The Sagicor Group maintained a solid performance for the first six months to June 30, 2019. Group net income closed the period at US $58.4 million against a prior year result of US $39.4 million. Net income attributable to shareholders from continuing operations was US $26.2 million compared to the prior year result of US $21.5 million. Net income to shareholders from continuing operations in 2018 included the impact of a provision on the Government of Barbados Debt and was partially offset by certain one-time positive earnings releases.

Total revenue for the Group amounted to US $992.8 million, against a prior year amount of US $633.3 million, an increase of US $359.5 million or 57%. Revenue growth was driven primarily by the USA business segment which generated premium growth, amplified by our strategic decision to cease reinsuring its premiums to third parties. Revenues continue to grow year over year in the Sagicor Jamaica and Sagicor Life business segments as well.

Benefits including change in actuarial liabilities for future benefits were US $639.7 million, compared to US $298.4 million for the previous year and was consistent with the growth in premium income. Expenses including credit impairment losses were US $268.3 million, compared to US $286.9 million for the same period in the prior year, a decrease of 6%. Expenses in the prior year included credit impairment losses of US $57.8 million, largely related to the impairment of the Government of Barbados debt. Current year expenses included the impact of higher commissions related to sales growth in the USA segment.

Group comprehensive income was US $102.0 million, compared to a loss of US $17.0 million for the prior year. Shareholder comprehensive income from continuing operations was US $57.5 million, compared to a loss of US $13.0 million for the prior year. The Group continues to benefit from significant net gains on investments measured at Fair Value through Other Comprehensive Income. Losses incurred on the retranslation of foreign currency operations reduced this year when compared to the previous year.

In the statement of financial position as at June 30, 2019, assets amounted to US $7.9 billion, and liabilities amounted to US $6.6 billion. Group equity was US $1.224.7 million, compared to US $1.135.5 million at December 31, 2018. Shareholders’ equity was US $658.6 million, compared to US $600.9 million at December 31, 2018. The Group's debt was US $473.9 million with a debt to capital ratio of 27.9%, compared to 30.2% at December 31, 2018.

On June 4, our shareholders overwhelmingly approved the previously announced transaction with Alignvest Acquisition II Corporation (“AQY”), with 99.5% of shares voting in favour of the transaction. Our shareholders showed further support by electing to receive an aggregate of approximately US $20 million in cash consideration out of the maximum available US $205 million we offered to them. As a result, the vast majority of Sagicor’s shareholders will continue to retain their investment in Sagicor post the transaction.

Following completion of the Transaction, which is expected to close in the fourth quarter of 2019 subject to customary regulatory approvals, it is expected that Sagicor will retain over US $420 million of net cash from the transaction, leaving our company exceptionally well capitalized for future growth.

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

Stephen McNamara
Chairman
August 9, 2019

<table>
<thead>
<tr>
<th>FINANCIAL HIGHLIGHTS</th>
<th>Six months ended JUNE 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$992.8m</td>
</tr>
<tr>
<td>Overall Group net income</td>
<td>$58.4m</td>
</tr>
<tr>
<td>Overall shareholders’ net income</td>
<td>$26.7m</td>
</tr>
<tr>
<td>Net income allocated to non-controlling interests</td>
<td>$31.0m</td>
</tr>
<tr>
<td>Total equity</td>
<td>$1,224.7m</td>
</tr>
<tr>
<td>Book Value per share</td>
<td>$2.15</td>
</tr>
<tr>
<td>Ratio of Debt to Capital</td>
<td>27.9%</td>
</tr>
<tr>
<td>Earnings per common share from continuing operations</td>
<td>8.5¢</td>
</tr>
<tr>
<td>Annualised return to common shareholders’ equity</td>
<td>8.5%</td>
</tr>
</tbody>
</table>
# Sagicor Financial Corporation Limited
## Condensed Consolidated Statement of Financial Position

**As of June 30, 2019** (unaudited) | **As of December 31, 2018** (audited)
---|---
**Assets** | **Amounts in US $000**
Investment property | 92,545 | 93,494
Property, plant and equipment | 278,235 | 262,288
Associates and joint ventures | 243,632 | 236,132
Intangible assets | 91,723 | 97,312
Financial investments (note 9) | 5,870,127 | 5,347,663
Reinsurance assets | 737,059 | 714,597
Income tax assets | 35,112 | 54,365
Miscellaneous assets and receivables | 156,706 | 143,647
Cash resources | 356,572 | 358,687
Assets of discontinued operation (note 8) | - | 17,239
**Total assets** | **7,861,711** | **7,325,424**

**Liabilities** | **Amounts in US $000**
Actuarial liabilities | 3,440,871 | 3,024,464
Other insurance liabilities | 244,613 | 247,577
Investment contract liabilities (note 10) | 420,993 | 390,397
**Total policy liabilities** | **4,106,477** | **3,662,438**
Notes and loans payable (note 11) | 473,915 | 490,275
Lease liabilities (note 16) | 18,283 | -
Deposits and security liabilities (note 12) | 1,695,474 | 1,674,033
Provisions | 66,324 | 74,287
Income tax liabilities | 40,592 | 48,236
Accounts payable and accrued liabilities | 235,969 | 240,694
**Total liabilities** | **6,637,034** | **6,189,963**

**Equity** | **Amounts in US $000**
Share capital | 3,062 | 3,061
Share premium | 300,635 | 300,665
Reserves | (38,757) | (76,995)
Retained earnings | 393,665 | 374,138
**Total shareholders’ equity** | **658,605** | **600,869**
Participating accounts | 3,605 | 4,078
Non-controlling interests in subsidiaries | 562,467 | 530,514
**Total equity** | **1,224,677** | **1,135,461**

**Total liabilities and equity** | **7,861,711** | **7,325,424**

These financial statements have been approved for issue by the Board of Directors on August 9, 2019.

The accompanying notes form an integral part of these financial statements.
SAGICOR FINANCIAL CORPORATION LIMITED

CONDENSED CONSOLIDATED STATEMENT OF INCOME

<table>
<thead>
<tr>
<th></th>
<th>Six months to June 30, 2019 (unaudited)</th>
<th>Six months to June 30, 2018 (unaudited)</th>
<th>Three months to June 30, 2019 (unaudited)</th>
<th>Three months to June 30, 2018 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premium revenue (note 5)</td>
<td>715,413</td>
<td>461,327</td>
<td>332,356</td>
<td>241,047</td>
</tr>
<tr>
<td>Reinsurance premium expense (note 5)</td>
<td>(37,643)</td>
<td>(51,297)</td>
<td>(19,645)</td>
<td>(18,319)</td>
</tr>
<tr>
<td>Net premium revenue</td>
<td>677,770</td>
<td>410,030</td>
<td>312,711</td>
<td>222,728</td>
</tr>
<tr>
<td>Gain on derecognition of amortised cost investments</td>
<td>1,663</td>
<td>2,096</td>
<td>281</td>
<td>2,064</td>
</tr>
<tr>
<td>Gain reclassified to income from accumulated OCI</td>
<td>3,530</td>
<td>-</td>
<td>4,960</td>
<td>-</td>
</tr>
<tr>
<td>Net investment income (note 6)</td>
<td>225,544</td>
<td>165,000</td>
<td>108,089</td>
<td>86,617</td>
</tr>
<tr>
<td>Fees and other revenue</td>
<td>84,316</td>
<td>56,153</td>
<td>43,263</td>
<td>30,590</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>992,823</strong></td>
<td><strong>633,279</strong></td>
<td><strong>469,304</strong></td>
<td><strong>341,999</strong></td>
</tr>
</tbody>
</table>

| **BENEFITS**                   |                                        |                                        |                                          |                                          |
| Policy benefits and change in actuarial liabilities (note 7) | 686,725                               | 325,807                                | 310,787                                  | 194,045                                  |
| Policy benefits and change in actuarial liabilities reinsured (note 7) | (76,027)                            | (53,451)                               | (34,544)                                 | (41,410)                                 |
| Net policy benefits and change in actuarial liabilities | 610,698                               | 272,356                                | 276,243                                  | 152,635                                  |
| Interest costs                | 29,002                                 | 26,060                                 | 15,622                                   | 13,689                                   |
| **Total benefits**            | **639,700**                            | **298,416**                            | **291,865**                              | **166,324**                              |

| **EXPENSES**                   |                                        |                                        |                                          |                                          |
| Administrative expenses       | 161,020                                | 138,979                                | 86,135                                   | 68,939                                   |
| Commissions and related compensation | 60,296                             | 51,578                                 | 29,696                                   | 26,754                                   |
| Premium and asset taxes       | 9,785                                  | 9,816                                  | 2,442                                    | 2,698                                    |
| Finance costs                | 19,993                                 | 17,484                                 | 10,017                                   | 8,863                                    |
| Credit impairment losses      | (19)                                   | 57,827                                 | (67)                                     | 56,385                                   |
| Depreciation and amortisation | 17,245                                 | 11,234                                 | 9,133                                    | 5,662                                    |
| **Total expenses**            | **268,320**                            | **286,918**                            | **137,356**                              | **169,301**                              |

(Loss) / gain arising on business combinations, acquisitions and divestitures | (347)                                 | 5,280                                  | (347)                                    | -                                        |

| **INCOME BEFORE TAXES**       | **84,456**                             | **53,225**                             | **39,736**                               | **6,374**                                |
| Income taxes                  | (26,574)                               | (17,195)                               | (14,204)                                 | (8,814)                                  |
| **NET INCOME / (LOSS) FROM CONTINUING OPERATIONS** | **57,882**                             | **36,030**                             | **25,532**                               | **(2,440)**                              |

The accompanying notes form an integral part of these financial statements.
## SAGICOR FINANCIAL CORPORATION LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Amounts in US $000

<table>
<thead>
<tr>
<th></th>
<th>Six months to June 30, 2019 (unaudited)</th>
<th>Six months to June 30, 2018 (unaudited)</th>
<th>Three months to June 30, 2019 (unaudited)</th>
<th>Three months to June 30, 2018 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income / (loss) from continuing operations</td>
<td>57,882</td>
<td>36,030</td>
<td>25,532</td>
<td>(2,440)</td>
</tr>
<tr>
<td>Net income from discontinued operation (note 8)</td>
<td>517</td>
<td>3,357</td>
<td>-</td>
<td>2,965</td>
</tr>
<tr>
<td><strong>NET INCOME FOR THE PERIOD</strong></td>
<td>58,399</td>
<td>39,387</td>
<td>25,532</td>
<td>525</td>
</tr>
</tbody>
</table>

Net income / (loss) is attributable to:

Common shareholders:

<table>
<thead>
<tr>
<th></th>
<th>From continuing operations</th>
<th>From discontinued operation (note 8)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26,194</td>
<td>21,543</td>
</tr>
<tr>
<td></td>
<td>26,711</td>
<td>3,357</td>
</tr>
<tr>
<td>Participating policyholders</td>
<td>705</td>
<td>(8,310)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>30,983</td>
<td>22,797</td>
</tr>
<tr>
<td></td>
<td>58,399</td>
<td>25,532</td>
</tr>
</tbody>
</table>

**Basic earnings per common share:**

<table>
<thead>
<tr>
<th></th>
<th>From continuing operations</th>
<th>From discontinued operation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.5 cents</td>
<td>0.2 cents</td>
</tr>
<tr>
<td></td>
<td>7.0 cents</td>
<td>1.1 cents</td>
</tr>
<tr>
<td></td>
<td>3.6 cents</td>
<td>0.0 cents</td>
</tr>
<tr>
<td></td>
<td>8.7 cents</td>
<td>1.7 cents</td>
</tr>
</tbody>
</table>

**Fully diluted earnings per common share:**

<table>
<thead>
<tr>
<th></th>
<th>From continuing operations</th>
<th>From discontinued operation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.4 cents</td>
<td>0.2 cents</td>
</tr>
<tr>
<td></td>
<td>6.9 cents</td>
<td>1.1 cents</td>
</tr>
<tr>
<td></td>
<td>3.5 cents</td>
<td>0.0 cents</td>
</tr>
<tr>
<td></td>
<td>8.6 cents</td>
<td>1.6 cents</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
## SAGICOR FINANCIAL CORPORATION LIMITED

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**Six months to June 30, 2019** (unaudited)  | **Six months to June 30, 2018** (unaudited)  | **Three months to June 30, 2019** (unaudited)  | **Three months to June 30, 2018** (unaudited)
---|---|---|---
**Amounts in US $000** | | | |
**NET INCOME FOR THE PERIOD** | 58,399 | 39,387 | 25,532 | 525

### OTHER COMPREHENSIVE INCOME:

**Items net of tax that may be reclassified subsequently to income:**

- **Financial assets measured at fair value through other comprehensive income:**
  - Gains / (losses) on revaluation: 76,149 (65,113) 10,214 (36,722)
  - Losses / (gains) transferred to income: 42,197 (1,749) 41,768 1,888
- **Net change in actuarial liabilities:** (64,106) 29,874 (29,956) 16,711
- **Retranslation of foreign currency operations:** (7,653) (17,782) (12,113) (14,741)
- **Other items:** - - 1

**Total:** 46,587 (54,770) 9,913 (32,863)

**Items net of tax that will not be reclassified subsequently to income:**

- **(Losses)/gains arising on revaluation of owner occupied property:** (2,964) 832 59 832
- **Net gains on equity securities designated at fair value through other comprehensive income:** 18 27 1 13
- **Losses on defined benefit plans:** - (2,500) - (2,500)

**Total other comprehensive income/(loss) from continuing operations:** 43,641 (56,411) 9,973 (34,518)

**TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD:**

| 102,040 | (17,024) | 35,505 | (33,993) |

**Total comprehensive income / (loss) is attributable to:**

- **Common shareholders:**
  - From continuing operations: 57,453 (12,976) 19,205 (18,357)
  - From discontinued operation: 517 3,357 - 2,965

**Total from common shareholders:** 57,970 (9,619) 19,205 (15,392)

- **Participating policyholders:**
  - 1,325 (9,061) 681 (17,221)

**Total from participating policyholders:** 42,745 1,656 15,619 (1,380)

**Total from common shareholders and participating policyholders:** 102,040 (17,024) 35,505 (33,993)

The accompanying notes form an integral part of these financial statements.
## SAGICOR FINANCIAL CORPORATION LIMITED
### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Share Capital (unaudited)</th>
<th>Share Premium (unaudited)</th>
<th>Reserves (unaudited)</th>
<th>Retained earnings (unaudited)</th>
<th>Total Shareholders' Equity (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Six months to June 30, 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2018</td>
<td>3,061</td>
<td>300,665</td>
<td>(76,995)</td>
<td>374,138</td>
<td>600,869</td>
</tr>
<tr>
<td>Total comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From continuing operations</td>
<td>-</td>
<td>-</td>
<td>31,259</td>
<td>26,194</td>
<td>57,453</td>
</tr>
<tr>
<td>From discontinued operation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>517</td>
<td>517</td>
</tr>
<tr>
<td>Transactions with holders of equity instruments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movements in treasury shares</td>
<td>1</td>
<td>(30)</td>
<td>-</td>
<td>-</td>
<td>(29)</td>
</tr>
<tr>
<td>Changes in reserve for equity compensation benefits</td>
<td>-</td>
<td>-</td>
<td>6,296</td>
<td>-</td>
<td>6,296</td>
</tr>
<tr>
<td>Dividends declared</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7,658)</td>
<td>(7,658)</td>
</tr>
<tr>
<td>Transfers and other movements</td>
<td>-</td>
<td>-</td>
<td>683</td>
<td>474</td>
<td>1,157</td>
</tr>
<tr>
<td><strong>Balance as of June 30, 2019</strong></td>
<td><strong>3,062</strong></td>
<td><strong>300,635</strong></td>
<td><strong>(38,757)</strong></td>
<td><strong>393,665</strong></td>
<td><strong>658,605</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Total Shareholders' Equity (unaudited)</th>
<th>Participating Accounts (unaudited)</th>
<th>Non-controlling interests (unaudited)</th>
<th>Total Equity (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Six months to June 30, 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2018</td>
<td>600,869</td>
<td>4,078</td>
<td>530,514</td>
<td>1,135,461</td>
</tr>
<tr>
<td>Total comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From continuing operations</td>
<td>57,453</td>
<td>1,325</td>
<td>42,745</td>
<td>101,523</td>
</tr>
<tr>
<td>From discontinued operation</td>
<td>517</td>
<td>-</td>
<td>-</td>
<td>517</td>
</tr>
<tr>
<td>Transactions with holders of equity instruments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movements in treasury shares</td>
<td>(29)</td>
<td>-</td>
<td>-</td>
<td>(29)</td>
</tr>
<tr>
<td>Changes in reserve for equity compensation benefits</td>
<td>6,296</td>
<td>-</td>
<td>-</td>
<td>6,296</td>
</tr>
<tr>
<td>Dividends declared</td>
<td>(7,658)</td>
<td>-</td>
<td>(12,036)</td>
<td>(19,694)</td>
</tr>
<tr>
<td>Transfers and other movements</td>
<td>1,157</td>
<td>(1,798)</td>
<td>1,244</td>
<td>603</td>
</tr>
<tr>
<td><strong>Balance as of June 30, 2019</strong></td>
<td><strong>658,605</strong></td>
<td><strong>3,605</strong></td>
<td><strong>562,467</strong></td>
<td><strong>1,224,677</strong></td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
# Condensed Consolidated Statement of Changes in Equity

