissions and premium and asset taxes	12,318	11,715	8,154	2,884	-	35,071
Finance costs	34	1,676	98	14,091	-	15,899
Depreciation and amortisation	1,755	4,520	1,152	601	-	8,028
Inter-segment expenses	428	424	2,133	6,009	(8,994)	-
Total benefits and expenses	115,691	155,107	186,125	40,531	(9,579)	487,875
Gain arising on business combinations, acquisitions and divestitures (note 20)	-	12	-	-	-	12
Share of operating income of associates and joint ventures	1,544	1,835	-	-	-	3,379
Segment income / (loss) before taxes	8,293	23,175	20,296	(20,634)	651	31,781
Income taxes	(1,484)	(5,879)	(4,247)	(655)	(24)	(12,289)
Segment net income / (loss)	6,809	17,296	16,049	(21,289)	627	19,492
Net income / (loss) attributable to non- controlling interests	-	10,284	-	(166)	-	10,118
Net income / (loss) attributable to shareholders	6,762	7,013	16,049	(21,124)	627	9,327
Total comprehensive income / (loss) attributable to shareholders	9,170	2,270	25,515	(20,801)	417	16,571

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTS (continued)

3.2 Statement of financial position by reportable operating segment

<u>Amounts in US \$000</u>	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjust- ments	Total
As of June 30, 2022						
Financial investments	1,626,360	2,688,774	3,931,189	371,669	-	8,617,992
Other external assets	366,133	718,259	665,262	225,269	-	1,974,923
Inter-segment assets	415,488	12,609	91,136	195,113	(714,346)	-
Total assets	2,407,981	3,419,642	4,687,587	792,051	(714,346)	10,592,915
Policy liabilities	1,589,543	820,454	3,337,009	76,970	-	5,823,976
Other external liabilities	92,799	1,748,214	577,273	794,053	-	3,212,339
Inter-segment liabilities	86,680	1,368	188,138	438,160	(714,346)	-
Total liabilities	1,769,022	2,570,036	4,102,420	1,309,183	(714,346)	9,036,315
Net assets	638,959	849,606	585,167	(517,132)	-	1,556,600
Net assets attributable to non-controlling interests	-	472,858	-	12,833	-	485,691

<u>Amounts in US \$000</u>	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjust- ments	Total
As of December 31, 2021						
Financial investments	1,623,497	2,776,290	3,569,298	529,010	-	8,498,095
Other external assets	348,825	654,237	664,938	211,837	-	1,879,837
Inter-segment assets	416,768	12,147	50,081	193,378	(672,374)	-
Total assets	2,389,090	3,442,674	4,284,317	934,225	(672,374)	10,377,932
Policy liabilities	1,560,576	830,180	3,137,460	73,946	-	5,602,162
Other external liabilities	84,616	1,695,864	532,595	796,482	-	3,109,557
Inter-segment liabilities	115,834	1,832	168,163	386,545	(672,374)	-
Total liabilities	1,761,026	2,527,876	3,838,218	1,256,973	(672,374)	8,711,719
Net assets	628,064	914,798	446,099	(322,748)	-	1,666,213
Net assets attributable to non-controlling interests	-	518,569	-	13,093	-	531,662

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTS (continued)

3.3 Revenues by products and services

<u>Amounts in US \$000</u>	Six months to June 30, 2022	Six months to June 30, 2021	Three months to June 30, 2022	Three months to June 30, 2021
Life, health and annuity insurance contracts issued to individuals	1,067,072	624,972	550,797	360,343
Life, health and annuity insurance and pension administration contracts issued to groups	141,414	148,732	71,333	74,546
Property and casualty insurance	39,525	38,610	21,222	19,627
Banking, investment management and other financial services	92,958	84,522	48,374	41,267
Hospitality services	21,976	18,078	10,517	10,891
Unallocated revenues	(10,031)	32,803	(29,932)	9,591
Total revenue	1,352,914	947,717	672,311	516,265

3.4 Revenues by geographical area

<u>Amounts in US \$000</u>	Six months to June 30, 2022	Six months to June 30, 2021	Three months to June 30, 2022	Three months to June 30, 2021
Barbados	68,312	109,423	10,071	46,617
Jamaica	292,348	312,166	145,398	160,075
Trinidad & Tobago	113,298	111,356	59,050	52,988
Other Caribbean	76,138	86,535	38,301	44,036
USA	802,818	328,237	419,491	212,549
Total revenue	1,352,914	947,717	672,311	516,265

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTS (continued)

3.5 Revenues from fees recognised

The following table discloses revenue from fees recognised by reportable operating segment.

<u>Amounts in US \$000</u>	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjust- ments	Total
Six months to June 30, 2022						
Fees recognised:						
At a point in time	-	29,357	70	-	-	29,427
Over time	4,254	36,183	-	1,508	-	41,945
Total included in fees and other revenue	4,254	65,540	70	1,508	-	71,372
Six months to June 30, 2021						
Fees recognised:						
At a point in time	-	20,091	69	-	-	20,160
Over time	4,257	28,247	-	1,517	-	34,021
Total included in fees and other revenue	4,257	48,338	69	1,517	-	54,181

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTS (continued)

3.5 Revenues from fees recognised (continued)

The following table discloses revenue from fees recognised by reportable operating segment.

<u>Amounts in US \$000</u>	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjust- ments	Total
Three months to June 30, 2022						
Fees recognised:						
At a point in time	-	15,677	36	-	-	15,713
Over time	2,062	17,946	-	744	-	20,752
Total included in fees and other revenue	2,062	33,623	36	744	-	36,465
Three months to June 30, 2021						
Fees recognised:						
At a point in time	-	10,706	38	-	-	10,744
Over time	2,173	17,837	-	776	-	20,786
Total included in fees and other revenue	2,173	28,543	38	776	-	31,530

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. PREMIUM REVENUE

<u>Amounts in US \$000</u>	Gross premium		Ceded to reinsurers	
Six months to June 30,	2022	2021	2022	2021
Life insurance	251,017	245,133	14,717	16,344
Annuity	824,404	307,068	49	134
Health insurance	85,396	83,103	2,063	2,536
Property and casualty insurance	61,273	57,973	36,069	33,274
Total premium revenue	1,222,090	693,277	52,898	52,288

<u>Amounts in US \$000</u>	Gross premium		Ceded to reinsurers	
Three months to June 30,	2022	2021	2022	2021
Life insurance	125,864	121,618	7,845	9,884
Annuity	439,173	200,450	20	134
Health insurance	43,427	41,997	1,017	1,250
Property and casualty insurance	31,796	29,454	18,586	17,334
Total premium revenue	640,260	393,519	27,468	28,602

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. NET INVESTMENT INCOME

<u>Amounts in US \$000</u>	Six months to June 30, 2022	Six months to June 30, 2021	Three months to June 30, 2022	Three months to June 30, 2021
Investment income				
Interest income (amortised cost assets):				
Debt securities	49,639	47,257	25,366	24,238
Mortgage loans	12,278	11,915	6,179	6,111
Policy loans	5,734	5,393	2,864	2,732
Finance loans	27,336	27,178	13,949	13,488
Securities purchased for resale	1,259	342	676	(47)
Deposits, cash and other items	838	457	325	212
	97,084	92,542	49,359	46,734
Interest income (FVOCI assets):				
Debt securities and money market funds	96,712	68,074	52,492	33,616
Interest income earned from financial assets measured at amortised cost and FVOCI	193,796	160,616	101,851	80,350
Fair value changes, dividend income and interest income (FVTPL assets):				
Debt securities	(11,472)	9,241	(7,717)	8,897
Equity securities ⁽¹⁾	(62,086)	33,185	(55,363)	12,686
Mortgage loans	1,426	843	938	430
Derivative financial instruments	(31,095)	13,814	(32,938)	4,655
Other items	-	1	-	-
	(103,227)	57,084	(95,080)	26,668
Investment income:				
Other income on financial investments	352	240	246	118
Investment property – rental income	2,001	2,138	1,055	1,150
Investment property – realised gains / (losses)	22	(294)	22	(294)
Investment property – unrealised losses	(14)	(311)	(36)	(311)
Other investment income	2,530	999	1,336	939
	4,891	2,772	2,623	1,602
Investment expenses:				
Direct operating expenses of investment property that generated rental income	872	925	241	452
Other direct investment expenses	1,695	675	952	412
	2,567	1,600	1,193	864
Other investment (loss) / income	(100,903)	58,256	(93,650)	27,406
Net investment income	92,893	218,872	8,201	107,756

⁽¹⁾ Included in fair value changes on equity securities is a loss of \$12,065 for the six-month period ended June 30, 2022 (a gain of \$15,551 for the six-month period ended June 30, 2021) on the interest held in Playa Hotel & Resorts N.V. ("Playa") as a FVTPL investment (see note 20).

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. POLICY BENEFITS AND CHANGE IN ACTUARIAL LIABILITIES

<u>Amounts in US \$000</u>	Gross benefit		Ceded to reinsurers	
	2022	2021	2022	2021
Six months to June 30,				
Life insurance benefits	140,598	143,147	12,276	17,049
Annuity benefits	180,412	161,575	42,354	33,037
Health insurance claims	76,296	67,267	1,546	1,371
Property and casualty claims	17,460	12,937	5,566	3,611
Total policy benefits	414,766	384,926	61,742	55,068
Change in actuarial liabilities (note 14)	462,717	216,794	(45,536)	(30,983)
Total policy benefits and change in actuarial liabilities	877,483	601,720	16,206	24,085

<u>Amounts in US \$000</u>	Gross benefit		Ceded to reinsurers	
	2022	2021	2022	2021
Three months to June 30,				
Life insurance benefits	66,204	72,088	5,396	8,811
Annuity benefits	87,410	81,145	22,714	16,909
Health insurance claims	40,377	33,286	1,385	(1,132)
Property and casualty claims	7,964	6,829	2,606	2,007
Total policy benefits	201,955	193,348	32,101	26,595
Change in actuarial liabilities	230,950	166,576	(19,374)	147
Total policy benefits and change in actuarial liabilities	432,905	359,924	12,727	26,742

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. FINANCIAL INVESTMENTS

Analysis of financial investments

Amounts in US \$000

	June 30, 2022		December 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets at fair value through other comprehensive income				
Debt securities and money market funds	4,631,741	4,631,741	4,481,319	4,481,319
Equity securities	427	427	520	520
	4,632,168	4,632,168	4,481,839	4,481,839
Financial assets at fair value through profit and loss				
Debt securities	328,898	328,898	283,534	283,534
Equity securities ⁽¹⁾	842,905	842,905	889,619	889,619
Derivative financial instruments	4,947	4,947	26,246	26,246
Mortgage loans	23,592	23,592	24,375	24,375
	1,200,342	1,200,342	1,223,774	1,223,774
Investments at amortised cost				
Debt securities	1,424,369	1,525,995	1,399,703	1,556,181
Mortgage loans	462,840	453,421	425,548	421,650
Policy loans	157,021	176,480	153,839	177,483
Finance loans	577,579	584,727	533,460	536,741
Securities purchased for resale	37,056	37,056	68,007	68,007
Deposits	126,617	126,618	211,925	211,925
	2,785,482	2,904,297	2,792,482	2,971,987
Total financial investments	8,617,992	8,736,807	8,498,095	8,677,600

⁽¹⁾ Included in equity securities are exchange-traded funds of \$337,134 as at June 30, 2022 (\$446,294 as at December 31, 2021).

