

#### CHAIRMAN'S REVIEW

The Sagicor Group maintained its solid performance from the first quarter into the second Quarter. Group net income was US \$41.1 million for the six months ended June 30, 2017, compared to the prior year result of US \$34.1 million, an increase of US \$7.0 million or 21%.

Net income attributable to shareholders was US \$19.0 million, compared to the prior year result of US \$16.7 million, an improvement of US \$2.3 million or 14%. Earnings per common share was US 6.3 cents compared to the prior year result of US 5.2 cents.

Total revenue amounted to US \$562.6 million, compared to US \$553.0 million for the corresponding period in 2016, an increase of US \$9.6 million. Net premium revenue stood at US \$340.1 million, and exceeded the prior year amount of US \$318.8 million, an increase of US \$21.3 million. Net investment income and other income closed at US \$222.5 million compared to the prior year amount of US \$234.3 million, the change resulted from lower realised investment gains when compared to the prior year.

Benefits amounted to US \$278.0 million for the period, compared to US \$294.8 million for the previous year, a reduction of US \$16.8 million and was impacted by experience gains and actuarial refinements.

Expenses amounted to US \$224.3 million, inclusive of US \$5.0 million in non-recurring costs, compared to US \$209.8 million for the same period in the prior year. Higher administration costs were also incurred as a result of the expansion of credit card and payments businesses in our banking segment.

Total comprehensive income closed the period at US \$57.4 million, compared to US \$48.9 million for the same period in the prior year. Included in comprehensive income were net gains on financial assets of US \$21.7 million. Retranslation losses amounted to US \$1.8 million, compared to losses of US \$20.4 million reported in the prior year, this resulted from relatively stable rate movements in the Jamaica dollar and the Trinidad dollar when compared to the United States dollar during the period.

In the statement of financial position as at June 30, 2017, assets amounted to US \$6.6 billion, and liabilities totalled US \$5.8 billion. Sagicor's Group equity totalled US \$834.5 million. Shareholders' equity amounted to US \$562.1 million at a book value of US \$1.85 per share. The Group's debt, which is included in other liabilities, was US \$411.6 million. The debt to capital ratio was 33.0%.

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



Stephen McNamara  
Chairman  
August 10, 2017

FINANCIAL HIGHLIGHTS <i>(in US currency except percentages)</i>	Six months ended JUNE 30	
	2017	2016
Total revenue	\$562.6m	\$553.0m
Overall Group net income	\$41.1m	\$34.1m
Overall Shareholders' net income	\$19.0m	\$16.7m
Net income allocated to non-controlling interests	\$22.6m	\$17.7m
Total equity	\$834.5m	\$764.7m
Ratio of Debt to Capital (2016 adjusted for the redemption of preference shares)	33.0%	33.9%
Earnings per common share	6.3¢	5.2¢
Annualised return on common shareholders' equity	7.0%	6.7%

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts expressed in US \$000

	June 30 2017	June 30 2016	December 31 2016
	(unaudited)	(unaudited)	(audited)
<b>ASSETS</b>			
Financial investments	4,848,973	4,905,027	4,813,748
Other investments and assets	1,762,374	1,648,202	1,718,172
Assets of discontinued operation	-	453	-
<b>Total assets</b>	<b>6,611,347</b>	<b>6,553,682</b>	<b>6,531,920</b>
<b>LIABILITIES</b>			
Policy liabilities	3,393,805	3,310,717	3,361,060
Other liabilities	2,383,074	2,478,250	2,375,446
<b>Total liabilities</b>	<b>5,776,879</b>	<b>5,788,967</b>	<b>5,736,506</b>
<b>EQUITY</b>			
Shareholders' equity	562,110	521,493	536,149
Participating accounts	1,019	1,001	1,291
Non-controlling interests	271,339	242,221	257,974
<b>Total equity</b>	<b>834,468</b>	<b>764,715</b>	<b>795,414</b>
<b>Total liabilities and equity</b>	<b>6,611,347</b>	<b>6,553,682</b>	<b>6,531,920</b>

These financial statements have been approved for issue by the Board of Directors on August 10, 2017.