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Share Capital (unaudited)</th>
<th>Share Premium (unaudited)</th>
<th>Reserves (unaudited)</th>
<th>Retained earnings (unaudited)</th>
<th>Total Shareholders' Equity (unaudited)</th>
</tr>
</thead>
</table>

## Six months to June 30, 2018

<table>
<thead>
<tr>
<th>Description</th>
<th>Amounts in US $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2017</td>
<td>3,059</td>
</tr>
<tr>
<td>Prior period adjustment to actuarial liabilities</td>
<td>-</td>
</tr>
<tr>
<td>Transition adjustment on adoption of IFRS 9</td>
<td>-</td>
</tr>
<tr>
<td>Balance as restated</td>
<td>3,059</td>
</tr>
<tr>
<td>Total comprehensive income:</td>
<td></td>
</tr>
<tr>
<td>From continuing operations</td>
<td>-</td>
</tr>
<tr>
<td>From discontinued operation</td>
<td>-</td>
</tr>
<tr>
<td>Transactions with holders of equity instruments:</td>
<td></td>
</tr>
<tr>
<td>Movements in treasury shares</td>
<td>-</td>
</tr>
<tr>
<td>Changes in reserve for equity compensation benefits</td>
<td>-</td>
</tr>
<tr>
<td>Dividends declared</td>
<td>-</td>
</tr>
<tr>
<td>Transfers and other movements</td>
<td>-</td>
</tr>
<tr>
<td>Balance as of June 30, 2018</td>
<td>3,059</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
### SAGICOR FINANCIAL CORPORATION LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Total Shareholders’ Equity (unaudited)</th>
<th>Participating Accounts (unaudited)</th>
<th>Non-controlling Interests (unaudited)</th>
<th>Total Equity (unaudited)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Six months to June 30, 2018</strong></th>
<th><strong>Balance as of December 31, 2017</strong></th>
<th>623,374</th>
<th>865</th>
<th>308,089</th>
<th>932,328</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior period adjustment to actuarial liabilities</td>
<td>1,218</td>
<td>-</td>
<td>3,677</td>
<td>4,895</td>
<td></td>
</tr>
<tr>
<td>Transition adjustment on adoption of IFRS 9</td>
<td>(10,659)</td>
<td>(2,930)</td>
<td>(2,352)</td>
<td>(15,941)</td>
<td></td>
</tr>
<tr>
<td><strong>Balance as restated</strong></td>
<td>613,933</td>
<td>(2,065)</td>
<td>309,414</td>
<td>921,282</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From continuing operations</td>
<td>(12,976)</td>
<td>(9,061)</td>
<td>1,656</td>
<td>(20,381)</td>
<td></td>
</tr>
<tr>
<td>From discontinued operation</td>
<td>3,357</td>
<td>-</td>
<td>-</td>
<td>3,357</td>
<td></td>
</tr>
<tr>
<td><strong>Transactions with holders of equity instruments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movements in treasury shares</td>
<td>16</td>
<td>-</td>
<td>-</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Changes in reserve for equity compensation benefits</td>
<td>(1,686)</td>
<td>-</td>
<td>-</td>
<td>(1,686)</td>
<td></td>
</tr>
<tr>
<td>Dividends declared</td>
<td>(7,648)</td>
<td>-</td>
<td>(10,449)</td>
<td>(18,097)</td>
<td></td>
</tr>
<tr>
<td>Transfers and other movements</td>
<td>1,752</td>
<td>(104)</td>
<td>2,868</td>
<td>4,516</td>
<td></td>
</tr>
<tr>
<td><strong>Balance as of June 30, 2018</strong></td>
<td>596,748</td>
<td>(11,230)</td>
<td>303,489</td>
<td>889,007</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
SAGICOR FINANCIAL CORPORATION LIMITED  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  

<table>
<thead>
<tr>
<th></th>
<th>Six months to June 30, 2019</th>
<th>Restated Six months to June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amounts in US $000</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before taxes</td>
<td>84,456</td>
<td>53,225</td>
</tr>
<tr>
<td>Adjustments for non-cash items, interest and dividends (note 15)</td>
<td>161,209</td>
<td>(68,759)</td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>155,116</td>
<td>152,321</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(44,894)</td>
<td>(38,317)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(34,861)</td>
<td>(20,188)</td>
</tr>
<tr>
<td>Net change in investments and operating assets (note 15)</td>
<td>(323,927)</td>
<td>(253,129)</td>
</tr>
<tr>
<td>Net change in operating liabilities (note 15)</td>
<td>43,384</td>
<td>225,265</td>
</tr>
<tr>
<td><strong>Net cash flows - operating activities</strong></td>
<td>40,483</td>
<td>50,418</td>
</tr>
<tr>
<td>INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment, net (note 15)</td>
<td>(4,250)</td>
<td>(5,049)</td>
</tr>
<tr>
<td>Associates and joint ventures, net</td>
<td>-</td>
<td>(149)</td>
</tr>
<tr>
<td>Dividends received from associates and joint ventures</td>
<td>320</td>
<td>120</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(831)</td>
<td>(1,852)</td>
</tr>
<tr>
<td><strong>Net cash flows - investing activities</strong></td>
<td>(4,761)</td>
<td>(6,930)</td>
</tr>
<tr>
<td>FINANCING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redemption of SFC preference share</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td>Shares issued to non-controlling interest</td>
<td>746</td>
<td>2,304</td>
</tr>
<tr>
<td>Notes and loans payable, net (note 15)</td>
<td>(12,670)</td>
<td>(1,377)</td>
</tr>
<tr>
<td>Principal elements of lease payments</td>
<td>(1,815)</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid to common shareholders</td>
<td>(7,496)</td>
<td>(7,484)</td>
</tr>
<tr>
<td>Dividends paid to non-controlling interest</td>
<td>(12,036)</td>
<td>(10,449)</td>
</tr>
<tr>
<td><strong>Net cash flows - financing activities</strong></td>
<td>(33,271)</td>
<td>(17,007)</td>
</tr>
<tr>
<td>Effect of exchange rate changes</td>
<td>(2,730)</td>
<td>(5,800)</td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents - continuing operations</strong></td>
<td>(279)</td>
<td>20,681</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents – discontinued operation</td>
<td>17,756</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of period</td>
<td>321,561</td>
<td>338,349</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, end of period</strong></td>
<td>339,038</td>
<td>359,030</td>
</tr>
</tbody>
</table>

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

These unaudited interim condensed consolidated financial statements (“condensed financial statements”) of Sagicor Financial Corporation Limited and its subsidiaries (the “Group”) are presented in compliance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting. 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 2018 annual consolidated financial statements and the accompanying notes included in pages 96 to 243 of the Annual Report for 2018. 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.

2. ACCOUNTING POLICIES

Except as indicated below, these condensed financial statements have been prepared using the same accounting policies and methods used in preparation of the audited 2018 annual consolidated financial statements. The principle accounting policies are described in note 2 of those annual consolidated financial statements.

2.1 Adoption of IFRS 16 Leases

Effective January 1, 2019, the Sagicor Group adopted IFRS 16. This standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement is also affected because the total expense is higher typically in the earlier years of a lease and lower in later years. Additionally, operating expenses are replaced with interest and depreciation, so key metrics like Earnings before Interest, Tax, Depreciation and Amortization will change.

Operating cash flows will be higher as cash payments for the principal portion of the leased liability are classified within financing activities. Only the part of the payments that reflect interest can continue to be presented as operating cash flows.

In accordance with the transition provisions in IFRS 16, the standard has been implemented using the modified retrospective method with no restatement of comparative information.

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate has been applied to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of the initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The standard introduces new disclosure requirements for interim financial statements which are set out in note 16.
2. ACCOUNTING POLICIES (continued)

2.2 Exchange rates

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

<table>
<thead>
<tr>
<th>Currency</th>
<th>Closing rates as of June 30, 2019</th>
<th>Closing rates as of December 31, 2018</th>
<th>Average rates for the six months to June 30, 2019</th>
<th>Average rates for the six months to June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados dollar</td>
<td>2.0000</td>
<td>2.0000</td>
<td>2.0000</td>
<td>2.0000</td>
</tr>
<tr>
<td>Eastern Caribbean dollar</td>
<td>2.7000</td>
<td>2.7000</td>
<td>2.7000</td>
<td>2.7000</td>
</tr>
<tr>
<td>Jamaica dollar</td>
<td>130.5374</td>
<td>127.3996</td>
<td>130.4506</td>
<td>125.5454</td>
</tr>
<tr>
<td>Trinidad &amp; Tobago dollar</td>
<td>6.7476</td>
<td>6.7804</td>
<td>6.7578</td>
<td>6.7422</td>
</tr>
<tr>
<td>Pound sterling</td>
<td>0.78570</td>
<td>0.78310</td>
<td>0.77056</td>
<td>0.72650</td>
</tr>
</tbody>
</table>

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 Extension and termination options

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.
4. SEGMENTS

The Group conducts its business through three reportable operating segments.

- Sagicor Life: Engages in life and health insurance, annuities and pension administration in Barbados, Eastern Caribbean, Dutch Caribbean, Bahamas, Belize, Panamá and Trinidad and Tobago.
- 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 and Costa Rica.
- Sagicor Life USA: Engages in life insurance and annuities in certain states of the USA.

There have been no changes in the reportable operating segments from 2018. Segmented financial information is set out in the sections 4.1 to 4.5.

4.1 Statement of income from continuing operations by reportable operating segment

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Sagicor Life</th>
<th>Sagicor Jamaica</th>
<th>Sagicor Life USA</th>
<th>Head office and other</th>
<th>Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net premium revenue</td>
<td>189,005</td>
<td>161,534</td>
<td>308,719</td>
<td>18,512</td>
<td>-</td>
<td>677,770</td>
</tr>
<tr>
<td>Net gain/(losses) on derecognition of amortised cost investments</td>
<td>42</td>
<td>1,636</td>
<td>(15)</td>
<td>-</td>
<td>-</td>
<td>1,663</td>
</tr>
<tr>
<td>Net gains/(losses) reclassified to income from accumulated OCI</td>
<td>499</td>
<td>2,248</td>
<td>775</td>
<td>-</td>
<td>8</td>
<td>3,530</td>
</tr>
<tr>
<td>Interest income</td>
<td>39,271</td>
<td>80,628</td>
<td>36,085</td>
<td>1,981</td>
<td>-</td>
<td>157,965</td>
</tr>
<tr>
<td>Other investment income</td>
<td>5,012</td>
<td>33,965</td>
<td>27,986</td>
<td>691</td>
<td>(75)</td>
<td>67,579</td>
</tr>
<tr>
<td>Fees and other revenue</td>
<td>3,049</td>
<td>73,652</td>
<td>(1,051)</td>
<td>8,345</td>
<td>321</td>
<td>84,316</td>
</tr>
<tr>
<td>Inter-segment revenues</td>
<td>9,654</td>
<td>-</td>
<td>-</td>
<td>21,487</td>
<td>(31,141)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>246,532</strong></td>
<td><strong>353,663</strong></td>
<td><strong>372,499</strong></td>
<td><strong>51,016</strong></td>
<td><strong>(30,887)</strong></td>
<td><strong>992,823</strong></td>
</tr>
<tr>
<td>Net policy benefits</td>
<td>108,265</td>
<td>100,645</td>
<td>55,986</td>
<td>10,402</td>
<td>-</td>
<td>275,298</td>
</tr>
<tr>
<td>Net change in actuarial liabilities</td>
<td>40,384</td>
<td>36,935</td>
<td>258,081</td>
<td>-</td>
<td>-</td>
<td>335,400</td>
</tr>
<tr>
<td>Interest costs</td>
<td>7,881</td>
<td>16,841</td>
<td>4,030</td>
<td>250</td>
<td>-</td>
<td>29,002</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>37,517</td>
<td>84,893</td>
<td>17,452</td>
<td>19,819</td>
<td>1,339</td>
<td>161,020</td>
</tr>
<tr>
<td>Commissions and premium and asset taxes</td>
<td>21,681</td>
<td>26,943</td>
<td>16,086</td>
<td>5,371</td>
<td>-</td>
<td>70,081</td>
</tr>
<tr>
<td>Finance costs</td>
<td>22</td>
<td>2,768</td>
<td>268</td>
<td>(6)</td>
<td>16,941</td>
<td>19,993</td>
</tr>
<tr>
<td>Credit impairment losses</td>
<td>(1,069)</td>
<td>838</td>
<td>289</td>
<td>(77)</td>
<td>(19)</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>3,553</td>
<td>9,859</td>
<td>2,341</td>
<td>1,492</td>
<td>-</td>
<td>17,245</td>
</tr>
<tr>
<td>Inter-segment expenses</td>
<td>1,048</td>
<td>1,058</td>
<td>1,646</td>
<td>9,376</td>
<td>(13,128)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total benefits and expenses</strong></td>
<td><strong>219,282</strong></td>
<td><strong>280,780</strong></td>
<td><strong>356,179</strong></td>
<td><strong>46,627</strong></td>
<td><strong>(5,152)</strong></td>
<td><strong>908,020</strong></td>
</tr>
<tr>
<td>Loss arising on business combinations and acquisitions</td>
<td>(347)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(347)</td>
</tr>
<tr>
<td>Segment income / (loss) before taxes</td>
<td>26,903</td>
<td>72,883</td>
<td>16,320</td>
<td>4,389</td>
<td>(36,039)</td>
<td>84,456</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(5,205)</td>
<td>(16,829)</td>
<td>(3,427)</td>
<td>(1,119)</td>
<td>6</td>
<td>(26,574)</td>
</tr>
<tr>
<td><strong>Net income - continuing operations</strong></td>
<td><strong>21,698</strong></td>
<td><strong>56,054</strong></td>
<td><strong>12,893</strong></td>
<td><strong>3,270</strong></td>
<td><strong>(36,033)</strong></td>
<td><strong>57,882</strong></td>
</tr>
<tr>
<td>Net income / (loss) attributable to shareholders from continuing operations</td>
<td>20,993</td>
<td>24,737</td>
<td>12,893</td>
<td>(13,335)</td>
<td>(19,094)</td>
<td>26,194</td>
</tr>
<tr>
<td>Total comprehensive income / (loss) attributable to shareholders from continuing operations</td>
<td>27,547</td>
<td>36,580</td>
<td>25,210</td>
<td>(12,920)</td>
<td>(18,964)</td>
<td>57,453</td>
</tr>
</tbody>
</table>

(1) During 2015, Sagicor Life USA entered into a reinsurance agreement with Sagicor Life; included in the inter-segment expenses is $527 relating to this transaction.
4. SEGMENTS (continued)