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. FINANCIAL INVESTMENTS (continued)

Analysis of financial investments (continued)

Non-derivative investments at FVTPL	FVTPL mandatory designation	FVTPL designation by election	Total
<u>Amounts in US \$000</u>			
June 30, 2022			
Equity securities	671,650	171,255	842,905
Debt securities	168,105	160,793	328,898
Mortgage loans	17	23,575	23,592
	839,772	355,623	1,195,395
December 31, 2021			
Equity securities	721,559	168,060	889,619
Debt securities	145,042	138,492	283,534
Mortgage loans	23	24,352	24,375
	866,624	330,904	1,197,528

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. FINANCIAL INVESTMENTS (continued)

Financial assets repledged

Debt securities are pledged as collateral under repurchase agreements with customers and other financial institutions and for security relating to overdraft and other facilities with other financial institutions. Of the assets pledged as security, the following represents the total for those assets pledged for which the transferee has the right by contract or custom to sell or repledge the collateral.

Amounts in US \$000

Financial investments repledged

June 30, 2022	December 31, 2021
612,057	608,343

Statement of financial position presentation

Financial investments

8,005,935

7,889,752

Financial investments repledged

612,057

608,343

8,617,992

8,498,095

Analysis of financial investments repledged

Amounts in US \$000

Investments at FVOCI:

Debt securities and money market funds

June 30, 2022	December 31, 2021
Pledged value	Pledged value
608,831	604,581

Investments at FVTPL:

Debt securities

166

760

Investments at amortised cost:

Debt securities

598

585

Securities purchased for resale

37

37

Deposits

2,425

2,380

3,060

3,002

Financial investments repledged

612,057

608,343

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. INVESTMENT CONTRACT LIABILITIES

The following table presents the carrying values and estimated fair values of investment contract liabilities.

<u>Amounts in US \$000</u>	June 30, 2022		December 31, 2021	
	Carrying value	Fair Value	Carrying value	Fair value
Liabilities at amortised cost:				
Deposit administration liabilities	123,681	123,681	117,287	117,287
Other investment contracts	191,912	188,364	191,304	190,031
	315,593	312,045	308,591	307,318
Liabilities at FVTPL:				
Unit linked deposit administration liabilities	158,416	158,416	159,503	159,503
Total investment contract liabilities	474,009	470,461	468,094	466,821

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. NOTES AND LOANS PAYABLE

The following table presents the carrying values and estimated fair values of notes and loans payable.

<u>Amounts in US \$000</u>	<u>June 30, 2022</u>		<u>December 31, 2021</u>	
	<u>Carrying value</u>	<u>Fair value</u>	<u>Carrying value</u>	<u>Fair Value</u>
Liabilities at amortised cost:				
5.30% senior notes due 2028 (a)	541,324	518,056	532,162	570,306
5.50% unsecured bond due 2022 (b)	-	-	32,079	32,362
6.25% unsecured bond due 2022 (b)	-	-	25,130	28,667
5.75% unsecured bond due 2023 (b)	26,538	26,240	-	-
6.50% unsecured bond due 2023 (b) & (c)	19,935	22,491	-	-
6.75% notes due 2024 (d)	14,843	15,505	14,284	14,956
Bank loans and other funding instruments (e)	35,323	35,323	33,696	33,696
Mortgage loans (f)	45,514	47,618	46,037	48,950
	683,477	665,233	683,388	728,937

(a) Senior notes due 2028

On May 13, 2021, Sagicor Financial Company Ltd. issued US \$400 million of senior notes due 2028 (the "New Notes"). The New Notes are due May 13, 2028 and bear interest at an annual rate of 5.30%.

The Company used partial proceeds of the transaction to repurchase US \$318 million principal amount of 8.875% Senior Notes due 2022 (the "Notes") which were issued by its subsidiary, Sagicor Finance 2015 Limited. In May 2021, the Group made a cash tender offer for the Notes and cash tenders totalling US \$130 million were accepted. On August 11, 2021, the Company redeemed all of the remaining US \$188 million principal amount of the 2022 notes at an aggregate redemption price of US \$188 million.

On December 15, 2021, the Group issued an additional US \$150 million principal amount of the New Notes. These New Notes are also due May 13, 2028 and bear interest at an annual rate of 5.30%.

As at June 30, 2022, the Group had, in total, US \$550 million principal amount of the New Notes outstanding.

Pursuant to the terms of the New Notes, the Group may redeem the New Notes under the scenario as summarised below:

Optional Redemption with an Applicable Premium - At any time on or after May 13, 2024, the Group may redeem the New Notes in whole or in part at specified redemption prices, plus accrued and unpaid interest, if any, on the New Notes redeemed, to the applicable date of redemption.

The Group has estimated the fair value of the optional redemption embedded derivative at US \$2.8 million as at June 30, 2022 (US \$11.3 million as at December 31, 2021).

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. NOTES AND LOANS PAYABLE (continued)

- (b) On September 18 and 26, 2019, Sagicor Financial Corporation Limited issued US \$30.6 million and US \$3.4 million notes respectively, carrying an annual rate of 5.10%. The notes matured October 26, 2020.

Also on September 26, 2019, Sagicor Financial Corporation Limited issued a Jamaican \$ bond in the amount of J\$5,731,140,000 carrying an annual interest rate of 5.95% per annum. The bond matured October 26, 2020.

On October 27, 2020, Sagicor Financial Corporation Limited refinanced the above facilities with the issue of a bond in two Tranches, Tranche A up to J\$5,737,140,000 and Tranche B up to US \$31,807,000, carrying annual interest rates of 6.25% and 5.50% respectively. The Tranches matured on April 26, 2022 and Sagicor Financial Corporation Limited exercised the option to extend the facilities. Principal amounts of J\$842,000,000 and US \$5,407,000 were paid and applied to Tranches A and B facilities respectively.

On April 27, 2022, the facilities were extended with bond issues in two Tranches, Tranche A up to J\$4,895,140,000 and Tranche B up to US \$26,400,000, carrying annual interest rates of 6.50% and 5.75% respectively. Interest is payable quarterly commencing July 27, 2022. The Tranches mature on May 26, 2023.

- (c) At June 30, 2022, Sagicor Investments Jamaica Limited held an investment of US \$13.0 million in Tranche A above (US \$12.5 million as at December 31, 2021).
- (d) On August 16, 2019, Sagicor Investments Jamaica Limited issued J\$4.4 billion notes in two Tranches, Tranche A J\$2.22 billion and Tranche B J\$2.18 billion, carrying annual rates of 5.00% and 6.75% respectively. Tranche A matured on September 16, 2020 and Tranche B has a maturity date of August 16, 2024.
- (e) Bank loans and other funding instruments include the following:
- (i) On May 24, 2019, Sagicor General Insurance Inc entered into a US \$12 million loan agreement. The interest rate is 3.50% per annum and the loan matures on July 31, 2024.
 - (ii) On October 1, 2020, The Estates (Residential Properties) Limited issued cumulative preference shares in the amount of US \$9 million. Dividends accrue at a rate of 6.75% per annum and are payable semi-annually. The preference shares are redeemable on September 30, 2027.
 - (iii) On May 3, 2021, The Estates (Residential Properties) Limited entered into a US \$17 million construction loan agreement with First Caribbean International Bank (Barbados) Limited. The interest rate is 3.50% per annum and the loan is repayable 2 years from the date of issuance, maturing on June 11, 2023. The facility is available in multiple drawdowns over this period.

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. NOTES AND LOANS PAYABLE (continued)

(f) Mortgage Loans

<u>Amounts in US \$000</u>	<u>Issuer / mortgagor</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
4.90% USD mortgage notes due 2025	X Fund Properties LLC	44,730	45,137
Development loan ⁽¹⁾	X Fund Properties Limited	784	900
		<u>45,514</u>	<u>46,037</u>

⁽¹⁾ This note is interest-free with annual forgiveness of debt over ten years, if certain conditions are met.

X Fund Properties LLC

The 4.90% USD mortgage note is secured by the investment in hotel property. Interest on the mortgage note is paid monthly through to maturity, upon which the outstanding principal is due and payable. The Group may prepay the mortgage note prior to the maturity date only in conjunction with the sale of a property or as a result of casualty or condemnation. The note is payable on October 6, 2025 and attracts a fixed rate interest of 4.90%.

<u>Movement for the six months to June 30,</u>	<u>2022</u>	<u>2021</u>
<u>Amounts in US \$000</u>		
Balance, beginning of period	683,388	471,622
Valuation of call option embedded derivative	8,537	160
Additions:		
Gross principal	60,621	406,781
Less: Expenses	(404)	(9,559)
	<u>60,217</u>	<u>397,222</u>
Repayments:		
Principal	(70,704)	(134,342)
Interest	(17,893)	(21,186)
	<u>(88,597)</u>	<u>(155,528)</u>
Amortisation during the period	968	4,041
Accrued interest	18,177	19,955
Effects of exchange rate changes	787	(3,364)
Balance, end of the period	<u>683,477</u>	<u>734,108</u>

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. DEPOSIT AND SECURITY LIABILITIES

The following table presents the carrying values and estimated fair values of deposit and security liabilities.

<u>Amounts in US \$000</u>	June 30, 2022		December 31, 2021	
	Carrying value	Fair Value	Carrying value	Fair value
Liabilities at amortised cost:				
Other funding instruments	529,559	529,283	511,453	511,598
Customer deposits	905,683	909,598	881,434	883,673
Securities sold for repurchase	620,915	620,915	598,272	598,272
Bank overdrafts	771	771	761	761
	2,056,928	2,060,567	1,991,920	1,994,304
Liabilities at FVTPL:				
Structured products	4,371	4,371	4,344	4,344
Derivative financial instruments	17	19	109	109
	4,388	4,390	4,453	4,453
	2,061,316	2,064,957	1,996,373	1,998,757

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE

11.1 Property

Investment property, owner-occupied property, and owner-managed hotel property are carried at fair value as determined by independent valuations using internationally recognised valuation techniques. Direct sales comparisons, when such data is available, and income capitalisation methods, when appropriate, are included in the assessment of fair values. The highest and best use of a property may also be considered in determining its fair value.