Director



Director

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

	Six months to June 30		Three months to June 30	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>REVENUE</b>				
Net premium revenue	340,145	318,772	172,476	161,438
Net investment and other income	222,495	234,262	107,656	127,217
<b>Total revenue</b>	<b>562,640</b>	<b>553,034</b>	<b>280,132</b>	<b>288,655</b>
<b>BENEFITS AND EXPENSES</b>				
Benefits	277,996	294,826	140,816	160,854
Expenses	224,300	209,800	109,218	108,360
<b>Total benefits and expenses</b>	<b>502,296</b>	<b>504,626</b>	<b>250,034</b>	<b>269,214</b>
<b>INCOME BEFORE TAXES</b>	<b>60,344</b>	<b>48,408</b>	<b>30,098</b>	<b>19,441</b>
Income taxes	(19,233)	(16,179)	(12,361)	(7,578)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>41,111</b>	<b>32,229</b>	<b>17,737</b>	<b>11,863</b>
Net income/(loss) from discontinued operation	-	1,865	-	(32)
<b>NET INCOME FOR THE PERIOD</b>	<b>41,111</b>	<b>34,094</b>	<b>17,737</b>	<b>11,831</b>
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Common Shareholders				
From continuing operations	19,006	14,877	5,750	2,923
From discontinued operation	-	1,865	-	(32)
	19,006	16,742	5,750	2,891
Participating policyholders	(474)	(354)	(185)	(627)
Non-controlling interests	22,579	17,706	12,172	9,567
	<b>41,111</b>	<b>34,094</b>	<b>17,737</b>	<b>11,831</b>
<b>Basic earnings per common share:</b>				
From continuing operations	6.3 cents	4.6 cents	1.9 cents	0.6 cents
From discontinued operation	0.0 cents	0.6 cents	0.0 cents	0.0 cents
	6.3 cents	5.2 cents	1.9 cents	0.6 cents
<b>Fully diluted earnings per common share:</b>				
From continuing operations	6.1 cents	4.5 cents	1.9 cents	0.6 cents
From discontinued operation	0.0 cents	0.5 cents	0.0 cents	0.0 cents
	6.1 cents	5.0 cents	1.9 cents	0.6 cents

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

	Six months to June 30		Three months to June 30	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>NET INCOME FOR THE PERIOD</b>	<b>41,111</b>	<b>34,094</b>	<b>17,737</b>	<b>11,831</b>
<b>Items net of tax that may be reclassified subsequently to income:</b>				
Available for sale financial assets:				
Unrealised gains arising on revaluation	21,687	62,070	13,738	49,814
Losses / (gains) transferred to income	7,211	(3,478)	2,745	(1,850)
Net change in actuarial liabilities	(12,915)	(23,385)	(4,320)	(16,809)
Retranslation of foreign currency operations	(1,846)	(20,430)	(1,153)	(14,042)
	<b>14,137</b>	<b>14,777</b>	<b>11,010</b>	<b>17,113</b>
<b>Items net of tax that will not be reclassified subsequently to income:</b>				
Unrealised gains arising on revaluation of owner occupied property	-	-	26	-
Gains on defined benefit plans	2,133	-	-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>16,270</b>	<b>14,777</b>	<b>11,036</b>	<b>17,113</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>57,381</b>	<b>48,871</b>	<b>28,773</b>	<b>28,944</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Common Shareholders				
From continuing operations	32,665	23,950	15,481	13,649
From discontinued operation	-	1,865	-	(32)
	32,665	25,815	15,481	13,617
Participating policyholders	(164)	(270)	350	(441)
Non-controlling interests	24,880	23,326	12,942	15,768
	<b>57,381</b>	<b>48,871</b>	<b>28,773</b>	<b>28,944</b>

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

	Share Capital	Share Premium	Reserves	Retained Earnings	Participating Accounts	Non-controlling Interest	Total
<b>Six months to June 30, 2017:</b>							
Balance, beginning of period	3,029	297,050	(64,795)	300,865	1,291	257,974	795,414
Total comprehensive income from continuing operations	-	-	11,526	21,139	(164)	24,880	57,381
Transactions with holders of equity instruments:							
Movements in treasury shares	6	834	-	-	-	-	840
Changes in reserve for equity compensation benefits	-	-	1,637	-	-	-	1,637
Dividends declared	-	-	-	(7,575)	-	(10,838)	(18,413)
Transfers and other movements	-	-	(405)	(1,201)	(108)	(677)	(2,391)
Balance, end of period	<b>3,035</b>	<b>297,884</b>	<b>(52,037)</b>	<b>313,228</b>	<b>1,019</b>	<b>271,339</b>	<b>834,468</b>
<b>Six months to June 30, 2016:</b>							
Balance, beginning of period	299,320	-	(59,688)	266,414	1,383	231,735	739,164
Total comprehensive income from continuing operations	-	-	9,073	14,877	(270)	23,326	47,006
Total comprehensive income from discontinued operation	-	-	-	1,865	-	-	1,865
Transactions with holders of equity instruments:							
Movements in treasury shares	622	-	-	-	-	-	622
Changes in reserve for equity compensation benefits	-	-	648	-	-	-	648
Dividends declared	-	-	-	(11,311)	-	(10,749)	(22,060)
Transfers and other movements	-	-	(4,707)	4,380	(112)	(2,091)	(2,530)
Balance, end of period	<b>299,942</b>	<b>-</b>	<b>(54,674)</b>	<b>276,225</b>	<b>1,001</b>	<b>242,221</b>	<b>764,715</b>