4.1 Statement of income from continuing operations by reportable operating segment (continued)

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Sagicor Life</th>
<th>Sagicor Jamaica</th>
<th>Sagicor Life USA</th>
<th>Head office and other</th>
<th>Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net premium revenue</td>
<td>153,688</td>
<td>146,965</td>
<td>92,077</td>
<td>17,300</td>
<td>0</td>
<td>410,030</td>
</tr>
<tr>
<td>Net gain/(losses) on derecognition of amortised cost investments</td>
<td>-</td>
<td>2,096</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,096</td>
</tr>
<tr>
<td>Interest income</td>
<td>39,808</td>
<td>81,411</td>
<td>26,913</td>
<td>4,109</td>
<td>-</td>
<td>152,241</td>
</tr>
<tr>
<td>Other investment income</td>
<td>3,002</td>
<td>9,220</td>
<td>1,249</td>
<td>117</td>
<td>(829)</td>
<td>12,759</td>
</tr>
<tr>
<td>Fees and other revenue</td>
<td>5,753</td>
<td>45,689</td>
<td>(5,025)</td>
<td>9,889</td>
<td>(153)</td>
<td>56,153</td>
</tr>
<tr>
<td>Inter-segment revenues</td>
<td>7,474</td>
<td>-</td>
<td>-</td>
<td>38,179</td>
<td>(45,653)</td>
<td>-</td>
</tr>
<tr>
<td>Total revenue</td>
<td>209,725</td>
<td>285,381</td>
<td>115,214</td>
<td>69,594</td>
<td>(46,635)</td>
<td>633,279</td>
</tr>
</tbody>
</table>

Net policy benefits: 100,695 101,128 49,018 8,193 - 259,034
Net change in actuarial liabilities: (28,998) 2,512 39,808 - - 13,322
Interest costs: 5,344 17,379 1,929 1,408 - 26,060
Administrative expenses: 33,845 66,703 14,993 22,539 899 138,979
Commissions and premium and asset taxes: 21,038 25,966 9,362 5,028 - 61,394
Finance costs: - 659 97 (73) 16,801 17,484
Credit impairment losses: 48,049 7,918 (286) 2,146 - 57,827
Depreciation and amortisation: 3,094 4,950 1,386 1,804 - 11,234
Inter-segment expenses: 2,071 907 (570) 7,297 (9,705) -
Total benefits and expenses: 185,138 228,122 115,737 48,342 7,995 585,334

Gain arising on business combinations and acquisitions: 5,280 - - - - 5,280
Segment income/(loss) before taxes: 29,867 57,259 (523) 21,252 (54,630) 53,225
Income taxes: (5,138) (12,017) 110 (417) 267 (17,195)
Net income - continuing operations: 24,729 45,242 (413) 20,835 (54,363) 36,030

Net income / (loss) attributable to shareholders from continuing operations: 33,039 22,177 (1,511) 4,262 (37,562) 21,543

Total comprehensive income / (loss) attributable to shareholders from continuing operations: 30,557 1,511 (9,552) 3,476 (38,968) (12,976)

(1) During 2015, Sagicor Life USA entered into a reinsurance agreement with Sagicor Life; included in the inter-segment expenses is $1,576 relating to this transaction.
## 4. SEGMENTS (continued)

### 4.1 Statement of income from continuing operations by reportable operating segment (continued)

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Sagicor Life</th>
<th>Sagicor Jamaica</th>
<th>Sagicor Life USA</th>
<th>Head office and other</th>
<th>Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net premium revenue</strong></td>
<td>82,131</td>
<td>81,911</td>
<td>139,306</td>
<td>9,363</td>
<td>-</td>
<td>312,711</td>
</tr>
<tr>
<td><strong>Net gain/(losses) on derecognition of amortised cost investments</strong></td>
<td>-</td>
<td>288</td>
<td>(7)</td>
<td>-</td>
<td>-</td>
<td>281</td>
</tr>
<tr>
<td><strong>Net gains/(losses) reclassified to income from accumulated OCI</strong></td>
<td>57</td>
<td>4,566</td>
<td>329</td>
<td>-</td>
<td>8</td>
<td>4,960</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>20,173</td>
<td>41,369</td>
<td>18,666</td>
<td>996</td>
<td>-</td>
<td>81,204</td>
</tr>
<tr>
<td><strong>Other investment income</strong></td>
<td>3,494</td>
<td>15,239</td>
<td>7,697</td>
<td>484</td>
<td>(29)</td>
<td>26,885</td>
</tr>
<tr>
<td><strong>Fees and other revenue</strong></td>
<td>980</td>
<td>39,217</td>
<td>(1,873)</td>
<td>4,618</td>
<td>321</td>
<td>43,263</td>
</tr>
<tr>
<td><strong>Inter-segment revenues</strong></td>
<td>4,906</td>
<td>-</td>
<td>-</td>
<td>20,437</td>
<td>(25,343)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>111,741</strong></td>
<td><strong>182,590</strong></td>
<td><strong>164,118</strong></td>
<td><strong>35,898</strong></td>
<td><strong>(25,043)</strong></td>
<td><strong>469,304</strong></td>
</tr>
<tr>
<td><strong>Net policy benefits</strong></td>
<td>53,519</td>
<td>50,748</td>
<td>29,258</td>
<td>6,018</td>
<td>-</td>
<td>139,543</td>
</tr>
<tr>
<td><strong>Net change in actuarial liabilities</strong></td>
<td>7,538</td>
<td>22,649</td>
<td>106,513</td>
<td>-</td>
<td>-</td>
<td>136,700</td>
</tr>
<tr>
<td><strong>Interest costs</strong></td>
<td>4,882</td>
<td>8,930</td>
<td>1,680</td>
<td>130</td>
<td>-</td>
<td>15,622</td>
</tr>
<tr>
<td><strong>Administrative expenses</strong></td>
<td>20,754</td>
<td>44,590</td>
<td>8,015</td>
<td>12,578</td>
<td>198</td>
<td>86,135</td>
</tr>
<tr>
<td><strong>Commissions and premium and asset taxes</strong></td>
<td>10,956</td>
<td>10,758</td>
<td>7,497</td>
<td>2,927</td>
<td>-</td>
<td>32,138</td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td>(16)</td>
<td>1,371</td>
<td>127</td>
<td>(30)</td>
<td>8,565</td>
<td>10,017</td>
</tr>
<tr>
<td><strong>Credit impairment losses</strong></td>
<td>(707)</td>
<td>352</td>
<td>369</td>
<td>(81)</td>
<td>-</td>
<td>(67)</td>
</tr>
<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td>1,790</td>
<td>5,224</td>
<td>1,163</td>
<td>956</td>
<td>-</td>
<td>9,133</td>
</tr>
<tr>
<td><strong>Inter-segment expenses</strong></td>
<td>(462)</td>
<td>576</td>
<td>1,942&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>4,794</td>
<td>(6,850)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total benefits and expenses</strong></td>
<td><strong>98,254</strong></td>
<td><strong>145,198</strong></td>
<td><strong>156,564</strong></td>
<td><strong>27,292</strong></td>
<td><strong>1,913</strong></td>
<td><strong>429,221</strong></td>
</tr>
<tr>
<td><strong>Gain arising on business combinations and acquisitions</strong></td>
<td>(347)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(347)</td>
</tr>
<tr>
<td><strong>Segment income/(loss) before taxes</strong></td>
<td><strong>13,140</strong></td>
<td><strong>37,392</strong></td>
<td><strong>7,554</strong></td>
<td><strong>8,606</strong></td>
<td><strong>(26,956)</strong></td>
<td><strong>39,736</strong></td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>(2,883)</td>
<td>(8,764)</td>
<td>(1,558)</td>
<td>(999)</td>
<td>-</td>
<td>(14,204)</td>
</tr>
<tr>
<td><strong>Net income - continuing operations</strong></td>
<td><strong>10,257</strong></td>
<td><strong>28,628</strong></td>
<td><strong>5,996</strong></td>
<td><strong>7,607</strong></td>
<td><strong>(26,956)</strong></td>
<td><strong>25,532</strong></td>
</tr>
<tr>
<td><strong>Net income / (loss) attributable to shareholders from continuing operations</strong></td>
<td>9,800</td>
<td>14,304</td>
<td>5,996</td>
<td>(612)</td>
<td>(18,393)</td>
<td>11,095</td>
</tr>
<tr>
<td><strong>Total comprehensive income / (loss) attributable to shareholders from continuing operations</strong></td>
<td>11,812</td>
<td>13,085</td>
<td>12,438</td>
<td>30</td>
<td>(18,160)</td>
<td>19,205</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> During 2015, Sagicor Life USA entered into a reinsurance agreement with Sagicor Life; inter-segment expenses include a $724 reduction relating to this transaction.
## 4. SEGMENTS (continued)

### 4.1 Statement of income from continuing operations by reportable operating segment (continued)

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Sagicor Life</th>
<th>Sagicor Jamaica</th>
<th>Sagicor Life USA</th>
<th>Head office and other</th>
<th>Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three months to June 30, 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net premium revenue</td>
<td>77,061</td>
<td>72,469</td>
<td>64,617</td>
<td>8,581</td>
<td>-</td>
<td>222,728</td>
</tr>
<tr>
<td>Net gain/(losses) on derecognition of amortised cost investments</td>
<td>-</td>
<td>2,064</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,064</td>
</tr>
<tr>
<td>Interest income</td>
<td>20,420</td>
<td>41,161</td>
<td>14,132</td>
<td>2,151</td>
<td>-</td>
<td>77,864</td>
</tr>
<tr>
<td>Other investment income</td>
<td>715</td>
<td>4,979</td>
<td>2,975</td>
<td>73</td>
<td>11</td>
<td>8,753</td>
</tr>
<tr>
<td>Fees and other revenue</td>
<td>2,999</td>
<td>26,714</td>
<td>(4,103)</td>
<td>5,128</td>
<td>(148)</td>
<td>30,590</td>
</tr>
<tr>
<td>Inter-segment revenues</td>
<td>3,781</td>
<td>-</td>
<td>-</td>
<td>37,592</td>
<td>(41,373)</td>
<td>-</td>
</tr>
<tr>
<td>Total revenue</td>
<td>104,976</td>
<td>147,387</td>
<td>77,621</td>
<td>53,525</td>
<td>(41,510)</td>
<td>341,999</td>
</tr>
<tr>
<td>Net policy benefits</td>
<td>51,284</td>
<td>51,761</td>
<td>26,443</td>
<td>3,985</td>
<td>-</td>
<td>133,473</td>
</tr>
<tr>
<td>Net change in actuarial liabilities</td>
<td>(17,361)</td>
<td>3,602</td>
<td>32,921</td>
<td>-</td>
<td>-</td>
<td>19,162</td>
</tr>
<tr>
<td>Interest costs</td>
<td>2,820</td>
<td>8,831</td>
<td>1,343</td>
<td>695</td>
<td>-</td>
<td>13,689</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>16,025</td>
<td>33,647</td>
<td>7,374</td>
<td>11,491</td>
<td>402</td>
<td>68,939</td>
</tr>
<tr>
<td>Commissions and premium and asset taxes</td>
<td>10,484</td>
<td>10,818</td>
<td>5,526</td>
<td>2,624</td>
<td>-</td>
<td>29,452</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-</td>
<td>331</td>
<td>50</td>
<td>(11)</td>
<td>8,493</td>
<td>8,683</td>
</tr>
<tr>
<td>Credit impairment losses</td>
<td>48,297</td>
<td>6,113</td>
<td>(202)</td>
<td>2,177</td>
<td>-</td>
<td>56,385</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>1,601</td>
<td>2,489</td>
<td>684</td>
<td>888</td>
<td>-</td>
<td>5,662</td>
</tr>
<tr>
<td>Inter-segment expenses</td>
<td>851</td>
<td>405</td>
<td>(37)(1)</td>
<td>3,705</td>
<td>(4,924)</td>
<td>-</td>
</tr>
<tr>
<td>Total benefits and expenses</td>
<td>114,001</td>
<td>117,997</td>
<td>74,102</td>
<td>25,554</td>
<td>3,971</td>
<td>335,625</td>
</tr>
<tr>
<td>Segment income/(loss) before taxes</td>
<td>(9,025)</td>
<td>29,390</td>
<td>3,519</td>
<td>27,971</td>
<td>(45,481)</td>
<td>6,374</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(2,238)</td>
<td>(5,632)</td>
<td>(738)</td>
<td>(191)</td>
<td>(15)</td>
<td>(8,814)</td>
</tr>
<tr>
<td>Net income - continuing operations</td>
<td>(11,263)</td>
<td>23,758</td>
<td>2,781</td>
<td>27,780</td>
<td>(45,496)</td>
<td>(2,440)</td>
</tr>
<tr>
<td>Net income / (loss) attributable to shareholders from continuing operations</td>
<td>5,234</td>
<td>11,667</td>
<td>2,781</td>
<td>19,367</td>
<td>(37,003)</td>
<td>2,046</td>
</tr>
<tr>
<td>Total comprehensive income / (loss) attributable to shareholders from continuing operations</td>
<td>4,358</td>
<td>(1,491)</td>
<td>(998)</td>
<td>18,931</td>
<td>(39,157)</td>
<td>(18,357)</td>
</tr>
</tbody>
</table>

---

(1) During 2015, Sagicor Life USA entered into a reinsurance agreement with Sagicor Life; included in the inter-segment expenses is $603 relating to this transaction.
4. SEGMENTS (continued)

4.2 Statement of financial position by reportable operating segment

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Sagicor Life</th>
<th>Sagicor Jamaica</th>
<th>Sagicor Life USA</th>
<th>Head office and other</th>
<th>Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As of June 30, 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial investments</td>
<td>1,393,325</td>
<td>2,534,747</td>
<td>1,857,540</td>
<td>84,515</td>
<td>-</td>
<td>5,870,127</td>
</tr>
<tr>
<td>Other external assets</td>
<td>324,196</td>
<td>716,200</td>
<td>826,230</td>
<td>182,427</td>
<td>(57,469)</td>
<td>1,991,584</td>
</tr>
<tr>
<td>Inter-segment assets</td>
<td>314,994</td>
<td>14,912</td>
<td>5,182</td>
<td>139,473</td>
<td>(474,561)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,032,515</td>
<td>3,265,859</td>
<td>2,688,952</td>
<td>406,415</td>
<td>(532,030)</td>
<td>7,861,711</td>
</tr>
<tr>
<td>Policy liabilities</td>
<td>1,353,387</td>
<td>807,953</td>
<td>1,927,970</td>
<td>74,636</td>
<td>(57,469)</td>
<td>4,106,477</td>
</tr>
<tr>
<td>Other external liabilities</td>
<td>99,288</td>
<td>1,577,547</td>
<td>387,859</td>
<td>465,863</td>
<td>-</td>
<td>2,530,557</td>
</tr>
<tr>
<td>Inter-segment liabilities</td>
<td>69,324</td>
<td>4,979</td>
<td>100,835</td>
<td>299,423</td>
<td>(474,561)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,521,999</td>
<td>2,390,479</td>
<td>2,416,664</td>
<td>839,922</td>
<td>(532,030)</td>
<td>6,637,034</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>510,516</td>
<td>875,380</td>
<td>272,288</td>
<td>(433,507)</td>
<td>-</td>
<td>1,224,677</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Sagicor Life</th>
<th>Sagicor Jamaica</th>
<th>Sagicor Life USA</th>
<th>Head office and other</th>
<th>Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As of December 31, 2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial investments</td>
<td>1,418,031</td>
<td>2,344,113</td>
<td>1,499,927</td>
<td>85,592</td>
<td>-</td>
<td>5,347,663</td>
</tr>
<tr>
<td>Other external assets</td>
<td>324,345</td>
<td>745,357</td>
<td>789,294</td>
<td>163,419</td>
<td>(61,893)</td>
<td>1,960,522</td>
</tr>
<tr>
<td>Assets of discontinued operation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17,239</td>
<td>-</td>
<td>17,239</td>
</tr>
<tr>
<td>Inter-segment assets</td>
<td>266,094</td>
<td>14,976</td>
<td>3,861</td>
<td>109,595</td>
<td>(394,526)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,008,470</td>
<td>3,104,446</td>
<td>2,293,082</td>
<td>375,845</td>
<td>(456,419)</td>
<td>7,325,424</td>
</tr>
<tr>
<td>Policy liabilities</td>
<td>1,297,308</td>
<td>753,793</td>
<td>1,602,601</td>
<td>70,629</td>
<td>(61,893)</td>
<td>3,662,438</td>
</tr>
<tr>
<td>Other external liabilities</td>
<td>160,824</td>
<td>1,526,230</td>
<td>373,901</td>
<td>466,570</td>
<td>-</td>
<td>2,527,525</td>
</tr>
<tr>
<td>Inter-segment liabilities</td>
<td>62,229</td>
<td>5,617</td>
<td>70,085</td>
<td>256,595</td>
<td>(394,526)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,520,361</td>
<td>2,285,640</td>
<td>2,046,587</td>
<td>793,794</td>
<td>(456,419)</td>
<td>6,189,963</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>488,109</td>
<td>818,806</td>
<td>246,495</td>
<td>(417,949)</td>
<td>-</td>
<td>1,135,461</td>
</tr>
</tbody>
</table>
4. SEGMENTS (continued)