Some tracts of land are currently used for farming operations or are undeveloped or are leased to third parties. In determining the fair value of all lands, their potential for development within a reasonable period is assessed, and if such potential exists, the fair value reflects that potential. These lands are mostly in Barbados and the Group has adopted a policy of orderly development and transformation to realise their full potential over time.

The fair value hierarchy has been applied to the valuations of the Group's property. The different levels of the hierarchy are as follows:

- Level 1 - fair value is determined by quoted unadjusted prices in active markets for identical assets;
- Level 2 - fair value is determined by inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly;
- Level 3 - fair value is determined from inputs that are not based on observable market data.

Applying the fair value hierarchy to the Group's property, results in a classification of Level 3 to all properties as set out below:

<u>Amounts in US \$000</u>	As of	As of
	June 30, 2022	December 31, 2021
	Level 3	Level 3
Investment property	76,237	75,954
Owner-occupied properties	108,274	108,480
Owner-managed hotel properties	87,115	88,235
Total properties	271,626	272,669

For Level 3 investment property, reasonable changes in fair value would affect net income. For Level 3 owner-occupied properties and owner-managed hotel properties, reasonable changes in fair value would affect other comprehensive income.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

11.1 Property (continued)

The following table shows the sensitivity of fair value measurements to changes in unobservable inputs for Level 3 investment property, owner-occupied properties and owner-managed hotel properties.

	Fair value		Unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	June 30, 2022	December 31, 2021		June 30, 2022	December 31, 2021	
<u>Amounts in US \$000</u>						
Investment property	76,237	75,954	Comparable sales	5%	5%	(1)
Owner-occupied properties	108,274	108,480	Comparable sales	5%	5%	(1)
Owner-managed hotel properties	87,115	88,235	Comparable sales	5%	5%	(1)
Total properties	271,626	272,669				

(1) Increases or decreases in comparable sale prices will have a direct correlation to the fair value.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

11.1 Property (continued)

The following table sets out the movements for the period in investment property, owner-occupied properties and owner-managed hotel properties.

<u>Amounts in US \$000</u>	Six months to June 30, 2022			Twelve months to December 31, 2021	
	Investment property	Owner-occupied properties	Owner-managed properties	Total	Total
Balance, beginning of period	75,954	108,480	88,235	272,669	263,057
Additions at cost	778	438	68	1,284	1,519
Fair value changes recorded in net investment income	8	-	-	8	(60)
Fair value changes recorded in other comprehensive income	-	47	-	47	15,042
Depreciation charge	-	(491)	(1,189)	(1,680)	(3,731)
Disposals and divestitures	(480)	-	-	(480)	(3,003)
Other transfers and reclassifications	(233)	(650)	-	(883)	1,325
Effect of exchange rate changes	210	450	1	661	(1,480)
Balance, end of period	76,237	108,274	87,115	271,626	272,669

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

11.2 Financial instruments carried at fair value

The fair value of financial instruments is measured according to a fair value hierarchy which reflects the significance of market inputs in the valuation. This hierarchy is described and discussed in sections (i) to (iii) below.

(i) Level 1 – unadjusted quoted prices in active markets for identical instruments

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Group considers that market transactions should occur with sufficient frequency that is appropriate for the particular market, when measured over a continuous period preceding the date of the financial statements. If there is no data available to substantiate the frequency of market transactions of a financial instrument, then the instrument is not classified as Level 1.

(ii) Level 2 – inputs that are observable for the instrument, either directly or indirectly

A financial instrument is classified as Level 2 if:

- The fair value is derived from quoted prices of similar instruments which would be classified as Level 1; or
- The fair value is determined from quoted prices that are observable but there is no data available to substantiate frequent market trading of the instrument.

In estimating the fair value of non-traded financial assets, the Group uses a variety of methods such as obtaining dealer quotes and using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are discounted at market derived rates for government securities in the same country of issue as the security; for non-government securities, an interest spread is added to the derived rate for a similar government security rate according to the perceived additional risk of the non-government security.

In assessing the fair value of non-traded financial liabilities, the Group uses a variety of methods including obtaining dealer quotes for specific or similar instruments and the use of internally developed pricing models, such as the use of discounted cash flows. If the non-traded liability is backed by a pool of assets, then its value is equivalent to the value of the underlying assets.

(iii) Level 3 – inputs for the instrument that are not based on observable market data

A financial instrument is classified as Level 3 if:

- The fair value is derived from quoted prices of similar instruments that are observable and which would be classified as Level 2; or
- The fair value is derived from inputs that are not based on observable market data.

Level 3 assets designated at FVTPL include mortgage loans, debt securities and equities for which the full income return and capital returns accrue to holders of unit linked policy and deposit administration contracts. These assets are valued with inputs other than observable market data.

The techniques and methods described in the preceding section (ii) for non-traded financial assets and liabilities may also be used in determining the fair value of Level 3 instruments.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

11.2 Financial instruments carried at fair value (continued)

The results of applying the fair value hierarchy to the Group's financial instruments are set out in the tables below:

<u>Amounts in US \$000</u>	As of June 30, 2022			
	Level 1	Level 2	Level 3	Total
FVOCI investments:				
Debt securities and money market funds	402,834	4,137,371	91,536	4,631,741
Equity securities	387	-	40	427
	403,221	4,137,371	91,576	4,632,168
FVTPL investments:				
Debt securities	21,343	190,588	116,967	328,898
Equity securities	239,126	577,791	25,988	842,905
Derivative financial instruments	-	17	4,930	4,947
Mortgage loans	-	-	23,592	23,592
	260,469	768,396	171,477	1,200,342
Total assets	663,690	4,905,767	263,053	5,832,510
Total assets by percentage	11%	84%	5%	100%
FVTPL investment contracts:				
Unit linked deposit administration liabilities	-	-	158,416	158,416
FVTPL deposit and security liabilities:				
Structured products	-	-	4,371	4,371
Derivative financial instruments	-	-	19	19
	-	-	4,390	4,390
Total liabilities	-	-	162,806	162,806
Total liabilities by percentage	-	-	100%	100%

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

11.2 Financial instruments carried at fair value (continued)

<u>Amounts in US \$000</u>	As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
FVOCI investments:				
Debt securities and money market funds	541,529	3,840,556	99,234	4,481,319
Equity securities	481	-	39	520
	542,010	3,840,556	99,273	4,481,839
FVTPL investments:				
Debt securities	26,622	137,824	119,088	283,534
Equity securities	361,675	508,615	19,329	889,619
Derivative financial instruments	-	109	26,137	26,246
Mortgage loans	-	-	24,375	24,375
	388,297	646,548	188,929	1,223,774
Total assets	930,307	4,487,104	288,202	5,705,613
Total assets by percentage	16%	79%	5%	100%
FVTPL investment contracts:				
Unit linked deposit administration liabilities	-	-	159,503	159,503
FVTPL deposit and security liabilities:				
Structured products	-	-	4,344	4,344
Derivative financial instruments	-	-	109	109
	-	-	4,453	4,453
Total liabilities	-	-	163,956	163,956
Total liabilities by percentage	-	-	100%	100%

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

11.2 Financial instruments carried at fair value (continued)

The following table shows the sensitivity of fair value measurements to changes in unobservable inputs for Level 3 financial instruments:

	Fair value		Unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
<u>Amounts in US \$000</u>	June 30, 2022	December 31, 2021		June 30, 2022	December 31, 2021	
FVOCI investments:						
Debt securities	91,536	99,234	Adjustments to yields	10%	10%	(1)
Equity securities	40	39	Adjustments to net assets	10%	10%	(2)
	91,576	99,273				
FVTPL investments:						
Debt securities	116,967	119,088	Adjustments to yields	10%	10%	(1)
Equity securities	25,988	19,329	Adjustments to net assets	10%	10%	(2)
Derivative financial instruments	4,930	26,137	Adjustments to yields	10%	10%	(1)
Mortgage loans	23,592	24,375	Adjustments to yields	10%	10%	(1)
	171,477	188,929				
Total assets	263,053	288,202				
Unit linked deposit administration liabilities	158,416	159,503	Adjustments to yields	10%	10%	(1)
Structured products	4,371	4,344	Adjustments to yields	10%	10%	(1)
Derivative financial instruments	19	109	Adjustments to yields	10%	10%	(1)
Total liabilities	162,806	163,956				

(1) Adjustments to yields will have a direct correlation to the fair value.

(2) Increases or decreases in adjusted net assets of the underlying entities will have a direct correlation to the fair value.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

11.2 Financial instruments carried at fair value (continued)

Movements in Level 3 Instruments

The following tables present movements in Level 3 instruments for the period:

	Six months to June 30, 2022				Twelve months to December 31, 2021
	FVOCI investments	FVTPL investments	Derivative financial instruments	Total assets	Total assets
<u>Amounts in US \$000</u>					
Balance, beginning of period	99,273	162,792	26,137	288,202	222,534
Additions	6,059	8,102	9,585	23,746	180,083
Fair value changes recorded in net investment income	-	(314)	(22,558)	(22,872)	17,073
Fair value changes recorded in other comprehensive income	(841)	-	-	(841)	-
Disposals and divestitures	(13,029)	(3,425)	(8,234)	(24,688)	(129,681)
Transfers (out of) Level 3 classification	-	-	-	-	(399)
Transfers to instruments carried at amortised cost	-	-	-	-	(369)
Movements arising from business acquisitions and divestitures	-	(58)	-	(58)	-
Effect of exchange rate changes	114	(550)	-	(436)	(1,039)
Balance, end of period	91,576	166,547	4,930	263,053	288,202
Fair value changes recorded in net investment income for instruments held at the end of the period	-	(303)	(14,630)	(14,933)	7,986

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

11.2 Financial instruments carried at fair value (continued)

	Six months to June 30, 2022			Twelve months to December 31, 2021	
<u>Amounts in US \$000</u>	Policy liabilities	Structured products	Derivative financial instruments	Total liabilities	Total liabilities
Balance, beginning of period	159,503	4,344	109	163,956	154,442
Issues	11,084	-	-	11,084	27,045
Settlements	(11,562)	-	-	(11,562)	(17,329)
Gains / (losses) recorded in interest costs	(212)	-	(91)	(303)	162
Effect of exchange rate changes	(397)	27	1	(369)	(364)
Balance, end of period	158,416	4,371	19	162,806	163,956
Fair value changes recorded in interest expense for instruments held at the end of the period	212	-	-	212	162

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK

12.1 Credit risk exposure – financial investments subject to impairment

Financial assets carried at amortised cost or FVOCI are subject to credit impairment losses which are recognised in the statement of income. The following tables analyse the credit risk exposure of financial investments for which an ECL allowance is recognised. The gross carrying amounts of investments below represent the Group's maximum exposure to credit risk on these assets.