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

	Six months to June 30	
	2017	2016
	(unaudited)	(unaudited)
<b>CASH FLOWS</b>		
Operating activities:		
Cash from income, interest and taxation	41,545	54,152
Net increase in investments and operating assets	3,142	(81,029)
Net change in operating liabilities	41,908	59,471
	86,595	32,594
Investing activities	(15,341)	(7,719)
Financing activities	(3,503)	8,073
Effects of exchange rate changes	87	(2,598)
<b>Net change in cash and cash equivalents - continuing operations</b>	<b>67,838</b>	<b>30,350</b>
Net change in cash and cash equivalents - discontinued operation	-	(44,613)
Cash and cash equivalents, beginning of period	312,106	384,879
<b>Cash and cash equivalents, end of period</b>	<b>379,944</b>	<b>370,616</b>

**STATEMENT OF INCOME BY SEGMENT**

*Amounts expressed in US \$000*

	Six months to June 30, 2017					Total
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	
(unaudited)						
Total revenue	204,948	258,251	75,534	77,883	(53,976)	562,640
Total benefits and expenses	180,200	203,725	65,272	43,850	9,249	502,296
<b>INCOME BEFORE TAXES</b>	<b>24,748</b>	<b>54,526</b>	<b>10,262</b>	<b>34,033</b>	<b>(63,225)</b>	<b>60,344</b>
Income taxes	(4,889)	(10,542)	(3,592)	(210)	-	(19,233)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>19,859</b>	<b>43,984</b>	<b>6,670</b>	<b>33,823</b>	<b>(63,225)</b>	<b>41,111</b>
Net income / (loss) attributable to shareholders from continuing operations	20,333	21,601	6,670	16,873	(46,471)	19,006
Total Comprehensive income / (loss) attributable to shareholders from continuing operations	26,149	23,760	11,864	16,838	(45,946)	32,665

Six months to June 30, 2016

	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	Total
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>27,442</b>	<b>33,334</b>	<b>2,061</b>	<b>21,276</b>	<b>(51,884)</b>	<b>32,229</b>
Net income / (loss) attributable to shareholders from continuing operations	27,796	16,370	2,061	(585)	(30,765)	14,877
Total Comprehensive income / (loss) attributable to shareholders from continuing operations	25,675	21,415	8,129	(557)	(30,712)	23,950

**STATEMENT OF FINANCIAL POSITION BY SEGMENT**

*Amounts expressed in US \$000*

	June 30, 2017					Total
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	
(unaudited)						
Total assets	1,918,232	2,660,449	1,986,844	406,466	(360,644)	6,611,347
Total liabilities	1,400,633	2,184,720	1,756,016	796,154	(360,644)	5,776,879
<b>Net assets</b>	<b>517,599</b>	<b>475,729</b>	<b>230,828</b>	<b>(389,688)</b>	<b>-</b>	<b>834,468</b>

June 30, 2016

	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	Total
<b>Net assets</b>	<b>521,752</b>	<b>418,034</b>	<b>213,521</b>	<b>(388,592)</b>	<b>-</b>	<b>764,715</b>

**PRODUCTS AND SERVICES**

Total external revenues relating to the Group's products and services are summarised as follows:

*Amounts expressed in US \$000*

	Six months to June 30	
	2017	2016
	(unaudited)	(unaudited)
Life, health and annuity insurance contracts issued to individuals	319,172	304,651
Life, health and annuity insurance and pension administration contracts issued to groups	130,565	134,781
Property and casualty insurance	20,741	17,732
Banking, investment management and other financial services	79,802	77,813
Other revenues	12,360	18,057
	<b>562,640</b>	<b>553,034</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**1. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared in accordance with the accounting policies set out in note 2 of the December 31, 2016 audited financial statements.