4.3 Revenues by products and services

<table>
<thead>
<tr>
<th>Products and Services</th>
<th>Six months to June 30, 2019</th>
<th>Six months to June 30, 2018</th>
<th>Three months to June 30, 2019</th>
<th>Three months to June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life, health and annuity insurance contracts issued to individuals</td>
<td>677,936</td>
<td>369,847</td>
<td>313,178</td>
<td>205,612</td>
</tr>
<tr>
<td>Life, health and annuity insurance and pension administration contracts issued to groups</td>
<td>147,810</td>
<td>139,563</td>
<td>77,536</td>
<td>69,747</td>
</tr>
<tr>
<td>Property and casualty insurance</td>
<td>26,622</td>
<td>23,495</td>
<td>14,768</td>
<td>11,909</td>
</tr>
<tr>
<td>Banking, investment management and other financial services</td>
<td>90,743</td>
<td>85,329</td>
<td>47,217</td>
<td>45,328</td>
</tr>
<tr>
<td>Hotel, farming and unallocated revenues</td>
<td>49,712</td>
<td>15,045</td>
<td>16,605</td>
<td>9,403</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>992,823</strong></td>
<td><strong>633,279</strong></td>
<td><strong>469,304</strong></td>
<td><strong>341,999</strong></td>
</tr>
</tbody>
</table>

4.4 Revenues by geographical area

<table>
<thead>
<tr>
<th>Geographical Area</th>
<th>Six months to June 30, 2019</th>
<th>Six months to June 30, 2018</th>
<th>Three months to June 30, 2019</th>
<th>Three months to June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados</td>
<td>86,687</td>
<td>86,433</td>
<td>43,162</td>
<td>43,175</td>
</tr>
<tr>
<td>Jamaica</td>
<td>315,344</td>
<td>272,588</td>
<td>163,644</td>
<td>141,362</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>94,770</td>
<td>83,393</td>
<td>47,343</td>
<td>42,605</td>
</tr>
<tr>
<td>Other Caribbean</td>
<td>102,135</td>
<td>76,456</td>
<td>40,902</td>
<td>37,224</td>
</tr>
<tr>
<td>USA</td>
<td>393,887</td>
<td>114,409</td>
<td>174,253</td>
<td>77,633</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>992,823</strong></td>
<td><strong>633,279</strong></td>
<td><strong>469,304</strong></td>
<td><strong>341,999</strong></td>
</tr>
</tbody>
</table>

4.5 Revenues from service contracts with customers

Revenues from service contracts with customers consist primarily of management and administration fees earned from third party investment funds, pension plans and insurance benefit plans (managed funds or administrative service only (ASO) benefit plans). These service contracts generally impose single performance obligations, each consisting of a series of similar related services to the unitholder or policyholder of each fund or plan. The Group’s performance obligations within these service arrangements are generally satisfied over time as the unitholders and policyholders simultaneously receive and consume contracted benefits over time.

The Group also earns revenues for the provision of corporate finance, stockbroking, trust and related services to various customers.

The various fees are billed periodically and are collected either by deduction or within a short period of time.
4. SEGMENTS (continued)

4.5 Revenues from service contracts with customers (continued)

The following table discloses revenue from service contracts with customers by reportable operating segment.

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Sagicor Life</th>
<th>Sagicor Jamaica</th>
<th>Sagicor Life USA</th>
<th>Head office and other</th>
<th>Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Six months to June 30, 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from contracts with customers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products transferred at a point in time</td>
<td>-</td>
<td>28,095</td>
<td>111</td>
<td>-</td>
<td>-</td>
<td>28,206</td>
</tr>
<tr>
<td>Products and services transferred over time</td>
<td>4,045</td>
<td>36,524</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40,569</td>
</tr>
<tr>
<td>Total included in fees and other revenue</td>
<td>4,045</td>
<td>64,619</td>
<td>111</td>
<td>-</td>
<td>-</td>
<td>68,775</td>
</tr>
<tr>
<td><strong>Six months to June 30, 2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from contracts with customers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products transferred at a point in time</td>
<td>-</td>
<td>19,006</td>
<td>116</td>
<td>-</td>
<td>-</td>
<td>19,122</td>
</tr>
<tr>
<td>Products and services transferred over time</td>
<td>3,755</td>
<td>16,094</td>
<td>-</td>
<td>(14)</td>
<td>-</td>
<td>19,835</td>
</tr>
<tr>
<td>Total included in fees and other revenue</td>
<td>3,755</td>
<td>35,100</td>
<td>116</td>
<td>(14)</td>
<td>-</td>
<td>38,957</td>
</tr>
</tbody>
</table>
4. SEGMENTS (continued)

4.5 Revenues from service contracts with customers (continued)

The following table discloses revenue from service contracts with customers by reportable operating segment.

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Sagicor Life</th>
<th>Sagicor Jamaica</th>
<th>Sagicor Life USA</th>
<th>Head office and other</th>
<th>Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Three months to June 30, 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product transferred at a point in time</td>
<td>-</td>
<td>12,316</td>
<td>43</td>
<td>-</td>
<td>-</td>
<td>12,359</td>
</tr>
<tr>
<td>Products and services transferred over time</td>
<td>2,182</td>
<td>18,458</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,640</td>
</tr>
<tr>
<td>Total included in fees and other revenue</td>
<td>2,182</td>
<td>30,774</td>
<td>43</td>
<td>-</td>
<td>-</td>
<td>32,999</td>
</tr>
<tr>
<td><strong>Three months to June 30, 2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product transferred at a point in time</td>
<td>-</td>
<td>11,891</td>
<td>69</td>
<td>-</td>
<td>-</td>
<td>11,960</td>
</tr>
<tr>
<td>Products and services transferred over time</td>
<td>1,965</td>
<td>8,298</td>
<td>-</td>
<td>(7)</td>
<td>-</td>
<td>10,256</td>
</tr>
<tr>
<td>Total included in fees and other revenue</td>
<td>1,965</td>
<td>20,189</td>
<td>69</td>
<td>(7)</td>
<td>-</td>
<td>22,216</td>
</tr>
</tbody>
</table>
5. PREMIUM REVENUE

<table>
<thead>
<tr>
<th></th>
<th>Gross premium</th>
<th>Ceded to reinsurers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Life insurance</td>
<td>224,281</td>
<td>217,898</td>
</tr>
<tr>
<td>Annuity</td>
<td>363,769</td>
<td>125,214</td>
</tr>
<tr>
<td>Health insurance</td>
<td>89,429</td>
<td>83,594</td>
</tr>
<tr>
<td>Property and casualty insurance</td>
<td>37,934</td>
<td>34,621</td>
</tr>
<tr>
<td>Total premium revenue</td>
<td>715,413</td>
<td>461,327</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Gross premium</th>
<th>Ceded to reinsurers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Life insurance</td>
<td>114,397</td>
<td>109,466</td>
</tr>
<tr>
<td>Annuity</td>
<td>153,778</td>
<td>71,932</td>
</tr>
<tr>
<td>Health insurance</td>
<td>44,838</td>
<td>42,079</td>
</tr>
<tr>
<td>Property and casualty insurance</td>
<td>19,343</td>
<td>17,570</td>
</tr>
<tr>
<td>Total premium revenue</td>
<td>332,356</td>
<td>241,047</td>
</tr>
</tbody>
</table>
### 6. NET INVESTMENT INCOME

**Amounts in US $000**

<table>
<thead>
<tr>
<th></th>
<th>Six months to June 30, 2019</th>
<th>Six months to June 30, 2018</th>
<th>Three months to June 30, 2019</th>
<th>Three months to June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income from financial investments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest income (amortised cost):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>40,372</td>
<td>40,437</td>
<td>20,736</td>
<td>21,461</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>9,879</td>
<td>8,807</td>
<td>5,065</td>
<td>4,688</td>
</tr>
<tr>
<td>Policy loans</td>
<td>5,185</td>
<td>4,952</td>
<td>2,618</td>
<td>2,486</td>
</tr>
<tr>
<td>Finance loans and finance leases</td>
<td>30,664</td>
<td>32,097</td>
<td>16,073</td>
<td>16,348</td>
</tr>
<tr>
<td>Securities purchased for resale</td>
<td>109</td>
<td>717</td>
<td>89</td>
<td>326</td>
</tr>
<tr>
<td>Deposits</td>
<td>807</td>
<td>1,347</td>
<td>495</td>
<td>785</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>87,016</td>
<td>88,357</td>
<td>45,076</td>
<td>46,094</td>
</tr>
<tr>
<td><strong>Interest Income (FVOCI): Debt Securities</strong></td>
<td>65,053</td>
<td>55,777</td>
<td>33,118</td>
<td>27,866</td>
</tr>
<tr>
<td><strong>FVTPL investments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value changes and interest income from debt securities</td>
<td>12,797</td>
<td>3,841</td>
<td>5,549</td>
<td>1,704</td>
</tr>
<tr>
<td>Fair value changes and dividend income from equity securities</td>
<td>29,208</td>
<td>8,586</td>
<td>16,053</td>
<td>4,645</td>
</tr>
<tr>
<td>Fair value changes and interest income from mortgage securities</td>
<td>1,505</td>
<td>768</td>
<td>959</td>
<td>80</td>
</tr>
<tr>
<td>Other items</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>43,515</td>
<td>13,197</td>
<td>22,562</td>
<td>6,427</td>
</tr>
<tr>
<td><strong>Total income from financial investments</strong></td>
<td><strong>195,584</strong></td>
<td><strong>157,331</strong></td>
<td><strong>100,756</strong></td>
<td><strong>80,387</strong></td>
</tr>
</tbody>
</table>

**Investment income**

<table>
<thead>
<tr>
<th></th>
<th>Six months to June 30, 2019</th>
<th>Six months to June 30, 2018</th>
<th>Three months to June 30, 2019</th>
<th>Three months to June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other income / (loss) on financial investments</td>
<td>21,606</td>
<td>2,405</td>
<td>6,044</td>
<td>3,319</td>
</tr>
<tr>
<td>Investment property income and fair value gains / (losses)</td>
<td>5,206</td>
<td>2,913</td>
<td>2,934</td>
<td>1,849</td>
</tr>
<tr>
<td>Share of operating income of associates and joint venture</td>
<td>8,696</td>
<td>3,634</td>
<td>974</td>
<td>1,766</td>
</tr>
<tr>
<td>Other investment income</td>
<td>42</td>
<td>195</td>
<td>(172)</td>
<td>107</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>231,134</td>
<td>166,478</td>
<td>110,536</td>
<td>87,428</td>
</tr>
</tbody>
</table>

**Investment expenses:**

<table>
<thead>
<tr>
<th></th>
<th>Six months to June 30, 2019</th>
<th>Six months to June 30, 2018</th>
<th>Three months to June 30, 2019</th>
<th>Three months to June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct operating expenses of investment property</td>
<td>4,597</td>
<td>942</td>
<td>2,260</td>
<td>582</td>
</tr>
<tr>
<td>Other direct investment expenses</td>
<td>993</td>
<td>536</td>
<td>187</td>
<td>229</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,590</td>
<td>1,478</td>
<td>2,447</td>
<td>811</td>
</tr>
</tbody>
</table>

**Net Investment income**

<table>
<thead>
<tr>
<th></th>
<th>Six months to June 30, 2019</th>
<th>Six months to June 30, 2018</th>
<th>Three months to June 30, 2019</th>
<th>Three months to June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>225,544</td>
<td>165,000</td>
<td>108,089</td>
<td>86,617</td>
</tr>
</tbody>
</table>
7. POLICY BENEFITS AND CHANGE IN ACTUARIAL LIABILITIES

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Gross benefit</th>
<th>Ceded to reinsurers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td><strong>Six months to June 30,</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life insurance benefits</td>
<td>117,921</td>
<td>115,699</td>
</tr>
<tr>
<td>Annuity benefits</td>
<td>131,304</td>
<td>112,889</td>
</tr>
<tr>
<td>Health insurance benefits</td>
<td>68,917</td>
<td>65,316</td>
</tr>
<tr>
<td>Property and casualty claims</td>
<td>13,104</td>
<td>13,558</td>
</tr>
<tr>
<td>Total policy benefits</td>
<td>331,246</td>
<td>307,462</td>
</tr>
<tr>
<td>Change in actuarial liabilities</td>
<td>355,479</td>
<td>18,345</td>
</tr>
<tr>
<td>Total policy benefits and change in actuarial liabilities</td>
<td>686,725</td>
<td>325,807</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Gross benefit</th>
<th>Ceded to reinsurers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td><strong>Three months to June 30,</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life insurance benefits</td>
<td>61,109</td>
<td>59,359</td>
</tr>
<tr>
<td>Annuity benefits</td>
<td>64,691</td>
<td>60,327</td>
</tr>
<tr>
<td>Health insurance benefits</td>
<td>34,115</td>
<td>33,310</td>
</tr>
<tr>
<td>Property and casualty claims</td>
<td>6,735</td>
<td>3,511</td>
</tr>
<tr>
<td>Total policy benefits</td>
<td>166,650</td>
<td>156,507</td>
</tr>
<tr>
<td>Change in actuarial liabilities</td>
<td>144,137</td>
<td>37,538</td>
</tr>
<tr>
<td>Total policy benefits and change in actuarial liabilities</td>
<td>310,787</td>
<td>194,045</td>
</tr>
</tbody>
</table>
8. DISCONTINUED OPERATION

The sale of Sagicor Europe and its subsidiaries by the Group to AmTrust Financial Services Inc. (AmTrust) was completed on December 23, 2013. The sales price was subject to price adjustments up to contractually specified limits until the end of the run-off period on December 31, 2018. The price adjustments include underwriting, investment and foreign exchange results and were subject to a reasonable risk premium adjustment by the buyer.