	June 30, 2022				December 31, 2021	
Amounts in US \$000	ECL Staging				Total	Total
Debt securities – amortised cost	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	Purchased credit- impaired		
Credit grade:						
Investment	426,136	-	-	-	426,136	428,766
Non-investment	795,601	8,309	10	191,825	995,745	967,337
Watch	718	-	-	3,852	4,570	5,780
Default	-	-	-	-	-	-
Unrated	574	-	-	7	581	586
Gross carrying amount	1,223,029	8,309	10	195,684	1,427,032	1,402,469
Loss allowance	(2,186)	(65)	-	(412)	(2,663)	(2,766)
Carrying amount	1,220,843	8,244	10	195,272	1,424,369	1,399,703

	June 30, 2022				December 31, 2021	
Amounts in US \$000	ECL Staging				Total	Total
Mortgage loans – amortised cost	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	Purchased credit- impaired		
Credit grade:						
Investment	253,690	18,398	5,887	-	277,975	243,357
Non-investment	152,632	9,580	13	-	162,225	148,168
Watch	220	1,360	15,536	-	17,116	28,568
Default	-	-	10,993	-	10,993	10,334
Gross carrying amount	406,542	29,338	32,429	-	468,309	430,427
Loss allowance	(1,326)	(471)	(3,672)	-	(5,469)	(4,879)
Carrying amount	405,216	28,867	28,757	-	462,840	425,548

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.1 Credit risk exposure – financial investments subject to impairment (continued)

		June 30, 2022				December 31, 2021	
<u>Amounts in US \$000</u>		ECL Staging			Purchased	Total	Total
Finance loans – amortised cost		Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	credit- impaired		
Credit grade:							
Investment		25,822	-	-	-	25,822	-
Non-investment		536,141	11,981	-	-	548,122	527,695
Watch		-	2,920	-	-	2,920	3,811
Default		-	-	10,600	-	10,600	11,528
Gross carrying amount		561,963	14,901	10,600	-	587,464	543,034
Loss allowance		(4,764)	(713)	(4,408)	-	(9,885)	(9,574)
Carrying amount		557,199	14,188	6,192	-	577,579	533,460

		June 30, 2022				December 31, 2021	
<u>Amounts in US \$000</u>		ECL Staging			Purchased	Total	Total
Securities purchased for resale – amortised cost		Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	credit- impaired		
Credit grade:							
Investment		37,056	-	-	-	37,056	-
Non-investment		-	-	-	-	-	68,007
Gross carrying amount		37,056	-	-	-	37,056	68,007
Loss allowance		-	-	-	-	-	-
Carrying amount		37,056	-	-	-	37,056	68,007

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.1 Credit risk exposure – financial investments subject to impairment (continued)

		June 30, 2022				December 31, 2021
Amounts in US \$000		ECL Staging			Purchased	
Policy loans – amortised cost		Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	credit- impaired	Total
Credit grade:						Total
Investment		150,462	-	-	-	150,462
Non-investment grade		7,065	-	-	-	7,065
Gross carrying amount		157,527	-	-	-	157,527
Loss allowance		(506)	-	-	-	(506)
Carrying amount		157,021	-	-	-	157,021
		June 30, 2022				December 31, 2021
Amounts in US \$000		ECL Staging			Purchased	
Deposits – amortised cost		Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	credit- impaired	Total
Credit grade:						Total
Investment		85,296	-	-	-	85,296
Non-investment		27,810	252	-	-	28,062
Watch		14,932	371	-	-	15,303
Unrated		526	-	-	-	526
Gross carrying amount		128,564	623	-	-	129,187
Loss allowance		(2,500)	(70)	-	-	(2,570)
Carrying amount		126,064	553	-	-	126,617

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.1 Credit risk exposure – financial investments subject to impairment (continued)

Amounts in US \$000	June 30, 2022				December 31, 2021	
	ECL Staging			Purchased credit-impaired	Total	Total
Debt securities and money market funds – FVOCI	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL			
Credit grade:						
Investment	3,928,681	16,861	-	-	3,945,542	3,417,835
Non-investment	918,610	97,246	-	28,231	1,044,087	960,483
Unrated	330	-	-	-	330	104
Gross carrying amount	4,847,621	114,107	-	28,231	4,989,959	4,378,422
Loss allowance	(2,780)	(5,816)	-	-	(8,596)	(6,791)
Carrying amount	4,844,841	108,291	-	28,231	4,981,363	4,371,631

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.2 Credit impairment losses – financial investments subject to impairment

The allowance for ECL is recognised in each reporting period and is impacted by a variety of factors, as described below:

- Transfers between stages due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to inputs used in the calculation including the effect of 'step-up' (or 'step down') between 12-month and life-time ECL;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements.

The following tables contain analysis of the movement of loss allowances in respect of financial investments subject to impairment.

DEBT SECURITIES AND MONEY MARKET

FUNDS - FVOCI

Loss Allowances

Amounts in US \$000**Six months ended June 30, 2022**

Loss Allowance as at January 1, 2022

Transfers:

Transfer from Stage 1 to Stage 2

Transfer from Stage 2 to Stage 1

New financial assets originated or purchased

Financial assets fully derecognised during the period

Changes in ECL inputs, models and / or assumptions

Effect of exchange rate changes

Loss Allowance as at June 30, 2022

Credit impairment loss recorded in income

– Six months ended June 30, 2022

– Three months ended June 30, 2022

	ECL staging				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	
Loss Allowance as at January 1, 2022	2,471	4,320	-	-	6,791
Transfers:					
Transfer from Stage 1 to Stage 2	(20)	20	-	-	-
Transfer from Stage 2 to Stage 1	172	(172)	-	-	-
New financial assets originated or purchased	378	-	-	-	378
Financial assets fully derecognised during the period	(124)	(28)	-	-	(152)
Changes in ECL inputs, models and / or assumptions	(114)	1,668	-	-	1,554
Effect of exchange rate changes	17	8	-	-	25
Loss Allowance as at June 30, 2022	2,780	5,816	-	-	8,596
Credit impairment loss recorded in income					
– Six months ended June 30, 2022					(1,617)
– Three months ended June 30, 2022					(1,926)

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.2 Credit impairment losses – financial investments subject to impairment (continued)

DEBT SECURITIES AND MONEY MARKET

FUNDS - FVOCI

Loss Allowances

Amounts in US \$000

Six months ended June 30, 2021

Loss Allowance as at January 1, 2021

Transfers:

Transfer from Stage 1 to Stage 2

New financial assets originated or purchased

Financial assets fully derecognised during the period

Changes in ECL inputs, models and / or assumptions

Effect of exchange rate changes

Loss Allowance as at June 30, 2021

Credit impairment loss reduction recorded in income

– Six months ended June 30, 2021

– Three months ended June 30, 2021

	ECL staging				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	
Loss Allowance as at January 1, 2021	2,572	8,465	6,176	-	17,213
Transfers:					
Transfer from Stage 1 to Stage 2	(1)	1	-	-	-
New financial assets originated or purchased	435	-	-	-	435
Financial assets fully derecognised during the period	(304)	(2,890)	(6,064)	-	(9,258)
Changes in ECL inputs, models and / or assumptions	(207)	1,077	-	-	870
Effect of exchange rate changes	(56)	(34)	(112)	-	(202)
Loss Allowance as at June 30, 2021	2,439	6,619	-	-	9,058
Credit impairment loss reduction recorded in income					
– Six months ended June 30, 2021					3,417
– Three months ended June 30, 2021					2,459

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.2 Credit impairment losses – financial investments subject to impairment (continued)

DEBT SECURITIES – AMORTISED COST

Loss Allowances

Amounts in US \$000

Six months ended June 30, 2022

	ECL staging				
	Stage 1	Stage 2	Stage 3	Purchased	
	12-month	Lifetime	Lifetime	credit-	Total
	ECL	ECL	ECL	impaired	
Loss Allowance as at January 1, 2022	2,068	211	-	487	2,766
Transfers:					
Transfer from Stage 2 to Stage 1	87	(87)	-	-	-
New financial assets originated or purchased	197	-	-	-	197
Financial assets fully derecognised during the period	(22)	-	-	-	(22)
Changes in ECL inputs, models and / or assumptions	(157)	(59)	-	(76)	(292)
Effect of exchange rate changes	13	-	-	1	14
Loss Allowance as at June 30, 2022	2,186	65	-	412	2,663
Credit impairment loss reduction recorded in income					
– Six months ended June 30, 2022					139
– Three months ended June 30, 2022					254

Six months ended June 30, 2021

Loss Allowance as at January 1, 2021	2,378	1,887	1,402	414	6,081
New financial assets originated or purchased	190	-	-	-	190
Financial assets fully derecognised during the period	(148)	(116)	-	-	(264)
Changes in ECL inputs, models and / or assumptions	(270)	549	(477)	132	(66)
Effect of exchange rate changes	(37)	-	-	-	(37)
Loss Allowance as at June 30, 2021	2,113	2,320	925	546	5,904
Credit impairment loss reduction recorded in income					
– Six months ended June 30, 2021					28
Credit impairment loss recorded in income					
– Three months ended June 30, 2021					(95)

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.2 Credit impairment losses – financial investments subject to impairment (continued)

MORTGAGE LOANS - AMORTISED COST

Loss Allowances

Amounts in US \$000

Six months ended June 30, 2022

Loss Allowance as at January 1, 2022

Transfers:

Transfer from Stage 1 to Stage 2

Transfer from Stage 1 to Stage 3

Transfer from Stage 2 to Stage 1

Transfer from Stage 2 to Stage 3

Transfer from Stage 3 to Stage 2

Transfer from Stage 3 to Stage 1

New financial assets originated or purchased

Financial assets fully derecognised during the period

Write-offs

Changes in ECL inputs, models and / or assumptions

Effect of exchange rate changes

Loss Allowance as at June 30, 2022

Credit impairment loss reduction recorded in income

– Six months ended June 30, 2022

– Three months ended June 30, 2022

Six months ended June 30, 2021

Loss Allowance as at January 1, 2021

Transfers:

Transfer from Stage 1 to Stage 2

Transfer from Stage 1 to Stage 3

Transfer from Stage 2 to Stage 1

Transfer from Stage 2 to Stage 3

Transfer from Stage 3 to Stage 2

Transfer from Stage 3 to Stage 1

New financial assets originated or purchased

Financial assets fully derecognised during the period

Changes in ECL inputs, models and / or assumptions

Effect of exchange rate changes

Loss Allowance as at June 30, 2021

Credit impairment loss reduction recorded in income

– Six months ended June 30, 2021

– Three months ended June 30, 2021

	ECL staging				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	
Loss Allowance as at January 1, 2022	1,018	641	3,220	-	4,879
Transfers:					
Transfer from Stage 1 to Stage 2	(50)	50	-	-	-
Transfer from Stage 1 to Stage 3	(15)	-	15	-	-
Transfer from Stage 2 to Stage 1	264	(264)	-	-	-
Transfer from Stage 2 to Stage 3	-	(42)	42	-	-
Transfer from Stage 3 to Stage 2	-	17	(17)	-	-
Transfer from Stage 3 to Stage 1	58	-	(58)	-	-
New financial assets originated or purchased	178	-	-	-	178
Financial assets fully derecognised during the period	(25)	(29)	(47)	-	(101)
Write-offs	-	-	(15)	-	(15)
Changes in ECL inputs, models and / or assumptions	(105)	97	510	-	502
Effect of exchange rate changes	3	1	22	-	26
Loss Allowance as at June 30, 2022	1,326	471	3,672	-	5,469
Credit impairment loss reduction recorded in income					
– Six months ended June 30, 2022					237
– Three months ended June 30, 2022					382

Loss Allowance as at January 1, 2021	1,261	556	1,791	-	3,608
Transfers:					
Transfer from Stage 1 to Stage 2	(84)	84	-	-	-
Transfer from Stage 1 to Stage 3	(4)	-	4	-	-
Transfer from Stage 2 to Stage 1	174	(174)	-	-	-
Transfer from Stage 2 to Stage 3	-	(40)	40	-	-
Transfer from Stage 3 to Stage 2	-	277	(277)	-	-
Transfer from Stage 3 to Stage 1	8	-	(8)	-	-
New financial assets originated or purchased	159	-	-	-	159
Financial assets fully derecognised during the period	(35)	(13)	(504)	-	(552)
Changes in ECL inputs, models and / or assumptions	(401)	(158)	2,033	-	1,474
Effect of exchange rate changes	(8)	(7)	(44)	-	(59)
Loss Allowance as at June 30, 2021	1,070	525	3,035	-	4,630
Credit impairment loss reduction recorded in income					
– Six months ended June 30, 2021					442
– Three months ended June 30, 2021					1,671

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.2 Credit impairment losses – financial investments subject to impairment (continued)

FINANCE LOANS - AMORTISED COST

Loss Allowances

Amounts in US \$000

Six months ended June 30, 2022

Loss Allowance as at January 1, 2022

Transfers:

Transfer from Stage 1 to Stage 2

Transfer from Stage 1 to Stage 3

Transfer from Stage 2 to Stage 1

Transfer from Stage 2 to Stage 3

Transfer from Stage 3 to Stage 1

New financial assets originated or purchased

Financial assets fully derecognised during the period

Write-offs

Changes in inputs, models and / or assumptions

Effect of exchange rate changes

Loss Allowance as at June 30, 2022

Credit impairment loss recorded in income

– Six months ended June 30, 2022

– Three months ended June 30, 2022

Six months ended June 30, 2021

Loss Allowance as at January 1, 2021

Transfers:

Transfer from Stage 1 to Stage 2

Transfer from Stage 1 to Stage 3

Transfer from Stage 2 to Stage 1

Transfer from Stage 2 to Stage 3

Transfer from Stage 3 to Stage 1

New financial assets originated or purchased

Financial assets fully derecognised during the period

Changes in inputs, models and / or assumptions

Effect of exchange rate changes

Loss Allowance as at June 30, 2021

Credit impairment loss recorded in income

– Six months ended June 30, 2021

– Three months ended June 30, 2021

	ECL staging				
	Stage 1	Stage 2	Stage 3	Purchased	
	12-month	Lifetime	Lifetime	credit-	Total
	ECL	ECL	ECL	impaired	
Loss Allowance as at January 1, 2022	4,228	452	4,894	-	9,574
Transfers:					
Transfer from Stage 1 to Stage 2	(119)	119	-	-	-
Transfer from Stage 1 to Stage 3	(871)	-	871	-	-
Transfer from Stage 2 to Stage 1	41	(41)	-	-	-
Transfer from Stage 2 to Stage 3	-	(16)	16	-	-
Transfer from Stage 3 to Stage 1	139	-	(139)	-	-
New financial assets originated or purchased	1,483	-	-	-	1,483
Financial assets fully derecognised during the period	(277)	(19)	(1,561)	-	(1,857)
Write-offs	-	-	(55)	-	(55)
Changes in inputs, models and / or assumptions	52	219	303	-	574
Effect of exchange rate changes	88	(1)	79	-	166
Loss Allowance as at June 30, 2022	4,764	713	4,408	-	9,885
Credit impairment loss recorded in income					
– Six months ended June 30, 2022					(1,791)
– Three months ended June 30, 2022					(1,049)
Six months ended June 30, 2021					
Loss Allowance as at January 1, 2021	5,208	903	6,552	-	12,663
Transfers:					
Transfer from Stage 1 to Stage 2	(82)	82	-	-	-
Transfer from Stage 1 to Stage 3	(56)	-	56	-	-
Transfer from Stage 2 to Stage 1	111	(111)	-	-	-
Transfer from Stage 2 to Stage 3	-	(123)	123	-	-
Transfer from Stage 3 to Stage 1	174	-	(174)	-	-
New financial assets originated or purchased	662	-	-	-	662
Financial assets fully derecognised during the period	(381)	(116)	(2,228)	-	(2,725)
Changes in inputs, models and / or assumptions	(289)	(109)	1,467	-	1,069
Effect of exchange rate changes	(223)	(22)	(262)	-	(507)
Loss Allowance as at June 30, 2021	5,124	504	5,534	-	11,162
Credit impairment loss recorded in income					
– Six months ended June 30, 2021					(1,329)
– Three months ended June 30, 2021					(1,537)

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.2 Credit impairment losses – financial investments subject to impairment (continued)

DEPOSITS - AMORTISED COST

Loss Allowances

Amounts in US \$000

Six months ended June 30, 2022

	ECL staging				
	Stage 1	Stage 2	Stage 3	Purchased	
	12-month	Lifetime	Lifetime	credit-	Total
	ECL	ECL	ECL	impaired	
Loss Allowance as at January 1, 2022	3,147	71	-	-	3,218
New financial assets originated or purchased	126	-	-	-	126
Financial assets fully derecognised during the period	(270)	-	-	-	(270)
Changes in ECL inputs, models and / or assumptions	(502)	(1)	-	-	(503)
Effect of exchange rate changes	(1)	-	-	-	(1)
Loss Allowance as at June 30, 2022	2,500	70	-	-	2,570

Credit impairment loss reduction recorded in income

– Six months ended June 30, 2022	645
– Three months ended June 30, 2022	390

Six months ended June 30, 2021

Loss Allowance as at January 1, 2021	288	1,271	-	-	1,559
Transfers:					
Transfer from Stage 1 to Stage 2	(1)	1	-	-	-
Transfer from Stage 2 to Stage 1	1,114	(1,114)			-
New financial assets originated or purchased	104	-	-	-	104
Financial assets fully derecognised during the period	(863)	-	-	-	(863)
Changes in ECL inputs, models and / or assumptions	60	(72)	-	-	(12)
Effect of exchange rate changes	(2)	1	-	-	(1)
Loss Allowance as at June 30, 2021	700	87	-	-	787

Credit impairment loss reduction recorded in income

– Six months ended June 30, 2021	778
– Three months ended June 30, 2021	382

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.2 Credit impairment losses – financial investments subject to impairment (continued)

POLICY LOANS - AMORTISED COST

Loss Allowances

Amounts in US \$000

Six months ended June 30, 2022

	ECL staging				
	Stage 1	Stage 2	Stage 3	Purchased	
	12-month	Lifetime	Lifetime	credit-	Total
	ECL	ECL	ECL	impaired	
Loss Allowance as at January 1, 2022	457	-	-	-	457
Changes in ECL inputs, models and / or assumptions	47	-	-	-	47
Effect of exchange rate changes	2	-	-	-	2
Loss Allowance as at June 30, 2022	506	-	-	-	506
Credit impairment loss reduction recorded in income					
– Six months ended June 30, 2022					38
– Three months ended June 30, 2022					41

Six months ended June 30, 2021

Loss Allowance as at January 1, 2021	298	-	-	-	298
New financial assets originated or purchased	14	-	-	-	14
Effect of exchange rate changes	(8)	-	-	-	(8)
Loss Allowance as at June 30, 2021	304	-	-	-	304
Credit impairment loss recorded in income					
– Six months ended June 30, 2021					-
– Three months ended June 30, 2021					-

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.2 Credit impairment losses – financial investments subject to impairment (continued)

The most significant period-end assumptions used for the ECL were as follows:

Economic variable assumptions

Sagicor has selected seven economic factors which provide the overall macroeconomic environment in considering forward-looking information for base, upside and downside forecasts. These are as follows:

		As of June 30, 2022		
		2023	2024	2025
GDP Growth (USA)	Base	2.3%	1.9%	1.6%
	Upside	2.3%	1.9%	1.6%
	Downside	1.2%	1.6%	2.3%
World GDP	Base	3.6%	3.6%	3.6%
	Upside	5.4%	5.4%	5.4%
	Downside	2.6%	2.6%	2.6%
WTI Oil Prices/10	Base	\$9.66	\$8.57	\$7.89
	Upside	\$9.66	\$8.57	\$7.89
	Downside	\$3.93	\$3.49	\$3.21
DOW Jones Industrial Average Index - EPS	Base	\$2,001.82	\$2,200.13	\$2,300.25
	Upside	\$3,355.60	\$3,688.01	\$3,855.84
	Downside	\$1,164.32	\$1,279.66	\$1,337.89
S&P 500 Financial Index – EPS	Base	\$45.91	\$51.73	\$54.55
	Upside	\$73.72	\$83.06	\$87.58
	Downside	\$29.99	\$33.79	\$35.63
GBP/USD	Base	\$1.23	\$1.23	\$1.24
	Upside	\$1.36	\$1.43	\$1.49
	Downside	\$1.09	\$1.03	\$0.99
NZD/USD	Base	\$0.62	\$0.61	\$0.61
	Upside	\$0.70	\$0.73	\$0.75
	Downside	\$0.54	\$0.50	\$0.46

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.2 Credit impairment losses – financial investments subject to impairment (continued)

Economic variable assumptions (continued)