The movement in price adjustments were as follows:

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Period to June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liability of discontinued operation:</strong></td>
<td></td>
</tr>
<tr>
<td>Estimated amount receivable December 31, 2017</td>
<td>(10,110)</td>
</tr>
<tr>
<td>Experience gain for the six months to June 30, 2018</td>
<td>(3,587)</td>
</tr>
<tr>
<td>Net currency movements for six months to June 30, 2018</td>
<td>230</td>
</tr>
<tr>
<td>Estimated receivable June 30, 2018</td>
<td>(13,467)</td>
</tr>
<tr>
<td>Experience gain for the six months to December 31, 2018</td>
<td>(4,214)</td>
</tr>
<tr>
<td>Net currency movements to December 31, 2018</td>
<td>442</td>
</tr>
<tr>
<td>Estimated amount receivable December 31, 2018</td>
<td>(17,239)</td>
</tr>
<tr>
<td>Payment received</td>
<td>17,756</td>
</tr>
<tr>
<td>Net currency movements to June 30, 2019</td>
<td>(517)</td>
</tr>
<tr>
<td>Estimated amount receivable June 30, 2019</td>
<td>-</td>
</tr>
</tbody>
</table>
9. FINANCIAL INVESTMENTS

Analysis of financial investments

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying value</td>
<td>Fair value</td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>3,015,143</td>
<td>3,015,143</td>
</tr>
<tr>
<td>Equity securities</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>3,015,189</td>
<td>3,015,189</td>
</tr>
<tr>
<td>Financial assets at fair value through profit and loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>209,386</td>
<td>209,386</td>
</tr>
<tr>
<td>Equity securities</td>
<td>323,217</td>
<td>323,217</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>30,302</td>
<td>30,302</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>30,086</td>
<td>30,086</td>
</tr>
<tr>
<td>Deposits</td>
<td>51</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>593,042</td>
<td>593,042</td>
</tr>
<tr>
<td>Investments at amortised cost (loans and receivables):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>1,154,957</td>
<td>1,285,388</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>348,993</td>
<td>349,653</td>
</tr>
<tr>
<td>Policy loans</td>
<td>148,505</td>
<td>172,440</td>
</tr>
<tr>
<td>Finance loans and finance leases</td>
<td>525,062</td>
<td>529,131</td>
</tr>
<tr>
<td>Securities purchased for re-sale</td>
<td>22,178</td>
<td>22,178</td>
</tr>
<tr>
<td>Deposits</td>
<td>62,201</td>
<td>62,201</td>
</tr>
<tr>
<td></td>
<td>2,261,896</td>
<td>2,420,991</td>
</tr>
<tr>
<td>Total financial investments</td>
<td>5,870,127</td>
<td>6,029,222</td>
</tr>
<tr>
<td>Non-derivative financial assets at fair value through profit or loss:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets designated at fair value upon initial recognition</td>
<td>554,915</td>
<td>554,915</td>
</tr>
<tr>
<td>Assets held for trading</td>
<td>7,825</td>
<td>7,825</td>
</tr>
<tr>
<td></td>
<td>562,740</td>
<td>562,740</td>
</tr>
</tbody>
</table>
10. INVESTMENT CONTRACT LIABILITIES

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

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying value</td>
<td>Fair value</td>
</tr>
<tr>
<td>At amortised cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposit administration liabilities</td>
<td>123,851</td>
<td>123,851</td>
</tr>
<tr>
<td>Other investment contracts</td>
<td>138,962</td>
<td>138,962</td>
</tr>
<tr>
<td></td>
<td>262,813</td>
<td>262,813</td>
</tr>
<tr>
<td>At fair value through income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit linked deposit administration liabilities</td>
<td>158,180</td>
<td>158,180</td>
</tr>
<tr>
<td>Total investment contract liabilities</td>
<td>420,993</td>
<td>420,993</td>
</tr>
</tbody>
</table>

11. NOTES AND LOANS PAYABLE

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

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying value</td>
<td>Fair value</td>
</tr>
<tr>
<td>Liabilities at amortised cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.875% senior notes due 2022</td>
<td>319,798</td>
<td>333,832</td>
</tr>
<tr>
<td>8.25% convertible redeemable preference shares due 2020</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4.85% notes due 2019</td>
<td>75,086</td>
<td>74,942</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>76,317</td>
<td>78,752</td>
</tr>
<tr>
<td>Bank loans and other funding instruments</td>
<td>2,714</td>
<td>2,714</td>
</tr>
<tr>
<td></td>
<td>473,915</td>
<td>490,240</td>
</tr>
</tbody>
</table>
12. DEPOSIT AND SECURITY LIABILITIES

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

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying value</td>
<td>Fair value</td>
</tr>
<tr>
<td>At amortised cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other funding instruments</td>
<td>365,268</td>
<td>365,667</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>770,936</td>
<td>758,997</td>
</tr>
<tr>
<td>Securities sold for re-purchase</td>
<td>491,882</td>
<td>492,792</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>11,265</td>
<td>11,265</td>
</tr>
<tr>
<td></td>
<td>1,639,351</td>
<td>1,628,721</td>
</tr>
</tbody>
</table>

At fair value through income:

<table>
<thead>
<tr>
<th></th>
<th>Carrying value</th>
<th>Fair value</th>
<th>Carrying value</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structured products</td>
<td>55,218</td>
<td>55,218</td>
<td>64,650</td>
<td>64,650</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>905</td>
<td>905</td>
<td>247</td>
<td>247</td>
</tr>
<tr>
<td></td>
<td>56,123</td>
<td>56,123</td>
<td>64,897</td>
<td>64,897</td>
</tr>
</tbody>
</table>

Total deposit and security liabilities | 1,695,474 | 1,684,844 | 1,674,033 | 1,679,204 |

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

13.1 Property

Investment and owner-occupied 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 un-developed 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 un-adjusted 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.
13. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

13.1 Property (continued)

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

<table>
<thead>
<tr>
<th></th>
<th>As of</th>
<th>As of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
<td>December 31, 2018</td>
</tr>
<tr>
<td></td>
<td>Level 3</td>
<td>Level 3</td>
</tr>
<tr>
<td>Investment property</td>
<td>92,545</td>
<td>93,494</td>
</tr>
<tr>
<td>Owner-occupied lands</td>
<td>35,232</td>
<td>35,232</td>
</tr>
<tr>
<td>Owner-occupied land and buildings</td>
<td>167,389</td>
<td>168,371</td>
</tr>
<tr>
<td><strong>Total properties</strong></td>
<td><strong>295,166</strong></td>
<td><strong>297,097</strong></td>
</tr>
</tbody>
</table>

For Level 3 investment property, reasonable changes in fair value would affect net income. For Level 3 owner occupied property, reasonable changes in fair value would affect other comprehensive income. The following table represents the movements in Level 3 property for the period.

<table>
<thead>
<tr>
<th></th>
<th>Six months to June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment property</td>
<td>Owner-occupied lands</td>
</tr>
<tr>
<td>Balance, beginning of period</td>
<td>93,494</td>
<td>35,232</td>
</tr>
<tr>
<td>Additions</td>
<td>59</td>
<td>-</td>
</tr>
<tr>
<td>Assumed on acquisition</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers in / (out)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair value changes recorded in net investment income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair value changes recorded in other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals and divestitures</td>
<td>(591)</td>
<td>-</td>
</tr>
<tr>
<td>Effect of exchange rate changes</td>
<td>(417)</td>
<td>-</td>
</tr>
<tr>
<td>Balance, end of period</td>
<td><strong>92,545</strong></td>
<td><strong>35,232</strong></td>
</tr>
</tbody>
</table>
13. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

13.2 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.

Certain of the Group’s policy liabilities are unit linked, i.e. derive their value from a pool of assets which are carried at fair value. The Group assigns a fair value hierarchy of Level 2 to the contract liability if the liability represents the unadjusted fair value of the underlying pool of 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 fair value through other comprehensive income securities include corporate and government agency debt instruments issued in the Caribbean, primarily in Jamaica and Trinidad. The fair values of these instruments have been derived from market yields of government instruments of similar durations in the country of issue of the instruments.

Level 3 assets designated fair value through profit and loss 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.
13. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

13.2 Financial instruments carried at fair value (continued)

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.

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amounts in US $000</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets at fair value through other comprehensive income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>614,396</td>
<td>2,400,747</td>
<td>-</td>
<td>3,015,143</td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td>-</td>
<td>-</td>
<td>46</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>614,396</td>
<td>2,400,747</td>
<td>46</td>
<td>3,015,189</td>
<td></td>
</tr>
<tr>
<td><strong>Financial assets at fair value through profit and loss:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>18,141</td>
<td>96,742</td>
<td>94,503</td>
<td>209,386</td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td>47,102</td>
<td>252,091</td>
<td>24,024</td>
<td>323,217</td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>905</td>
<td>29,397</td>
<td>30,302</td>
<td></td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>-</td>
<td>-</td>
<td>30,086</td>
<td>30,086</td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>-</td>
<td>51</td>
<td>-</td>
<td>51</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>65,243</td>
<td>349,789</td>
<td>178,010</td>
<td>593,042</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>679,639</td>
<td>2,750,536</td>
<td>178,056</td>
<td>3,608,231</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets by percentage</strong></td>
<td>19%</td>
<td>76%</td>
<td>5%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

**Investment contracts:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amounts in US $000</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit linked deposit administration liabilities</td>
<td>-</td>
<td>-</td>
<td>158,180</td>
<td>158,180</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>-</td>
<td>158,180</td>
<td>158,180</td>
<td></td>
</tr>
</tbody>
</table>

**Deposit and security liabilities:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amounts in US $000</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structured products</td>
<td>-</td>
<td>-</td>
<td>55,218</td>
<td>55,218</td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>905</td>
<td>-</td>
<td>905</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>905</td>
<td>55,218</td>
<td>56,123</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>-</td>
<td>905</td>
<td>213,398</td>
<td>214,303</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities by percentage</strong></td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Transfers from Level 1 to Level 2 in the six months to June 30, 2019 – Nil.
Transfers from Level 2 to Level 1 in the six months to June 30, 2019 – Nil.
### 13. Fair Value Disclosures of Assets and Liabilities Carried at Fair Value (continued)

#### 13.2 Financial Instruments Carried at Fair Value (continued)

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>As of December 31, 2018</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Available for sale securities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>647,183</td>
<td>646,960</td>
<td>1,986,673</td>
<td>-</td>
<td>2,633,633</td>
</tr>
<tr>
<td>Equity securities</td>
<td>223</td>
<td>223</td>
<td>-</td>
<td>48</td>
<td>271</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>647,183</td>
<td>1,986,673</td>
<td>48</td>
<td>2,633,904</td>
</tr>
<tr>
<td><strong>Investments at fair value through income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>15,949</td>
<td>15,949</td>
<td>104,332</td>
<td>78,526</td>
<td>198,807</td>
</tr>
<tr>
<td>Equity securities</td>
<td>32,677</td>
<td>32,677</td>
<td>210,290</td>
<td>24,267</td>
<td>267,234</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>-</td>
<td>247</td>
<td>7,449</td>
<td>7,696</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>32,677</td>
<td>32,677</td>
<td>-</td>
<td>30,143</td>
<td>30,143</td>
</tr>
<tr>
<td>Deposits</td>
<td>-</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>48,626</td>
<td>314,877</td>
<td>140,385</td>
<td>503,888</td>
</tr>
<tr>
<td><strong>Total assets by percentage</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>23%</td>
<td>73%</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Investment contracts:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit linked deposit administration liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>149,142</td>
<td>149,142</td>
</tr>
<tr>
<td><strong>Deposit and security liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structured products</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>64,650</td>
<td>64,650</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>-</td>
<td>247</td>
<td>-</td>
<td>247</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>-</td>
<td>247</td>
<td>64,650</td>
<td>64,897</td>
</tr>
<tr>
<td><strong>Total liabilities by percentage</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Transfers from Level 1 to Level 2 in 2018 – Nil.
Transfers from Level 2 to Level 1 2018 – Nil.
13. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

13.2 Financial instruments carried at fair value (continued)

Movements in Level 3 Instruments

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

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Six months to June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investments at FVOCI</td>
<td>Investments at FVTPL</td>
</tr>
<tr>
<td>Balance, beginning of period</td>
<td>48</td>
<td>132,936</td>
</tr>
<tr>
<td>Reclassifications on adoption of IFRS 9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>17,377</td>
</tr>
<tr>
<td>Fair value changes recorded in investment income</td>
<td>-</td>
<td>1,785</td>
</tr>
<tr>
<td>Fair value changes recorded in other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(3,437)</td>
</tr>
<tr>
<td>Transfers (out of) Level 3 classification</td>
<td>-</td>
<td>(6)</td>
</tr>
<tr>
<td>Effect of exchange rate changes</td>
<td>(2)</td>
<td>(42)</td>
</tr>
<tr>
<td>Balance, end of period</td>
<td>46</td>
<td>148,613</td>
</tr>
<tr>
<td>Fair value changes recorded in investment income for instruments held at the end of the period</td>
<td>-</td>
<td>1,301</td>
</tr>
</tbody>
</table>
13. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

13.2 Financial instruments carried at fair value (continued)

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Investment contracts</th>
<th>Structured products</th>
<th>Total liabilities</th>
<th>Total liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six months to June 30, 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, beginning of period</td>
<td>149,142</td>
<td>64,650</td>
<td>213,792</td>
<td>187,329</td>
</tr>
<tr>
<td>Issues</td>
<td>10,332</td>
<td>-</td>
<td>10,332</td>
<td>77,358</td>
</tr>
<tr>
<td>Settlements</td>
<td>(3,439)</td>
<td>(9,739)</td>
<td>(13,178)</td>
<td>(51,882)</td>
</tr>
<tr>
<td>Fair value changes recorded in interest expense</td>
<td>1,493</td>
<td>794</td>
<td>2,287</td>
<td>(1,121)</td>
</tr>
<tr>
<td>Transfers (to)/from instruments carried at amortised cost</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,078</td>
</tr>
<tr>
<td>Effect of exchange rate changes</td>
<td>652</td>
<td>(487)</td>
<td>165</td>
<td>(1,970)</td>
</tr>
<tr>
<td>Balance, end of period</td>
<td>158,180</td>
<td>55,218</td>
<td>213,398</td>
<td>213,792</td>
</tr>
<tr>
<td>Fair value changes recorded in interest expense for instruments held at the end of the period</td>
<td>1,493</td>
<td>-</td>
<td>1,493</td>
<td>(1,121)</td>
</tr>
</tbody>
</table>

14. CREDIT RISK

14.1 Credit risk exposure – financial investments subject to impairment

The following tables analyse the credit risk exposure of financial investments for which an ECL allowance is recognized. The gross carrying amounts of investments below represent the Group’s maximum exposure to credit risk on these assets.