		As of December 31, 2021		
		2022	2023	2024
GDP Growth (USA)	Base	3.5%	2.6%	1.9%
	Upside	5.0%	3.0%	1.0%
	Downside	1.1%	1.6%	1.8%
World GDP	Base	4.9%	3.6%	3.4%
	Upside	7.4%	5.4%	5.1%
	Downside	2.6%	2.6%	2.4%
WTI Oil Prices/10	Base	\$7.36	\$6.79	\$6.40
	Upside	\$9.39	\$9.39	\$9.39
	Downside	\$3.09	\$2.85	\$2.69
DOW Jones Industrial Average Index - EPS	Base	\$1,940.94	\$2,132.89	\$2,132.89
	Upside	\$2,883.51	\$3,168.68	\$3,168.68
	Downside	\$1,138.04	\$1,250.58	\$1,250.58
S&P 500 Financial Index – EPS	Base	\$43.93	\$48.98	\$48.98
	Upside	\$66.29	\$73.91	\$73.91
	Downside	\$28.80	\$32.11	\$32.11
GBP/USD	Base	\$1.35	\$1.35	\$1.35
	Upside	\$1.46	\$1.52	\$1.57
	Downside	\$1.24	\$1.18	\$1.14
NZD/USD	Base	\$0.68	\$0.67	\$0.66
	Upside	\$0.74	\$0.77	\$0.78
	Downside	\$0.61	\$0.57	\$0.53

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.2 Credit impairment losses – financial investments subject to impairment (continued)

Economic variable assumptions (continued)

Sagicor's lending operations in Barbados, Trinidad & Tobago, and Jamaica have limited readily available information regarding economic forecasts. Management has examined the information within the market and selected economic drivers that have the best correlation to the portfolio's performance. Economic state is assigned to reflect the driver's impact on ECL.

As of June 30, 2022		
Barbados	Expected state for the next 12 months	
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative
Trinidad & Tobago	Expected state for the next 12 months	
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative
Jamaica	Expected state for the next 12 months	
Interest rate	Base	Stable
	Upside	Positive
	Downside	Stable
Unemployment rate	Base	Stable
	Upside	Stable
	Downside	Negative

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.2 Credit impairment losses – financial investments subject to impairment (continued)

Economic variable assumptions (continued)

As of December 31, 2021		
Barbados	Expected state for the next 12 months	
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative
Trinidad & Tobago	Expected state for the next 12 months	
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative
Jamaica	Expected state for the next 12 months	
Interest rate	Base	Stable
	Upside	Positive
	Downside	Stable
Unemployment rate	Base	Stable
	Upside	Stable
	Downside	Negative

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.2 Credit impairment losses – financial investments subject to impairment (continued)

Significant increase in credit risk (SICR)

As of June 30, 2022

Amounts in US \$000

The ECL impact of a SICR for debt securities has been estimated as follows:

SICR criteria	Actual threshold applied	Change in threshold	ECL impact of
			Change in threshold
Investments	2-notch downgrade since origination	1-notch downgrade since origination	\$2,933

The staging for lending products is primarily based on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

Loss Given Default	Actual value applied	Change in value	ECL impact of	
			Increase in value	Decrease in value
Corporate	53%	(- /+ 5) %	\$716	(\$716)
Sovereign, excluding Barbados and Jamaica	35%	(- /+ 5) %	\$333	(\$333)
Sovereign - Barbados - BAICO	17%	(- /+ 5) %	\$44	(\$44)
Sovereign - Barbados - Series B6 Bonds	35%	(- /+ 5) %	\$3	(\$3)
Sovereign - Jamaica	15%	(- /+ 5) %	\$591	(\$591)

Scenario design

The weightings assigned to each economic scenario as at June 30, 2022 are set out in the following table.

	Base	Upside	Downside
Sagicor Life portfolios	80%	10%	10%
Sagicor Jamaica portfolios	80%	10%	10%
Sagicor Life USA	80%	10%	10%

The results of varying the upside and downside scenarios are as follows:

	Base – 80%	Base – 80%
	Upside – 5%	Upside – 15%
	Downside – 15%	Downside – 5%
	Increase in ECL	Decrease in ECL
Debt securities	\$422	(\$422)
Lending products	\$182	(\$146)

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.2 Credit impairment losses – financial investments subject to impairment (continued)

Significant increase in credit risk (SICR)

As of December 31, 2021

Amounts in US \$000

The ECL impact of a SICR for debt securities has been estimated as follows:

SICR criteria	Actual threshold applied	Change in threshold	ECL impact of
			Change in threshold
Investments	2-notch downgrade since origination	1-notch downgrade since origination	\$2,916

The staging for lending products is primarily based on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

Loss Given Default	Rate applied	Change in value	ECL impact of	
			Increase in value	Decrease in value
Corporate	53%	(- /+ 5) %	\$646	(\$646)
Sovereign, excluding Barbados and Jamaica	35%	(- /+ 5) %	\$367	(\$367)
Sovereign - Barbados - BAICO	17%	(- /+ 5) %	\$48	(\$48)
Sovereign - Jamaica	15%	(- /+ 5) %	\$578	(\$578)

Scenario design

The weightings assigned to each economic scenario as at December 31, 2021 are set out in the following table.

	Base	Upside	Downside
Sagicor Life portfolios	80%	10%	10%
Sagicor Jamaica portfolios	80%	10%	10%
Sagicor Life USA	80%	10%	10%

The results of varying the upside and downside scenarios are as follows:

	Base – 80%	Base – 80%
	Upside – 5%	Upside – 15%
	Downside – 15%	Downside – 5%
	Increase in ECL	Decrease in ECL
Debt securities	\$422	(\$422)
Lending products	\$192	(\$158)

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.3 Gross carrying values – financial investments subject to impairment

The following tables explain the movement in the gross carrying amounts of investments and in the ECL classifications between the beginning and the end of the period. The gross carrying amounts represent the Group's maximum exposure to credit risk.

DEBT SECURITIES AND MONEY MARKET FUNDS - FVOCI

<u>Amounts in US \$000</u>	ECL staging				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	
Six months ended June 30, 2022					
Gross carrying amount as at January 1, 2022	4,260,801	89,416	-	28,205	4,378,422
Transfers:					
Transfer from Stage 1 to Stage 2	(28,088)	28,088	-	-	-
Transfer from Stage 2 to Stage 1	1,332	(1,332)	-	-	-
New financial assets originated or purchased	998,786	-	-	-	998,786
Financial assets fully derecognised during the period	(295,263)	(125)	-	-	(295,388)
Changes in principal and interest	(102,337)	(2,001)	-	26	(104,312)
Effect of exchange rate changes	12,390	61	-	-	12,451
Gross carrying amount as at June 30, 2022	4,847,621	114,107	-	28,231	4,989,959
Six months ended June 30, 2021					
Gross carrying amount as at January 1, 2021	3,208,171	164,073	7,912	28,617	3,408,773
Transfers:					
Transfer from Stage 1 to Stage 2	(4,069)	4,069	-	-	-
Transfer from Stage 2 to Stage 1	92	(92)	-	-	-
New financial assets originated or purchased	1,147,410	-	-	-	1,147,410
Financial assets fully derecognised during the period	(662,684)	(58,607)	(7,752)	(356)	(729,399)
Changes in principal and interest	(69,563)	(1,982)	-	(68)	(71,613)
Effect of exchange rate changes	(32,899)	(471)	(160)	(28)	(33,558)
Gross carrying amount as at June 30, 2021	3,586,458	106,990	-	28,165	3,721,613

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.3 Gross carrying values – financial investments subject to impairment (continued)

DEBT SECURITIES - AMORTISED COST

<u>Amounts in US \$000</u>	ECL staging				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	
Six months ended June 30, 2022					
Gross carrying amount as at January 1, 2022	1,190,560	22,642	10	189,257	1,402,469
Transfers:					
Transfer from Stage 1 to Stage 2	(823)	823	-	-	-
Transfer from Stage 2 to Stage 1	15,185	(15,185)	-	-	-
New financial assets originated or purchased	96,911	-	-	1,678	98,589
Financial assets fully derecognised during the period	(85,149)	(37)	-	(1,218)	(86,404)
Changes in principal and interest	(1,717)	66	-	5,966	4,315
Effect of exchange rate changes	8,062	-	-	1	8,063
Gross carrying amount as at June 30, 2022	1,223,029	8,309	10	195,684	1,427,032
Six months ended June 30, 2021					
Gross carrying amount as at January 1, 2021	1,066,119	28,340	3,926	177,182	1,275,567
Transfers:					
Transfer from Stage 1 to Stage 2	(1,011)	1,011	-	-	-
New financial assets originated or purchased	296,719	-	-	16	296,735
Financial assets fully derecognised during the period	(219,401)	(6,193)	(82)	(1,292)	(226,968)
Changes in principal and interest	4,436	(46)	(275)	7,252	11,367
Effect of exchange rate changes	(20,375)	-	-	1	(20,374)
Gross carrying amount as at June 30, 2021	1,126,487	23,112	3,569	183,159	1,336,327

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.3 Gross carrying values – financial investments subject to impairment (continued)

MORTGAGE LOANS - AMORTISED COST

<u>Amounts in US \$000</u>	ECL staging				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	
Six months ended June 30, 2022					
Gross carrying amount as at January 1, 2022	330,759	61,792	37,876	-	430,427
Transfers:					
Transfer from Stage 1 to Stage 2	(10,691)	10,691	-	-	-
Transfer from Stage 1 to Stage 3	(1,796)		1,796	-	-
Transfer from Stage 2 to Stage 1	40,439	(40,439)		-	-
Transfer from Stage 2 to Stage 3	-	(1,895)	1,895	-	-
Transfer from Stage 3 to Stage 2	-	748	(748)	-	-
Transfer from Stage 3 to Stage 1	570	-	(570)	-	-
New financial assets originated or purchased	59,083	-	-	-	59,083
Financial assets fully derecognised during the period	(8,411)	(1,132)	(569)	-	(10,112)
Write-offs	-	-	(29)	-	(29)
Changes in principal and interest	(5,868)	(582)	(7,325)	-	(13,775)
Effect of exchange rate changes	2,457	155	103	-	2,715
Gross carrying amount as at June 30, 2022	406,542	29,338	32,429	-	468,309
Six months ended June 30, 2021					
Gross carrying amount as at January 1, 2021	306,115	42,821	47,886	-	396,822
Transfers:					
Transfer from Stage 1 to Stage 2	(15,848)	15,848	-	-	-
Transfer from Stage 1 to Stage 3	(820)	-	820	-	-
Transfer from Stage 2 to Stage 1	11,099	(11,099)	-	-	-
Transfer from Stage 2 to Stage 3	-	(1,850)	1,850	-	-
Transfer from Stage 3 to Stage 2	-	14,594	(14,594)	-	-
Transfer from Stage 3 to Stage 1	1,874	-	(1,874)	-	-
New financial assets originated or purchased	42,948	-	-	-	42,948
Financial assets fully derecognised during the period	(10,599)	(1,191)	(3,064)	-	(14,854)
Changes in principal and interest	109	(1,136)	273	-	(754)
Effect of exchange rate changes	(4,349)	(277)	(307)	-	(4,933)
Gross carrying amount as at June 30, 2021	330,529	57,710	30,990	-	419,229