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>ECL Staging</th>
<th>Purchased credit-impaired</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt securities – amortised cost</td>
<td>Stage 1 12-month ECL</td>
<td>Stage 2 life-time ECL</td>
<td>Stage 3 life-time ECL</td>
<td></td>
</tr>
<tr>
<td>Credit grade:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>265,187</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-investment</td>
<td>699,157</td>
<td>6,984</td>
<td>-</td>
<td>150,090</td>
</tr>
<tr>
<td>Watch</td>
<td>25,209</td>
<td>4,716</td>
<td>-</td>
<td>5,977</td>
</tr>
<tr>
<td>Default</td>
<td>-</td>
<td>-</td>
<td>247</td>
<td>-</td>
</tr>
<tr>
<td>Unrated</td>
<td>572</td>
<td>-</td>
<td>-</td>
<td>23</td>
</tr>
<tr>
<td>Gross carrying amount</td>
<td>990,125</td>
<td>11,700</td>
<td>247</td>
<td>156,090</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>(1,789)</td>
<td>(1,029)</td>
<td>(59)</td>
<td>(328)</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>988,336</td>
<td>10,671</td>
<td>188</td>
<td>155,762</td>
</tr>
</tbody>
</table>
14. CREDIT RISK (continued)

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

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mortgage loans – amortised cost</strong></td>
<td>ECL Staging</td>
<td>purchased credit-impaired</td>
</tr>
<tr>
<td></td>
<td>Stage 1 12-month ECL</td>
<td>Stage 2 life-time ECL</td>
</tr>
<tr>
<td>Credit grade:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>215,954</td>
<td>6,508</td>
</tr>
<tr>
<td>Non-investment</td>
<td>96,073</td>
<td>3,290</td>
</tr>
<tr>
<td>Watch</td>
<td>225</td>
<td>2,597</td>
</tr>
<tr>
<td>Default</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gross carrying amount</td>
<td>312,252</td>
<td>12,395</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>(662)</td>
<td>(175)</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>311,590</td>
<td>12,220</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finance loans and leases – amortised cost</strong></td>
<td>ECL Staging</td>
<td>purchased credit-impaired</td>
</tr>
<tr>
<td></td>
<td>Stage 1 12-month ECL</td>
<td>Stage 2 life-time ECL</td>
</tr>
<tr>
<td>Credit grade:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>1,494</td>
<td>-</td>
</tr>
<tr>
<td>Non-investment</td>
<td>502,438</td>
<td>16,581</td>
</tr>
<tr>
<td>Watch</td>
<td>-</td>
<td>2,556</td>
</tr>
<tr>
<td>Default</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gross carrying amount</td>
<td>503,932</td>
<td>19,137</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>(3,754)</td>
<td>(798)</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>500,178</td>
<td>18,339</td>
</tr>
</tbody>
</table>
14. CREDIT RISK (continued)

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

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>ECL Staging</th>
<th>Purchased credit-impaired</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
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<td><strong>Securities purchased for resale – amortised cost</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>June 30, 2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>December 31, 2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stage 1 12-month ECL</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stage 2 life-time ECL</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stage 3 life-time ECL</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit grade:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-investment</td>
<td>22,178</td>
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<td>22,178</td>
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<tr>
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<td>22,178</td>
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<td>22,178</td>
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<tr>
<td>Loss allowance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<table>
<thead>
<tr>
<th>Amounts in US $000</th>
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<th>Purchased credit-impaired</th>
<th>Total</th>
<th>Total</th>
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<tr>
<td><strong>Policy loans – amortised cost</strong></td>
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</tr>
<tr>
<td></td>
<td>June 30, 2019</td>
<td></td>
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<tr>
<td></td>
<td>December 31, 2018</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Stage 1 12-month ECL</td>
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<tr>
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<td></td>
<td>Stage 2 life-time ECL</td>
<td></td>
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<td></td>
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<td>Stage 3 life-time ECL</td>
<td></td>
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</tr>
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<td></td>
<td></td>
<td>Total</td>
<td></td>
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<tr>
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<td>(154)</td>
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14. CREDIT RISK (continued)

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

<table>
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<tr>
<th>Amounts in US $000</th>
<th>Deposits – amortised cost</th>
<th>ECL Staging</th>
<th>Purchased credit-impaired</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>Stage 2 life-time ECL</td>
<td>Stage 3 life-time ECL</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Credit grade:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Watch</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,807</td>
<td>592</td>
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<tr>
<td>Unrated</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>432</td>
<td>432</td>
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<td>-</td>
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<td>372</td>
<td>65,457</td>
<td>107,527</td>
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<td>(64)</td>
<td>-</td>
<td>(256)</td>
<td>(419)</td>
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<td><strong>Carrying amount</strong></td>
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<td>-</td>
<td>62,201</td>
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<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Debt securities – FVOCI</th>
<th>ECL Staging</th>
<th>Purchased credit-impaired</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stage 1 12-month ECL</td>
<td>Stage 2 life-time ECL</td>
<td>Stage 3 life-time ECL</td>
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<td></td>
</tr>
<tr>
<td><strong>Credit grade:</strong></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Investment</td>
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<td>2,259,450</td>
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<td>565,586</td>
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<td>-</td>
<td>-</td>
<td>43,689</td>
<td>43,689</td>
<td>23,467</td>
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<tr>
<td><strong>Gross carrying amount</strong></td>
<td>2,813,052</td>
<td>87,243</td>
<td>56,408</td>
<td>2,956,703</td>
<td>2,717,688</td>
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<tr>
<td><strong>Loss allowance</strong></td>
<td>(1,855)</td>
<td>(6,203)</td>
<td>(19,998)</td>
<td>(28,056)</td>
<td>(29,212)</td>
</tr>
<tr>
<td><strong>Carrying amount</strong></td>
<td>2,811,197</td>
<td>81,040</td>
<td>36,410</td>
<td>2,928,647</td>
<td>2,688,476</td>
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</table>
14. CREDIT RISK (continued)

14.2 Loss allowances

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 de-recognised 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 - FVOCI

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>ECL staging</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stage 1</td>
<td>Stage 2</td>
<td>Stage 3</td>
<td>Purchased credit-impaired</td>
</tr>
<tr>
<td></td>
<td>12-month</td>
<td>Lifetime</td>
<td>Lifetime</td>
<td></td>
</tr>
<tr>
<td>Loss Allowance as at January 1, 2019</td>
<td>1,646</td>
<td>8,011</td>
<td>19,555</td>
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</tr>
<tr>
<td>Transfers:</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 2</td>
<td>(3)</td>
<td>3</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Transfer from Stage 2 to Stage 1</td>
<td>38</td>
<td>(38)</td>
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<tr>
<td>Transfer from Stage 2 to Stage 3</td>
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<td>(276)</td>
<td>276</td>
<td>-</td>
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<td>New financial assets originated or purchased</td>
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<td>200</td>
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<td>(1,436)</td>
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<td>Changes to inputs used in ECL calculation</td>
<td>(87)</td>
<td>(230)</td>
<td>137</td>
<td>-</td>
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<tr>
<td>Foreign exchange adjustment</td>
<td>(8)</td>
<td>(31)</td>
<td>30</td>
<td>-</td>
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<tr>
<td>Loss Allowance as at June 30, 2019</td>
<td>1,855</td>
<td>6,203</td>
<td>19,998</td>
<td>-</td>
</tr>
<tr>
<td>Loss Allowance as at January 1, 2018</td>
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<td>8,863</td>
<td>95</td>
<td>-</td>
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<tr>
<td>Transfers:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 2</td>
<td>(6)</td>
<td>6</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Transfer from Stage 1 to Stage 3</td>
<td>(777)</td>
<td>-</td>
<td>777</td>
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<tr>
<td>Transfer from Stage 2 to Stage 3</td>
<td>-</td>
<td>(1,826)</td>
<td>1,826</td>
<td>-</td>
</tr>
<tr>
<td>New financial assets originated or purchased</td>
<td>461</td>
<td>-</td>
<td>-</td>
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<td>(785)</td>
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<td>Changes in models/assumptions used in ECL calculation</td>
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<tr>
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<td>729</td>
<td>8,756</td>
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<td>47</td>
<td>33</td>
<td>-</td>
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<td>Loss Allowance as at June 30, 2018</td>
<td>1,769</td>
<td>7,034</td>
<td>11,487</td>
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### 14. CREDIT RISK (continued)

#### 14.2 Loss allowances (continued)

#### DEBT SECURITIES – AMORTISED COST

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<tr>
<th>Amounts in US $000</th>
<th>ECL staging</th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stage 1</td>
<td>Stage 2</td>
<td>Stage 3</td>
<td>Purchased</td>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12-month</td>
<td>Lifetime</td>
<td>Lifetime</td>
<td>credit-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ECL</td>
<td>ECL</td>
<td>ECL</td>
<td>impaired</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Six months ended June 30, 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss Allowance as at January 1, 2019</td>
<td>1,855</td>
<td>1,228</td>
<td>161</td>
<td>612</td>
<td>3,856</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>258</td>
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<tr>
<td>Financial assets fully derecognised during the period</td>
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<td>-</td>
<td>(104)</td>
<td>-</td>
<td>(315)</td>
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</tr>
<tr>
<td>Changes in models/assumptions used in ECL calculation</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>(1)</td>
<td></td>
<td></td>
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<tr>
<td>Changes to inputs used in ECL calculation</td>
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<td>(199)</td>
<td>2</td>
<td>(284)</td>
<td>(578)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>(15)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss Allowance as at June 30, 2019</td>
<td>1,789</td>
<td>1,029</td>
<td>59</td>
<td>328</td>
<td>3,205</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Six months ended June 30, 2019 |       |       |       |       |       |
| Loss Allowance as at January 1, 2018 | 1,928 | 8,581 | - | 917 | 11,426 |
| Transfers: |       |       |       |       |       |
| Transfer from Stage 1 to Stage 3 | (271) | - | 271 | - | - |
| Transfer from Stage 2 to Stage 3 | - | (8,491) | 8,491 | - | - |
| New debt securities originated or purchased | 1,444 | - | 142 | 43 | 1,629 |
| Financial assets fully derecognised during the period | (99) | (1) | - | - | (100) |
| Changes in models/assumptions used in ECL calculation | (12) | - | 9,780 | - | 9,768 |
| Changes to inputs used in ECL calculation | (5) | (24) | 34,288 | (40) | 34,219 |
| Foreign exchange adjustment | (23) | - | (1) | - | (24) |
| Loss Allowance as at June 30, 2018 | 2,962 | 65 | 52,971 | 920 | 56,918 |
### 14. CREDIT RISK (continued)

#### 14.2 Loss allowances (continued)

**MORTGAGE LOANS - AMORTISED COST**

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Purchased credit-impaired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12-month ECL</td>
<td>Lifetime ECL</td>
<td>Lifetime ECL</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Six months ended June 30, 2019</strong></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Loss Allowance as at January 1, 2019</td>
<td>625</td>
<td>283</td>
<td>1,472</td>
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<td>2,380</td>
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<td></td>
</tr>
<tr>
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<td>8</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 3</td>
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<td>5</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Transfer from Stage 2 to Stage 1</td>
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<td>(107)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Stage 2 to Stage 3</td>
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<td>(39)</td>
<td>39</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Stage 3 to Stage 2</td>
<td>-</td>
<td>159</td>
<td>(159)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Stage 3 to Stage 1</td>
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<td>(76)</td>
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<tr>
<td>New financial assets originated or purchased</td>
<td>98</td>
<td>11</td>
<td>21</td>
<td>-</td>
<td>130</td>
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<td>(23)</td>
<td>(18)</td>
<td>(313)</td>
<td>-</td>
<td>(354)</td>
</tr>
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<td>Changes in models/assumptions used in ECL calculation</td>
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<td>7</td>
<td>-</td>
<td>-</td>
<td>36</td>
</tr>
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<td>(126)</td>
<td>400</td>
<td>-</td>
<td>39</td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
<td>(2)</td>
<td>(3)</td>
<td>(19)</td>
<td>-</td>
<td>(24)</td>
</tr>
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<td><strong>Loss Allowance as at June 30, 2019</strong></td>
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<td><strong>175</strong></td>
<td><strong>1,370</strong></td>
<td>-</td>
<td><strong>2,207</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss Allowance as at January 1, 2018</td>
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<td>309</td>
<td>1,149</td>
<td>-</td>
<td>2,399</td>
</tr>
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<td>Transfers:</td>
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<td></td>
</tr>
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<td>Transfer from Stage 1 to Stage 2</td>
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<td>51</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 3</td>
<td>(1)</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Stage 2 to Stage 1</td>
<td>72</td>
<td>(72)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Stage 2 to Stage 3</td>
<td>-</td>
<td>(1)</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>New financial assets originated or purchased</td>
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<td>1</td>
<td>-</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td>Financial assets fully derecognised during the period</td>
<td>(10)</td>
<td>(8)</td>
<td>-</td>
<td>-</td>
<td>(18)</td>
</tr>
<tr>
<td>Changes to inputs used in ECL calculation</td>
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<td>46</td>
<td>(1,144)</td>
<td>-</td>
<td>(1,497)</td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
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<td>(1)</td>
<td>-</td>
<td>-</td>
<td>(28)</td>
</tr>
<tr>
<td><strong>Loss Allowance as at June 30, 2018</strong></td>
<td><strong>551</strong></td>
<td><strong>325</strong></td>
<td><strong>7</strong></td>
<td>-</td>
<td><strong>883</strong></td>
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</table>
14. CREDIT RISK (continued)

14.2 Loss allowances (continued)

FINANCE LOANS AND FINANCE LEASES - AMORTISED COST

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>ECL staging</th>
<th>12-month ECL</th>
<th>Lifetime ECL</th>
<th>Lifetime ECL</th>
<th>Purchased credit-impaired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stage 1</td>
<td>Stage 2</td>
<td>Stage 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Six months ended June 30, 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss Allowance as at January 1, 2019</td>
<td>4,441</td>
<td>1,196</td>
<td>7,731</td>
<td>-</td>
<td>13,368</td>
<td></td>
</tr>
<tr>
<td>Transfers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 2</td>
<td>(99)</td>
<td>99</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 3</td>
<td>(17)</td>
<td>-</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 2 to Stage 1</td>
<td>413</td>
<td>(413)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 2 to Stage 3</td>
<td>-</td>
<td>(85)</td>
<td>85</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 3 to Stage 1</td>
<td>3</td>
<td>-</td>
<td>(3)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>New financial assets originated or purchased</td>
<td>676</td>
<td>110</td>
<td>169</td>
<td>-</td>
<td>955</td>
<td></td>
</tr>
<tr>
<td>Financial assets fully derecognised during the period</td>
<td>(519)</td>
<td>(251)</td>
<td>(1,745)</td>
<td>-</td>
<td>(2,515)</td>
<td></td>
</tr>
<tr>
<td>Changes in models/assumptions used in ECL calculation</td>
<td>(36)</td>
<td>(28)</td>
<td>-</td>
<td>-</td>
<td>(64)</td>
<td></td>
</tr>
<tr>
<td>Changes to inputs used in ECL calculation</td>
<td>(1,028)</td>
<td>188</td>
<td>6</td>
<td>-</td>
<td>(834)</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
<td>(80)</td>
<td>(18)</td>
<td>(154)</td>
<td>-</td>
<td>(252)</td>
<td></td>
</tr>
<tr>
<td>Loss Allowance as at June 30, 2019</td>
<td>3,754</td>
<td>798</td>
<td>6,106</td>
<td>-</td>
<td>10,658</td>
<td></td>
</tr>
</tbody>
</table>

Six months ended June 30, 2018

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>ECL staging</th>
<th>12-month ECL</th>
<th>Lifetime ECL</th>
<th>Lifetime ECL</th>
<th>Purchased credit-impaired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stage 1</td>
<td>Stage 2</td>
<td>Stage 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss Allowance as at January 1, 2018</td>
<td>6,113</td>
<td>1,427</td>
<td>8,295</td>
<td>-</td>
<td>15,835</td>
<td></td>
</tr>
<tr>
<td>Transfers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 2</td>
<td>(114)</td>
<td>114</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 3</td>
<td>(10)</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 2 to Stage 1</td>
<td>287</td>
<td>(287)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 2 to Stage 3</td>
<td>-</td>
<td>(235)</td>
<td>235</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 3 to Stage 2</td>
<td>-</td>
<td>103</td>
<td>(103)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>New financial assets originated or purchased</td>
<td>1,250</td>
<td>98</td>
<td>223</td>
<td>-</td>
<td>1,571</td>
<td></td>
</tr>
<tr>
<td>Financial assets fully derecognised during the period</td>
<td>(782)</td>
<td>(323)</td>
<td>(748)</td>
<td>-</td>
<td>(1,853)</td>
<td></td>
</tr>
<tr>
<td>Changes to inputs used in ECL calculation</td>
<td>(85)</td>
<td>859</td>
<td>1,065</td>
<td>-</td>
<td>1,839</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
<td>(206)</td>
<td>(60)</td>
<td>(287)</td>
<td>-</td>
<td>(553)</td>
<td></td>
</tr>
<tr>
<td>Loss Allowance as at June 30, 2018</td>
<td>6,453</td>
<td>1,696</td>
<td>8,690</td>
<td>-</td>
<td>16,839</td>
<td></td>
</tr>
</tbody>
</table>
14. CREDIT RISK (continued)

14.2 Loss allowances (continued)

### DEPOSITS - AMORTISED COST

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>ECL staging</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stage 1 12-month ECL</td>
</tr>
<tr>
<td></td>
<td>Stage 1 12-month ECL</td>
</tr>
</tbody>
</table>

**Six months ended June 30, 2019**

<table>
<thead>
<tr>
<th>Description</th>
<th>Stage 1 12-month ECL</th>
<th>Stage 2 Lifetime ECL</th>
<th>Stage 3 Lifetime ECL</th>
<th>Purchased credit-impaired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss Allowance as at January 1, 2019</td>
<td>355</td>
<td>64</td>
<td>-</td>
<td>-</td>
<td>419</td>
</tr>
<tr>
<td>New financial assets originated or purchased</td>
<td>53</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>53</td>
</tr>
<tr>
<td>Financial assets fully derecognised during the period</td>
<td>(47)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(47)</td>
</tr>
<tr>
<td>Changes to inputs used in ECL calculation</td>
<td>(169)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(169)</td>
</tr>
<tr>
<td>Loss Allowance as at June 30, 2019</td>
<td>192</td>
<td>64</td>
<td>-</td>
<td>-</td>
<td>256</td>
</tr>
</tbody>
</table>

**Six months ended June 30, 2018**

<table>
<thead>
<tr>
<th>Description</th>
<th>Stage 1 12-month ECL</th>
<th>Stage 2 Lifetime ECL</th>
<th>Stage 3 Lifetime ECL</th>
<th>Purchased credit-impaired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss Allowance as at January 1, 2018</td>
<td>506</td>
<td>51</td>
<td>-</td>
<td>-</td>
<td>557</td>
</tr>
<tr>
<td>New financial assets originated or purchased</td>
<td>240</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>240</td>
</tr>
<tr>
<td>Financial assets fully derecognised during the period</td>
<td>(27)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(27)</td>
</tr>
<tr>
<td>Changes in models/assumptions used in ECL calculation</td>
<td>(42)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(42)</td>
</tr>
<tr>
<td>Changes to inputs used in ECL calculation</td>
<td>(197)</td>
<td>(1)</td>
<td>-</td>
<td>-</td>
<td>(198)</td>
</tr>
<tr>
<td>Loss Allowance as at June 30, 2018</td>
<td>480</td>
<td>50</td>
<td>-</td>
<td>-</td>
<td>530</td>
</tr>
</tbody>
</table>
14. CREDIT RISK (continued)

14.2 Loss allowances (continued)

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

**Economic variable assumptions**

<table>
<thead>
<tr>
<th>Economic variable</th>
<th>As of June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Unemployment rate (USA)</td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td>3.7%</td>
</tr>
<tr>
<td>Upside</td>
<td>3.7%</td>
</tr>
<tr>
<td>Downside</td>
<td>4.0%</td>
</tr>
<tr>
<td>World GDP</td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td>3.5%</td>
</tr>
<tr>
<td>Upside</td>
<td>5.1%</td>
</tr>
<tr>
<td>Downside</td>
<td>2.6%</td>
</tr>
<tr>
<td>WTI Oil Prices/10</td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td>$5.63</td>
</tr>
<tr>
<td>Upside</td>
<td>$9.48</td>
</tr>
<tr>
<td>Downside</td>
<td>$3.46</td>
</tr>
</tbody>
</table>

Sagicor’s lending operations in Barbados, Trinidad, 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.

### Barbados

<table>
<thead>
<tr>
<th>Economic variable</th>
<th>Expected state for the next 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment rate</td>
<td>Base: Negative, Upside: Stable, Downside: Negative</td>
</tr>
<tr>
<td>GDP growth</td>
<td>Base: Stable, Upside: Stable, Downside: Negative</td>
</tr>
</tbody>
</table>

### Trinidad & Tobago

<table>
<thead>
<tr>
<th>Economic variable</th>
<th>Expected state for the next 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment rate</td>
<td>Base: Negative, Upside: Stable, Downside: Negative</td>
</tr>
<tr>
<td>GDP growth</td>
<td>Base: Stable, Upside: Positive, Downside: Negative</td>
</tr>
</tbody>
</table>

### Jamaica

<table>
<thead>
<tr>
<th>Economic variable</th>
<th>Expected state for the next 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate</td>
<td>Base: Positive, Upside: Positive, Downside: Stable</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>Base: Positive, Upside: Super Positive, Downside: Negative</td>
</tr>
</tbody>
</table>
14. CREDIT RISK (continued)

14.2 Loss allowances (continued)

Amounts in US $000

**Significant increase in credit risk (SICR)**

<table>
<thead>
<tr>
<th>SICR criteria *</th>
<th>Actual threshold applied</th>
<th>Change in threshold</th>
<th>ECL impact of Change in threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt securities</td>
<td>2-notch downgrade since origination</td>
<td>1-notch downgrade since origination</td>
<td>$1,187</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Debt securities</th>
<th>Loss Given Default</th>
<th>ECL impact of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual rate applied</td>
<td>Change in rate</td>
</tr>
<tr>
<td>Corporate</td>
<td>52%</td>
<td>(- /+ 5) %</td>
</tr>
<tr>
<td>Sovereign (excluding Government of Barbados and Government of Jamaica)</td>
<td>45%</td>
<td>(- /+ 5) %</td>
</tr>
<tr>
<td>Sovereign (Government of Barbados - external)</td>
<td>36%</td>
<td>(- /+ 5) %</td>
</tr>
<tr>
<td>Sovereign (Government of Barbados - BAICO Bonds*)</td>
<td>27%</td>
<td>(- /+ 5) %</td>
</tr>
<tr>
<td>Sovereign (Government of Jamaica)</td>
<td>15%</td>
<td>(- /+ 5) %</td>
</tr>
</tbody>
</table>

**Scenario design**

The weightings assigned to each economic scenario as at January 1 and June 30, 2019 are set out in the following table.

<table>
<thead>
<tr>
<th></th>
<th>Base</th>
<th>Upside</th>
<th>Downside</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sagicor Life portfolios</td>
<td>80%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Sagicor Jamaica portfolios</td>
<td>80%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Sagicor Life USA</td>
<td>80%</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Base – 80%</th>
<th>Base – 80%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Upside – 5%</td>
<td>Upside – 15%</td>
</tr>
<tr>
<td></td>
<td>Downside – 15%</td>
<td>Downside – 5%</td>
</tr>
<tr>
<td><strong>Increase in ECL</strong></td>
<td>$221</td>
<td>($221)</td>
</tr>
<tr>
<td>Lending products</td>
<td>$185</td>
<td>$137</td>
</tr>
<tr>
<td>Government of Barbados - BAICO bonds (*)</td>
<td>$3</td>
<td>($3)</td>
</tr>
</tbody>
</table>

*As part of the acquisition of the British American Insurance Company (BAICO) portfolio the Company received bonds issued by the Government of Barbados of US$46.6 million to support the policyholder liabilities transferred. In order to safeguard the interest of policyholders these bonds were issued with a protective clause in accordance with the sale and purchase agreement approved by the Supreme Court which prevented the Government of Barbados from restructuring these bonds at any time. Accordingly, these bonds have been excluded from the Government of Barbados’s restructuring plan, and have been classified as stage 1.
14. CREDIT RISK (continued)

14.3 IFRS 9 Carrying Values

The following tables explain the changes in the carrying value between the beginning and the end of the period due to these factors. The gross carrying amounts of investments below represent the Group’s maximum exposure to credit risk on these assets.

### DEBT SECURITIES - FVOCI

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>ECL staging</th>
<th>Stage 1 12-month ECL</th>
<th>Stage 2 Lifetime ECL</th>
<th>Stage 3 Lifetime ECL</th>
<th>Purchased credit-impaired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Six months ended June 30, 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross carrying amount as at January 1, 2019</td>
<td>2,566,176</td>
<td>97,233</td>
<td>54,279</td>
<td>-</td>
<td>2,717,688</td>
<td></td>
</tr>
<tr>
<td>Transfers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 2</td>
<td>(2,588)</td>
<td>2,588</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 2 to Stage 3</td>
<td>-</td>
<td>(739)</td>
<td>739</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>New financial assets originated or purchased</td>
<td>713,483</td>
<td>2,640</td>
<td>-</td>
<td>-</td>
<td>716,123</td>
<td></td>
</tr>
<tr>
<td>Financial assets fully derecognised during the period</td>
<td>(392,523)</td>
<td>(13,925)</td>
<td>-</td>
<td>-</td>
<td>(406,448)</td>
<td></td>
</tr>
<tr>
<td>Changes in principle and interest</td>
<td>(61,242)</td>
<td>(343)</td>
<td>1,305</td>
<td>-</td>
<td>(60,280)</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
<td>(10,254)</td>
<td>(211)</td>
<td>85</td>
<td>-</td>
<td>(10,380)</td>
<td></td>
</tr>
<tr>
<td><strong>Gross carrying amount as at June 30, 2019</strong></td>
<td>2,813,052</td>
<td>87,243</td>
<td>56,408</td>
<td>-</td>
<td>2,956,703</td>
<td></td>
</tr>
<tr>
<td><strong>Six months ended June 30, 2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross carrying amount as at January 1, 2018</td>
<td>2,061,339</td>
<td>136,393</td>
<td>2,330</td>
<td>-</td>
<td>2,200,062</td>
<td></td>
</tr>
<tr>
<td>Transfers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 2</td>
<td>(6,891)</td>
<td>6,891</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 3</td>
<td>(18,021)</td>
<td>-</td>
<td>18,021</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 2 to Stage 3</td>
<td>-</td>
<td>(31,385)</td>
<td>31,385</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>New financial assets originated or purchased</td>
<td>525,127</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>525,127</td>
<td></td>
</tr>
<tr>
<td>Financial assets fully derecognised during the period</td>
<td>(304,294)</td>
<td>(10,046)</td>
<td>-</td>
<td>-</td>
<td>(314,340)</td>
<td></td>
</tr>
<tr>
<td>Changes in principle and interest</td>
<td>(22,150)</td>
<td>(4,516)</td>
<td>(6,538)</td>
<td>2,304</td>
<td>(30,900)</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
<td>(11,322)</td>
<td>(70)</td>
<td>136</td>
<td>-</td>
<td>(11,256)</td>
<td></td>
</tr>
<tr>
<td><strong>Gross carrying amount as at June 30, 2018</strong></td>
<td>2,223,788</td>
<td>97,267</td>
<td>45,334</td>
<td>2,304</td>
<td>2,368,693</td>
<td></td>
</tr>
</tbody>
</table>
14. CREDIT RISK (continued)

14.3 IFRS 9 Carrying Values (continued)

**DEBT SECURITIES - AMORTISED COST**

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Purchased credit-impaired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12-month</td>
<td>Lifetime</td>
<td>Lifetime</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ECL</td>
<td>ECL</td>
<td>ECL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross carrying amount as at January 1, 2019</td>
<td>931,848</td>
<td>12,152</td>
<td>798</td>
<td>156,099</td>
<td>1,100,897</td>
</tr>
<tr>
<td>New financial assets originated or purchased</td>
<td>167,562</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>167,562</td>
</tr>
<tr>
<td>Financial assets fully derecognised during the period</td>
<td>(118,039)</td>
<td>-</td>
<td>(307)</td>
<td>(662)</td>
<td>(119,008)</td>
</tr>
<tr>
<td>Write-offs</td>
<td>(82)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(82)</td>
</tr>
<tr>
<td>Changes in principle and interest</td>
<td>14,862</td>
<td>(453)</td>
<td>(244)</td>
<td>653</td>
<td>14,818</td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
<td>(6,026)</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>(6,025)</td>
</tr>
<tr>
<td><strong>Gross carrying amount as at June 30, 2019</strong></td>
<td><strong>990,125</strong></td>
<td><strong>11,700</strong></td>
<td><strong>247</strong></td>
<td><strong>156,090</strong></td>
<td><strong>1,158,162</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Purchased credit-impaired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12-month</td>
<td>Lifetime</td>
<td>Lifetime</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ECL</td>
<td>ECL</td>
<td>ECL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross carrying amount as at January 1, 2018</td>
<td>813,354</td>
<td>225,621</td>
<td>-</td>
<td>12,708</td>
<td>1,051,683</td>
</tr>
<tr>
<td>Transfers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 3</td>
<td>(14,806)</td>
<td>-</td>
<td>14,806</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Stage 2 to Stage 3</td>
<td>-</td>
<td>(213,403)</td>
<td>213,403</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>New financial assets originated or purchased</td>
<td>124,912</td>
<td>1,682</td>
<td>-</td>
<td>202</td>
<td>126,796</td>
</tr>
<tr>
<td>Financial assets fully derecognised during the period</td>
<td>(52,672)</td>
<td>(515)</td>
<td>(885)</td>
<td>(319)</td>
<td>(54,391)</td>
</tr>
<tr>
<td>Changes in principle and interest</td>
<td>2,952</td>
<td>(5,866)</td>
<td>2,343</td>
<td>(23)</td>
<td>(594)</td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
<td>(9,072)</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>(9,071)</td>
</tr>
<tr>
<td><strong>Gross carrying amount as at June 30, 2018</strong></td>
<td><strong>864,668</strong></td>
<td><strong>7,519</strong></td>
<td><strong>229,668</strong></td>
<td><strong>12,568</strong></td>
<td><strong>1,114,423</strong></td>
</tr>
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</table>
14. CREDIT RISK (continued)

14.3 IFRS 9 Carrying Values (continued)

MORTGAGE LOANS - AMORTISED COST

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>ECL staging</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stage 1</td>
<td>Stage 2</td>
<td>Stage 3</td>
<td>Purchased</td>
</tr>
<tr>
<td></td>
<td>12-month ECL</td>
<td>Lifetime ECL</td>
<td>Lifetime ECL</td>
<td>credit-impared</td>
</tr>
<tr>
<td>Gross carrying amount as at January 1, 2019</td>
<td>297,646</td>
<td>17,079</td>
<td>24,675</td>
<td>-</td>
</tr>
<tr>
<td>Transfers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 2</td>
<td>(5,047)</td>
<td>5,047</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Stage 1 to Stage 3</td>
<td>(3,023)</td>
<td>-</td>
<td>3,023</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Stage 2 to Stage 1</td>
<td>5,824</td>
<td>(5,824)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Stage 2 to Stage 3</td>
<td>-</td>
<td>(3,795)</td>
<td>3,795</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Stage 3 to Stage 2</td>
<td>-</td>
<td>990</td>
<td>(990)</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Stage 3 to Stage 1</td>
<td>1,149</td>
<td>-</td>
<td>(1,149)</td>
<td>-</td>
</tr>
<tr>
<td>New financial assets originated or purchased</td>
<td>30,281</td>
<td>316</td>
<td>77</td>
<td>-</td>
</tr>
<tr>
<td>Financial assets fully derecognised during the period</td>
<td>(8,290)</td>
<td>(563)</td>
<td>(2,521)</td>
<td>-</td>
</tr>
<tr>
<td>Changes in principle and interest</td>
<td>(5,493)</td>
<td>(747)</td>
<td>(235)</td>
<td>-</td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
<td>(795)</td>
<td>(108)</td>
<td>(122)</td>
<td>-</td>
</tr>
<tr>
<td>Gross carrying amount as at June 30, 2019</td>
<td>312,252</td>
<td>12,395</td>
<td>26,553</td>
<td>-</td>
</tr>
</tbody>
</table>

Six months ended June 30, 2018

| Gross carrying amount as at January 1, 2018 | 270,719 | 17,567 | 29,934 | - | 318,220 |
| Transfers:        |            |            |            |             |
| Transfer from Stage 1 to Stage 2 | (5,616) | 5,616 | - | - | - |
| Transfer from Stage 1 to Stage 3 | (98) | - | 98 | - | - |
| Transfer from Stage 2 to Stage 1 | 5,582 | (5,582) | - | - | - |
| Transfer from Stage 2 to Stage 3 | - | (1,427) | 1,427 | - | - |
| Transfer from Stage 3 to Stage 2 | - | 768 | (768) | - | - |
| Transfer from Stage 3 to Stage 1 | 327 | - | (327) | - | - |
| New financial assets originated or purchased | 19,464 | 205 | 145 | - | 19,814 |
| Financial assets fully derecognised during the period | (10,785) | (1,249) | (563) | - | (12,597) |
| Changes in principle and interest | (3,749) | (222) | (1,474) | - | (5,445) |
| Foreign exchange adjustment | (1,068) | (179) | (171) | - | (1,418) |
| Gross carrying amount as at June 30, 2018 | 274,776 | 15,497 | 28,301 | - | 318,574 |
14. CREDIT RISK (continued)