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.3 Gross carrying values – financial investments subject to impairment (continued)

FINANCE LOANS - AMORTISED COST

<u>Amounts in US \$000</u>	ECL staging				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	
Six months ended June 30, 2022					
Gross carrying amount as at January 1, 2022	508,966	22,540	11,528	-	543,034
Transfers:					
Transfer from Stage 1 to Stage 2	(9,317)	9,317	-	-	-
Transfer from Stage 1 to Stage 3	(2,616)		2,616	-	-
Transfer from Stage 2 to Stage 1	1,880	(1,880)		-	-
Transfer from Stage 2 to Stage 3	-	(767)	767	-	-
Transfer from Stage 3 to Stage 2	-	(7)	7	-	-
Transfer from Stage 3 to Stage 1	326	-	(326)	-	-
New financial assets originated or purchased	105,062	-	-	-	105,062
Financial assets fully derecognised during the period	(49,079)	(856)	(3,667)	-	(53,602)
Write-offs	-	-	(55)	-	(55)
Changes in principal and interest	(2,711)	(13,372)	(461)	-	(16,544)
Effect of exchange rate changes	9,452	(74)	191	-	9,569
Gross carrying amount as at June 30, 2022	561,963	14,901	10,600	-	587,464
Six months ended June 30, 2021					
Gross carrying amount as at January 1, 2021	523,594	33,487	10,966	-	568,047
Transfers:					
Transfer from Stage 1 to Stage 2	(9,202)	9,202	-	-	-
Transfer from Stage 1 to Stage 3	(2,134)	-	2,134	-	-
Transfer from Stage 2 to Stage 1	4,799	(4,799)	-	-	-
Transfer from Stage 2 to Stage 3	-	(4,288)	4,288	-	-
Transfer from Stage 3 to Stage 2	-	284	(284)	-	-
Transfer from Stage 3 to Stage 1	286	-	(286)	-	-
New financial assets originated or purchased	80,712	-	-	-	80,712
Financial assets fully derecognised during the period	(48,405)	(4,259)	(3,761)	-	(56,425)
Write-offs	(9)	-	-	-	(9)
Changes in principal and interest	(25,773)	(1,678)	(607)	-	(28,058)
Effect of exchange rate changes	(21,380)	(679)	(433)	-	(22,492)
Gross carrying amount as at June 30, 2021	502,488	27,270	12,017	-	541,775

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.3 Gross carrying values – financial investments subject to impairment (continued)

SECURITIES PURCHASED FOR RESALE - AMORTISED COST

<u>Amounts in US \$000</u>	ECL staging				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	
Six months ended June 30, 2022					
Gross carrying amount as at January 1, 2022	68,007	-	-	-	68,007
New financial assets originated or purchased	75,523	-	-	-	75,523
Financial assets fully derecognised during the period	(105,730)	-	-	-	(105,730)
Changes in principal and interest	220	-	-	-	220
Effect of exchange rate changes	(964)	-	-	-	(964)
Gross carrying amount as at June 30, 2022	37,056	-	-	-	37,056
Six months ended June 30, 2021					
Gross carrying amount as at January 1, 2021	57,110	-	-	-	57,110
New financial assets originated or purchased	521,421	-	-	-	521,421
Financial assets fully derecognised during the period	(507,025)	-	-	-	(507,025)
Changes in principal and interest	(54)	-	-	-	(54)
Effect of exchange rate changes	(3,196)	-	-	-	(3,196)
Gross carrying amount as at June 30, 2021	68,256	-	-	-	68,256

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.3 Gross carrying values – financial investments subject to impairment (continued)

DEPOSITS - AMORTISED COST

<u>Amounts in US \$000</u>	ECL staging				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	
Six months ended June 30, 2022					
Gross carrying amount as at January 1, 2022	214,520	623	-	-	215,143
Transfers:					
Transfer from Stage 1 to Stage 2	(252)	252	-	-	-
New financial assets originated or purchased	102,381	-	-	-	102,381
Financial assets fully derecognised during the period	(188,509)	(251)	-	-	(188,760)
Changes in principal and interest	(291)	(1)	-	-	(292)
Effect of exchange rate changes	715	-	-	-	715
Gross carrying amount as at June 30, 2022	128,564	623	-	-	129,187
Six months ended June 30, 2021					
Gross carrying amount as at January 1, 2021	117,784	11,495	-	-	129,279
Transfers:					
Transfer from Stage 1 to Stage 2	(1,759)	1,759	-	-	-
Transfer from Stage 2 to Stage 1	7,323	(7,323)	-	-	-
New financial assets originated or purchased	3,044,896	-	-	-	3,044,896
Financial assets fully derecognised during the period	(2,879,844)	(3,893)	-	-	(2,883,737)
Changes in principal and interest	325	91	-	-	416
Effect of exchange rate changes	(1,676)	-	-	-	(1,676)
Gross carrying amount as at June 30, 2021	287,049	2,129	-	-	289,178

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CREDIT RISK (continued)

12.3 Gross carrying values – financial investments subject to impairment (continued)

POLICY LOANS – AMORTISED COST

Amounts in US \$000

Six months ended June 30, 2022

	ECL staging				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	
Gross carrying amount as at January 1, 2022	154,296	-	-	-	154,296
New financial assets originated or purchased	5,193	-	-	-	5,193
Financial assets fully derecognised during the period	(3,295)	-	-	-	(3,295)
Write-offs	(7)	-	-	-	(7)
Changes in principal and interest	1,294	-	-	-	1,294
Effect of exchange rate changes	46	-	-	-	46
Gross carrying amount as at June 30, 2022	157,527	-	-	-	157,527

POLICY LOANS – AMORTISED COST

Amounts in US \$000

Six months ended June 30, 2021

	ECL staging				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	
Gross carrying amount as at January 1, 2021	151,336	-	-	-	151,336
New financial assets originated or purchased	2,129	-	-	-	2,129
Financial assets fully derecognised during the period	(1,673)	-	-	-	(1,673)
Changes in principal and interest	1,265	-	-	-	1,265
Effect of exchange rate changes	(168)	-	-	-	(168)
Gross carrying amount as at June 30, 2021	152,889	-	-	-	152,889

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. CASH FLOWS

Amounts in US \$000

Adjustments for non-cash items, interest and dividends:

	June 30, 2022	June 30, 2021
Income from financial investments	(100,287)	(227,933)
Gain arising on business combinations, acquisitions and divestitures	-	(10,691)
Net increase in actuarial liabilities	508,253	247,777
Interest costs and finance costs	47,334	47,042
Credit impairment losses	2,349	(3,336)
Depreciation and amortisation	15,877	16,793
Increase in provision for unearned premiums	1,162	1,262
Other items	2,059	(9,443)
	476,747	61,471

Net change in investments and operating assets:

Investment property	(298)	3,401
Debt securities	(841,682)	(322,497)
Equity securities	(22,726)	(22,690)
Mortgage loans	(33,485)	(24,259)
Policy loans	(3,586)	(1,369)
Finance loans	(35,577)	2,035
Securities purchased for resale	(1,206)	(32,567)
Deposits	(15,866)	(12,220)
Other assets and receivables	(28,643)	(20,931)
	(983,069)	(431,097)

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. CASH FLOWS (continued)

The gross changes in investment property, debt securities and equity securities are as follows:

<u>Amounts in US \$000</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Investment property:		
Purchases	(778)	-
Disposal proceeds	480	3,401
	<u>(298)</u>	<u>3,401</u>
 Debt securities:		
Purchases	(1,302,329)	(1,992,164)
Disposal proceeds	460,647	1,669,667
	<u>(841,682)</u>	<u>(322,497)</u>
 Equity securities:		
Purchases	(143,199)	(155,005)
Disposal proceeds	120,473	132,315
	<u>(22,726)</u>	<u>(22,690)</u>
 Net change in operating liabilities:		
Insurance liabilities	1,428	22,940
Investment contract liabilities	4,376	22,840
Other funding instruments	2,596	96,077
Deposits	14,511	50,231
Securities sold for repurchase	17,336	12,191
Other liabilities and payables	39,864	61,097
	<u>80,111</u>	<u>265,376</u>

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. CASH FLOWS (continued)

Amounts in US \$000

Investing activities

Property, plant and equipment:

Purchases	(8,237)	(6,641)
Disposal proceeds	16	160
	<u>(8,221)</u>	<u>(6,481)</u>

Financing activities

Notes and loans payable:

Proceeds	60,218	397,222
Repayments	(70,704)	(134,342)
	<u>(10,486)</u>	<u>262,880</u>

Lease liability payments

Principal paid	(4,030)	(3,923)
Interest paid	(821)	(921)
	<u>(4,851)</u>	<u>(4,844)</u>

Cash and cash equivalents

Cash	409,713	446,911
Call deposits and other liquid balances	239,714	440,722
Bank overdrafts	(771)	(1,659)
	<u>648,656</u>	<u>885,974</u>

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. MOVEMENT IN ACTUARIAL LIABILITIES

	Gross liability		Reinsurers' share	
	Six months to June 30,	Twelve months to December 31,	Six months to June 30,	Twelve months to December 31,
<u>Amounts in US \$000</u>	2022	2021	2022	2021
Balance, beginning of period	4,792,627	4,152,701	545,196	639,797
Changes in actuarial liabilities:				
Recorded in income (note 6)	462,717	686,329	(45,536)	(94,586)
Recorded in OCI	(268,983)	(19,030)	-	-
Other movements	(24)	(53)	(1)	(6)
Effect of exchange rate changes	7,810	(27,320)	-	(9)
Balance, end of period	4,994,147	4,792,627	499,659	545,196

Analysis of changes in actuarial liabilities

Arising from increments and decrements of inforce policies and from the issuance of new policies	553,048	750,742	(45,258)	(96,016)
Arising from changes in assumptions for mortality, lapse, expenses, partial withdrawal, universal life premium persistency and indexation, critical illness plan benefit modelling, investment yields and asset default ⁽¹⁾	(346,502)	(79,155)	-	1,986
Other changes:				
Actuarial modelling, refinements and improvements	(1,669)	(5,593)	(278)	(556)
Changes in margins for adverse deviations	-	(19,056)	-	-
Arising from fair value changes of Segregated Funds	(11,143)	32,311	-	-
Other items	-	(11,950)	-	-
Total	193,734	667,299	(45,536)	(94,586)

⁽¹⁾ Amounts arising from changes in assumptions include a decrease in actuarial liabilities relating to investment yields and asset default of \$344,054 as at June 30, 2022 (\$37,827 as at December 31, 2021).