14.3 IFRS 9 Carrying Values (continued)

| FINANCE LOANS AND FINANCE LEASES - AMORTISED COST |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|
| **Amounts in US $000**          | **ECL staging**  | **Stage 1**      | **Stage 2**      | **Stage 3**      | **Purchased credit-impaired** |
|                                 | 12-month ECL | Lifetime ECL | 12-month ECL | Lifetime ECL | 12-month ECL | Lifetime ECL | 12-month ECL | Lifetime ECL | 12-month ECL | Lifetime ECL | Total |
| **Six months ended June 30, 2019** |             |               |               |               |               |               |               |               |               |               |       |
| Gross carrying amount as at January 1, 2019 | 497,099 | 15,233 | 15,522 | - | - | 527,854 |
| Transfers:                      |               |               |               |               |               |               |               |               |               |               |       |
| Transfer from Stage 1 to Stage 2 | (11,314) | 11,314 | - | - | - |               |               |               |               |               |       |
| Transfer from Stage 1 to Stage 3 | (1,968) | - | 1,968 | - | - |               |               |               |               |               |       |
| Transfer from Stage 2 to Stage 1 | 5,850 | (5,850) | - | - | - |               |               |               |               |               |       |
| Transfer from Stage 2 to Stage 3 | - | (927) | 927 | - | - |               |               |               |               |               |       |
| Transfer from Stage 3 to Stage 1 | 6 | - | (6) | - | - |               |               |               |               |               |       |
| New financial assets originated or purchased | 90,945 | 2,508 | 309 | - | - | 93,762 |
| Financial assets fully derecognised during the period | (58,794) | (2,758) | (5,076) | - | - | (66,628) |
| Changes in principle and interest | (9,314) | (320) | (746) | - | - | (10,380) |
| Foreign exchange adjustment | (8,578) | (63) | (247) | - | - | (8,888) |
| **Gross carrying amount as at June 30, 2019** | 503,932 | 19,137 | 12,651 | - | - | 535,720 |

**Six months ended June 30, 2018**

| Gross carrying amount as at January 1, 2018 | 544,414 | 12,236 | 19,946 | - | - | 576,596 |
| Transfers:                      |               |               |               |               |               |               |               |               |               |               |       |
| Transfer from Stage 1 to Stage 2 | (9,758) | 9,758 | - | - | - |               |               |               |               |               |       |
| Transfer from Stage 1 to Stage 3 | (994) | - | 994 | - | - |               |               |               |               |               |       |
| Transfer from Stage 2 to Stage 1 | 2,319 | (2,319) | - | - | - |               |               |               |               |               |       |
| Transfer from Stage 2 to Stage 3 | - | (1,420) | 1,420 | - | - |               |               |               |               |               |       |
| Transfer from Stage 3 to Stage 2 | - | 169 | (169) | - | - |               |               |               |               |               |       |
| New financial assets originated or purchased | 105,433 | 3,806 | 3,834 | - | - | 113,073 |
| Financial assets fully derecognised during the period | (74,289) | (1,897) | (1,226) | - | - | (77,412) |
| Write-offs                      | - | (3) | (67) | - | - | (70) |
| Changes in principle and interest | (6,841) | (856) | (207) | - | - | (7,904) |
| Foreign exchange adjustment | (11,879) | (314) | (461) | - | - | (12,654) |
| **Gross carrying amount as at June 30, 2018** | 548,405 | 19,160 | 24,064 | - | - | 591,629 |
## 14. CREDIT RISK (continued)

### 14.3 IFRS 9 Carrying Values (continued)

### SECURITIES PURCHASED FOR RESALE - AMORTISED COST

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>ECL staging</th>
<th>12-month ECL</th>
<th>Stage 2 Lifetime ECL</th>
<th>Stage 3 Lifetime ECL</th>
<th>Purchased credit-impaired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Six months ended June 30, 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross carrying amount as at January 1, 2019</td>
<td>7,170</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,170</td>
<td></td>
</tr>
<tr>
<td>New financial assets originated or purchased</td>
<td>400,244</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>400,244</td>
<td></td>
</tr>
<tr>
<td>Financial assets fully derecognised during the period</td>
<td>(385,171)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(385,171)</td>
<td></td>
</tr>
<tr>
<td>Changes in principle and interest</td>
<td>(6)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(6)</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
<td>(59)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(59)</td>
<td></td>
</tr>
<tr>
<td><strong>Gross carrying amount as at June 30, 2019</strong></td>
<td>22,178</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22,178</td>
<td></td>
</tr>
</tbody>
</table>

| **Six months ended June 30, 2018** |             |              |                      |                      |                          |       |
| Gross carrying amount as at January 1, 2018 | 16,518      | -            | -                    | -                    | 16,518                   |       |
| Financial assets fully derecognised during the period | 16,519     | -            | -                    | -                    | 16,519                   |       |
| Foreign exchange adjustment | (1,186) | -            | -                    | -                    | (1,186)                  |       |
| **Gross carrying amount as at June 30, 2018** | 31,851      | -            | -                    | -                    | 31,851                   |       |
14. CREDIT RISK (continued)

14.3 IFRS 9 Carrying Values (continued)

### DEPOSITS - AMORTISED COST

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>ECL staging</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stage 1</td>
<td>Stage 2</td>
<td>Stage 3</td>
<td>Purchased</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>12-month ECL</td>
<td>Lifetime ECL</td>
<td>Lifetime ECL</td>
<td>credit-impaired</td>
<td></td>
</tr>
<tr>
<td>Six months ended June 30, 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross carrying amount as at January 01, 2019</td>
<td>107,156</td>
<td>371</td>
<td>-</td>
<td>-</td>
<td>107,527</td>
</tr>
<tr>
<td>New financial assets originated or purchased</td>
<td>20,331</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,331</td>
</tr>
<tr>
<td>Financial assets fully derecognised during the period</td>
<td>(62,786)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(62,786)</td>
</tr>
<tr>
<td>Changes in principle and interest</td>
<td>(2,189)</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>(2,188)</td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
<td>(427)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(427)</td>
</tr>
<tr>
<td>Gross carrying amount as at June 30, 2019</td>
<td>62,085</td>
<td>372</td>
<td>-</td>
<td>-</td>
<td>62,457</td>
</tr>
</tbody>
</table>

| Six months ended June 30, 2018         |             |          |          |          |          |
| Gross carrying amount as at January 01, 2018 | 111,034     | 370      | -        | -        | 111,404  |
| New financial assets originated or purchased | 22,284      | -        | -        | -        | 22,284   |
| Financial assets fully derecognised during the period | (26,358)   | -        | -        | -        | (26,358) |
| Write-offs                             | (1)         | -        | -        | -        | (1)      |
| Changes in principle and interest      | 195         | 1        | -        | -        | 196      |
| Foreign exchange adjustment            | (1,398)     | -        | -        | -        | (1,398)  |
| Gross carrying amount as at June 30, 2018 | 105,756     | 371      | -        | -        | 106,127  |
15. CASH FLOWS

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjustments for non-cash items, interest and dividends:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from financial investments – IFRS9</td>
<td>(218,853)</td>
<td>(160,733)</td>
</tr>
<tr>
<td>Loss from disposal of interests in subsidiaries and associates</td>
<td>347</td>
<td>-</td>
</tr>
<tr>
<td>Net increase in actuarial liabilities</td>
<td>335,400</td>
<td>13,322</td>
</tr>
<tr>
<td>Gain on acquisition on insurance portfolio</td>
<td>-</td>
<td>(5,280)</td>
</tr>
<tr>
<td>Interest cost and finance cost</td>
<td>48,995</td>
<td>43,544</td>
</tr>
<tr>
<td>Credit impairment losses</td>
<td>(19)</td>
<td>57,827</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>17,245</td>
<td>11,234</td>
</tr>
<tr>
<td>Increase in provision for unearned premiums</td>
<td>(2,790)</td>
<td>1,515</td>
</tr>
<tr>
<td>Other items</td>
<td>(19,116)</td>
<td>(30,188)</td>
</tr>
<tr>
<td><strong>Net decrease in investments and operating assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment property</td>
<td>(59)</td>
<td>2,500</td>
</tr>
<tr>
<td>Debt securities</td>
<td>(264,757)</td>
<td>(171,004)</td>
</tr>
<tr>
<td>Equity securities</td>
<td>(32,940)</td>
<td>(49,864)</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>(5,914)</td>
<td>(1,621)</td>
</tr>
<tr>
<td>Policy loans</td>
<td>(1,616)</td>
<td>(3,134)</td>
</tr>
<tr>
<td>Finance loans and finance leases</td>
<td>(24,873)</td>
<td>(37,152)</td>
</tr>
<tr>
<td>Securities purchased for re-sale</td>
<td>4,397</td>
<td>(8,627)</td>
</tr>
<tr>
<td>Deposits</td>
<td>28,080</td>
<td>(7,284)</td>
</tr>
<tr>
<td>Other assets and receivables</td>
<td>(26,245)</td>
<td>23,057</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(323,927)</td>
<td>(253,129)</td>
</tr>
</tbody>
</table>
15. CASH FLOWS (continued)

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

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment property:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursements</td>
<td>(59)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Disposal proceeds</td>
<td>-</td>
<td>2,500</td>
<td>(59)</td>
</tr>
<tr>
<td></td>
<td>(59)</td>
<td>2,500</td>
<td></td>
</tr>
<tr>
<td><strong>Debt securities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursements</td>
<td>(1,399,228)</td>
<td>(351,407)</td>
<td>(264,757)</td>
</tr>
<tr>
<td>Disposal proceeds</td>
<td>1,134,471</td>
<td>180,403</td>
<td>(184,628)</td>
</tr>
<tr>
<td></td>
<td>(264,757)</td>
<td>(171,004)</td>
<td></td>
</tr>
<tr>
<td><strong>Equity securities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursements</td>
<td>(116,815)</td>
<td>(234,492)</td>
<td>(32,940)</td>
</tr>
<tr>
<td>Disposal proceeds</td>
<td>83,875</td>
<td>184,628</td>
<td>(49,864)</td>
</tr>
<tr>
<td></td>
<td>(32,940)</td>
<td>(49,864)</td>
<td></td>
</tr>
<tr>
<td><strong>Net (decrease)/increase in operating liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance liabilities</td>
<td>(2,447)</td>
<td>6,574</td>
<td></td>
</tr>
<tr>
<td>Investment contract liabilities</td>
<td>31,940</td>
<td>2,523</td>
<td></td>
</tr>
<tr>
<td>Other funding instruments</td>
<td>(72,329)</td>
<td>70,993</td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>46,946</td>
<td>113,472</td>
<td></td>
</tr>
<tr>
<td>Securities sold for re-purchase</td>
<td>72,233</td>
<td>9,379</td>
<td></td>
</tr>
<tr>
<td>Other liabilities and payables</td>
<td>(32,959)</td>
<td>22,324</td>
<td></td>
</tr>
<tr>
<td></td>
<td>43,384</td>
<td>225,265</td>
<td></td>
</tr>
</tbody>
</table>
15. CASH FLOWS (continued)

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

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property, plant and equipment:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases</td>
<td>(4,350)</td>
<td>(6,826)</td>
<td></td>
</tr>
<tr>
<td>Disposal proceeds</td>
<td>100</td>
<td>1,777</td>
<td></td>
</tr>
<tr>
<td><strong>Total Property, plant and equipment</strong></td>
<td>(4,250)</td>
<td>(5,049)</td>
<td></td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and loans payable:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Repayments</td>
<td>(12,670)</td>
<td>(1,377)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Notes and loans payable</strong></td>
<td>(12,670)</td>
<td>(1,377)</td>
<td></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash resources</td>
<td>269,379</td>
<td>268,945</td>
<td></td>
</tr>
<tr>
<td>Call deposits and other liquid balances</td>
<td>80,924</td>
<td>90,704</td>
<td></td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>(11,265)</td>
<td>(619)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cash and cash equivalents</strong></td>
<td>339,038</td>
<td>359,030</td>
<td></td>
</tr>
</tbody>
</table>
16. LEASES

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of January 1, 2019.

### Operating lease commitments as at December 31, 2018

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discounted using the lessee’s incremental borrowing rate of at the date of initial application</td>
<td>24,244</td>
</tr>
<tr>
<td>Add: finance lease liabilities recognised as at December 31, 2018</td>
<td>4,255</td>
</tr>
<tr>
<td>(Less): short-term leases recognised on a straight-line basis as expense</td>
<td>(325)</td>
</tr>
<tr>
<td>(Less): low-value leases recognised on a straight-line basis as expense</td>
<td>(33)</td>
</tr>
<tr>
<td>Add/(less): adjustments as a result of a different treatment of extension and termination options</td>
<td>(33)</td>
</tr>
<tr>
<td><strong>Lease liability recognised as at January 1, 2019</strong></td>
<td><strong>28,108</strong></td>
</tr>
</tbody>
</table>

Of which are:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current lease liabilities</td>
<td>7,844</td>
</tr>
<tr>
<td>Non-current lease liabilities</td>
<td>20,264</td>
</tr>
<tr>
<td><strong>Total lease liability recognised as at January 1, 2019</strong></td>
<td><strong>28,108</strong></td>
</tr>
</tbody>
</table>

### Lease liability recognised at June 30, 2019

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current lease liabilities&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>4,959</td>
</tr>
<tr>
<td>Non-current lease liabilities</td>
<td>18,283</td>
</tr>
<tr>
<td><strong>Total right-of-use assets</strong></td>
<td><strong>23,242</strong></td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Included in accounts payable and accrued liabilities

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised on the balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 2019</th>
<th>January 1, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land &amp; buildings</td>
<td>19,454</td>
<td>23,434</td>
</tr>
<tr>
<td>Office furnishing, equipment &amp; vehicles</td>
<td>365</td>
<td>419</td>
</tr>
<tr>
<td><strong>Total right-of-use assets</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td><strong>19,819</strong></td>
<td><strong>23,853</strong></td>
</tr>
</tbody>
</table>

<sup>(2)</sup> Included in property, plant and equipment
16. LEASES (continued)

The change in accounting policy affected the following items in the balance sheet on January 1, 2019:

<table>
<thead>
<tr>
<th></th>
<th>Increase/ (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>23,853</td>
</tr>
<tr>
<td>Current lease liabilities</td>
<td>5,365</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>18,488</td>
</tr>
<tr>
<td>The net impact on retained earnings on January 1, 2019</td>
<td>-</td>
</tr>
</tbody>
</table>

Impact on segment disclosures and earnings per share

Adjusted EBITDA, segment assets and segment liabilities for June 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities, whereas finance lease liabilities were previously excluded from segment liabilities. The following segments were affected by the change in policy:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Adjusted EBITDA</th>
<th>Assets</th>
<th>Liabilities^(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Insurance - Individual Life</td>
<td>440</td>
<td>2,664</td>
<td>2,728</td>
</tr>
<tr>
<td>Individual Insurance - Individual Annuity</td>
<td>346</td>
<td>1,933</td>
<td>1,985</td>
</tr>
<tr>
<td>Group Insurance – Group Pensions</td>
<td>60</td>
<td>56</td>
<td>56</td>
</tr>
<tr>
<td>Property &amp; Casualty</td>
<td>37</td>
<td>5,009</td>
<td>5,088</td>
</tr>
<tr>
<td>Banking</td>
<td>916</td>
<td>7,049</td>
<td>7,214</td>
</tr>
<tr>
<td>Financial services</td>
<td>69</td>
<td>174</td>
<td>183</td>
</tr>
<tr>
<td>Farming and other business lines</td>
<td>1,454</td>
<td>2,934</td>
<td>3,005</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,322</strong></td>
<td><strong>19,819</strong></td>
<td><strong>20,259</strong></td>
</tr>
</tbody>
</table>

Earnings per share decreased by 1.08¢ per share for the six months to June 30, 2019 as a result of the adoption of IFRS 16.

^(1) The impact due to finance lease liabilities existing at December 31, 2018 was $2,983.
16. LEASES (continued)

The Group leases various office space, equipment and motor vehicles. Rental contracts are typically made for periods ranging from 1.5 year to 12 years and these may be fixed term or have the option to be renewed or extend, extension options are described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until December 31, 2018, leases of property, plant and equipment were classified as operating leases. Payments made under these operating leases were charged to the statement of income on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the lease term and the asset is assessed for impairment periodically.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate which is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received and any initial direct costs, and restoration costs.

Payments associated with short-term leases are recognised as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.