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. RESERVES

	Fair value reserves							
	Owner-occupied and owner-managed property	FVOCI assets	Actuarial liabilities	Cash flow hedges	Currency translation reserves	Warrant reserve ⁽¹⁾	Other reserves	Total reserves
Balance, December 31, 2021	25,469	119,739	(114,384)	(35)	(169,254)	20,062	57,931	(60,472)
Total comprehensive income	38	(332,480)	206,388	-	6,607	-	-	(119,447)
Transactions with holders of equity instruments:								
Allocated to reserve for equity compensation benefits	-	-	-	-	-	-	559	559
Eliminated from reserve for equity compensation benefits	-	-	-	-	-	-	(1,744)	(1,744)
Transfers to retained earnings and other movements	(677)	-	-	-	-	-	388	(289)
Balance, June 30, 2022	24,830	(212,741)	92,004	(35)	(162,647)	20,062	57,134	(181,393)

⁽¹⁾ The Group has 34,774,993 warrants outstanding as at June 30, 2022 (34,774,993 warrants outstanding as at December 31, 2021) which have an exercise price of CDN \$11.50 per share. These warrants expire on December 5, 2024. The warrants are listed on the Toronto Stock Exchange.

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. LEASE LIABILITIES

The lease liabilities recognised are as follows:

<u>Amounts in US \$000</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Current lease liabilities	7,915	8,262
Non-current lease liabilities	21,475	24,574
	<u>29,390</u>	<u>32,836</u>

The lease liabilities relate to right-of-use assets of \$24,165 as at June 30, 2022 (\$26,476 as at December 31, 2021).

17. EARNINGS PER COMMON SHARE

For the six-month period ended June 30, 2022, certain instruments which are considered to be antidilutive have been excluded from the computation of fully diluted earnings per share. This treatment is in accordance with IAS 33 – Earnings Per Share, which indicates that such instruments are antidilutive only when the exercise price is exceeded by the market price of common shares.

18. REPURCHASE OF SHARES

During the six-month period ended June 30, 2022, the Company repurchased 1,064,372 shares at a total cost of US \$5.5 million (1,482,121 shares at a total cost of US \$7.5 million for the six-month period ended June 30, 2021), which were subsequently cancelled. Share capital and share premium in equity have been reduced by the cost of the shares repurchased and commission paid on the transactions. The premium or discount paid on the repurchase of shares has been recorded directly in retained earnings.

The cost of shares totalling US \$0.01 million, which were repurchased at the period end date but not cancelled, (US \$0.01 million as at June 30, 2021), has been reflected in treasury shares.

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. IMPACT OF COVID-19 CORONAVIRUS

On March 11, 2020, the World Health Organisation declared the emergence of COVID-19 coronavirus, a global pandemic. This pandemic has affected many countries and all levels of society and has affected our economic environment in significant ways. The COVID-19 situation continues to evolve and many of the markets in which Sagicor operates have implemented public health safety protocols. At various stages during the pandemic, most Caribbean countries have shut down air and sea traffic. Similar procedures have also been applied in the United States, Canada and elsewhere. The COVID-19 pandemic has caused significant economic and financial turmoil and uncertainty, both in the U.S. and around the world, and has fuelled concerns that have led to a global recession.

Over two years on from the initial outbreak, the virus remains prevalent across the world, with various mutations extending the uncertainties surrounding economic recoveries. The availability of vaccines has aided recovery efforts.

COVID-19 continues to cause major disruptions in economies within which the Sagicor Group operates. In response to the changing, uncertain economic environment, the Sagicor Group has performed reviews and updated its assumptions, including those related to asset impairment, where necessary. Management has also considered the potential impact of the pandemic on actuarial reserves but has concluded that it has not had a significant impact on actuarial assumptions and the valuation of actuarial liabilities of the Group.

The Group continues to monitor the health crisis and the economic impact on its investments, actuarial reserves, customer and trading partners, and the effect on the industries in which it operates. The pandemic may continue to negatively impact levels of new business and the level of policyholder lapses and surrenders, as well as loan and credit card delinquencies.

20. INTEREST IN PLAYA HOTEL & RESORTS N.V.

During the period ended March 31, 2021, certain transactions took place which resulted in the Group's interest in Playa Hotel & Resorts N.V. ("Playa"), as an associate, being reduced and redesignated as a FVTPL investment.

On January 15, 2021, Playa issued 25,000,000 new ordinary shares for US \$125 million in an underwritten public offering. Concurrent to this transaction, Sagicor Group Jamaica (SGJ) disposed of its shareholding of 20,000,000 ordinary shares of Playa for net cash consideration of US \$96 million. In a public offering held by the Group, 11,499,000 shares of Playa were sold by SGJ at a price of US \$5.00 per share net of commission expenses associated with the public offering. In addition, Sagicor Financial Corporation (SFCL), the intermediate parent company of SGJ, acquired 8,501,000 of Playa's shares from SGJ at a price which was equal to the price offered through the public offering, net of commission expenses.

The Group's shareholding in Playa was reduced from 16% to 6% based on the total of 10,001,000 shares held by SFCL in Playa following these transactions. The transactions gave rise to a net loss of US \$1.6 million on the disposal of 20,000,000 shares by SGJ and a gain by SFCL of US \$12.3 million on remeasurement of the investment in Playa to FVTPL as at March 31, 2021, representing a net gain on the transactions of US \$10.7 million in the three-month period ended March 31, 2021. Subsequent to these transactions, SFCL purchased an additional 950,451 shares in Playa which has increased its interest to 10,951,451 shares representing a 7% shareholding in Playa.

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. COMMITMENTS

- i. Effective June 25, 2020, the Group entered into a letter of credit arrangement with a facility up to the amount of US \$40 million, whereby an irrevocable standby letter of credit was issued on behalf of Sagicor Reinsurance Bermuda Ltd. (SRBL) in favour of Sagicor Life Insurance Company, USA, in support of a coinsurance agreement between the two parties. The letter of credit facility is guaranteed by Sagicor Financial Corporation Limited and SRBL. The letter of credit expires annually on June 26 and is deemed to be automatically extended for one-year periods, subject to notice of the intention to terminate the facility being given sixty days prior to an expiration date. The facility was automatically extended on June 26, 2022.
- ii. Effective May 3, 2022, the Group entered into a letter of credit arrangement up to the amount of US \$10 million, whereby an irrevocable and unconditional standby letter of credit, except for any stated condition therein, was issued on behalf of Sagicor Reinsurance Bermuda Ltd. (SRBL). The letter of credit expires on May 4, 2023. A condition of the letter of credit is that it will be automatically extended for periods of one year, without amendment, from the relevant expiration date, unless notice is sent in writing at least six months prior to the relevant expiration date.

22. ACQUISITION / DISPOSAL OF INTERESTS IN SUBSIDIARIES

Sagicor Real Estate X-Fund Limited

On March 24, 2022, SGJ sold 191,913,423 shares of Sagicor Real Estate X-Fund Limited ("X-Fund Limited") to related parties, Sagicor Sigma Global Unit Trust and Sagicor Pooled Investment Fund Limited, at market value. Net proceeds were US \$10.3 million, resulting in a gain of US \$0.8 million.

The disposal of shares represented 4.2% of SFCL's shareholding in X-Fund Limited and SFCL now holds 10.2% of the outstanding shares of X-Fund Limited.

Alliance Investment Management Limited

On April 25, 2022, SGJ announced that its subsidiary, Sagicor Investments Jamaica Limited, entered into a definitive agreement for the purchase of the securities dealer book of business of Alliance Investment Management Limited (AIML). At June 30, 2022, the transaction had not yet been finalised.

Alliance Financial Services Limited

On February 9, 2022, Sagicor announced that Sagicor Group Jamaica Limited ("SGJ") had entered a definitive agreement for the purchase of 100% of the shares of Alliance Financial Services Limited ("AFSL"). The arrangement was subject to due diligence and regulatory approval and SGJ applied for relevant licences from the Bank of Jamaica.

Effective April 1, 2022, the purchase of 100% of the shares of AFSL by SGJ was finalised. On April 4, 2022, following the successful completion of due diligence procedures and receipt of regulatory approval, AFSL resumed its operations.

AFSL is a provider of cambio and remittance services in Jamaica. The acquisition represents a move into a new business segment and affords the Sagicor Jamaica Group an opportunity to expand its product offerings to its customers. The purchase consideration includes an initial cash consideration of US \$16.8 million with provision for contingent cash consideration up to US \$22.6 million, based on specified performance criteria.

SAGICOR FINANCIAL COMPANY LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22. ACQUISITION / DISPOSAL OF INTERESTS IN SUBSIDIARIES (continued)

Alliance Financial Services Limited (continued)

Details of the net assets acquired, purchase consideration and goodwill, determined on a provisional basis, are as follows:

	Total Fair Value	Acquiree's Carrying Value
Net assets acquired:		
Property, plant and equipment	86	86
Intangible assets	4,283	26
Financial investments	1,923	1,923
Miscellaneous assets and receivables	3,640	3,640
Cash resources	10,508	10,508
Deposit and security liabilities	(14,161)	(14,161)
Income tax liabilities	(1,648)	(229)
Accounts payable and accrued liabilities	(337)	(337)
Total net assets	4,294	1,456
 Share of net assets acquired	 4,294	
Purchase consideration	22,609	
Goodwill arising on acquisition	18,315	

The acquiree's net loss and total revenue are as follows:

	Net Loss	Total Revenue
For the period ended June 30, 2022	(8,750)	2,972
Consolidated from the date of acquisition to June 30, 2022	(14)	770

Jamziv MoBay Jamaica Portfolio Limited

On June 13, 2022, a resolution was passed for the wind-up of Jamziv MoBay Jamaica Portfolio Limited ("Jamziv"), a subsidiary of Sagicor Real Estate X-Fund Limited in the Sagicor Jamaica Group. This resulted in the cancellation of a promissory note of US \$37.4 million, issued by holders of the non-controlling interest in Jamziv, and the removal of the non-controlling interest from the statement of financial position.

23. SUBSEQUENT EVENT

On August 11, 2022, the Board of Directors of Sagicor Financial Company Ltd. approved and declared a quarterly dividend of US \$0.05625 per common share payable on September 14, 2022 to the shareholders of record at the close of business on August 24, 2022.