

SAGICOR FINANCIAL CORPORATION

Interim Financial Statements

Nine-months ended September 30, 2015

CHAIRMAN'S REVIEW

The Sagicor Group recorded net income from continuing operations of US \$60.4 million for the nine months ended September 30, 2015, compared to the prior year result of US \$41.3 million, an increase of 46.2%. The continuing operations comprises our businesses in the Caribbean and in the USA.

Net income from continuing operations attributable to shareholders was US \$38.7 million, compared to the prior year result of US \$22.7 million, an increase of 70.5%. Earnings per common share from continuing operations was US 12.6 cents compared to the prior year result of 7.3 cents, an increase of 72.6%, and an annualised return on common shareholders' equity of 10.6%.

Total revenue increased to US \$807.9 million, compared to US \$751.4 million for the corresponding period in 2014, an increase of 7.5%. Net premium revenue closed at US \$488.0 million, compared to US \$457.2 million, an increase of US \$30.8 million with solid growth in our Sagicor Life and our Sagicor Life USA segments. Net investment and other income was US \$319.8 million, compared to US \$294.2 million, an increase of US \$25.6 million or 8.7%, and includes the impact of the RBC Royal Bank's operation in Jamaica, which was acquired on June 27, 2014. Total benefits closed at US \$417.0 million and was below the prior year amount, US \$425.4 million. Expenses increased to US \$313.4 million, compared to US \$273.1 million for the previous year. The increase in expenses included higher asset taxes, and reflected expenses incurred with the inclusion of the operation and integration of the RBC Royal Bank's Jamaica banking operation for nine months as compared to three months for the prior period. The group also incurred additional finance costs when compared to the prior year. Finance costs related to the US \$320.0 million bond issued on August 11, 2015 were incurred during the period. Additionally, finance costs were also incurred related to the early redemption of the US \$150.0 million senior notes on September 10, 2015.

Comprehensive income attributable to common shareholders from continuing operations was a loss of US \$11.1 million, compared to income of US \$29.6 million for the same period in the prior year. The Group experienced mark-to-market changes on financial assets associated with our international portfolios. These changes resulted from volatility in global bond prices, reflecting concerns over the economic slowdown in China, and concerns over when the Federal Reserve will raise interest rates. A decline in the Jamaica dollar resulted in currency retranslation losses of US \$10.8 million.

The discontinued operation represents our UK business, which was sold on December 23, 2013. The terms of the sale required the Sagicor Group to retain an interest in the 2011, 2012 and 2013 underwriting years of account, subject to a limit denominated

in pounds sterling. The company reported in its first quarter results that management had negotiated reinsurance to cover the residual exposure at a cost of US \$12.6 million. However, the underlying agreements were not executed and the Group has therefore recorded its exposure in these financial statements under the original sale agreement. For the nine months ended September 2015, the discontinued business experienced a loss of US \$18.5 million, resulting from adverse movements in claims reserves. The maximum residual contingent exposure under the sale agreement is approximately US \$5 million.

The total assets of the Group reached US \$6.4 billion. Shareholders' equity was US \$719.9 million, compared to US \$726.7 million. The Group's debt, which is included in other liabilities, was US \$466.9 million. On August 11, 2015, Sagicor refinanced its total debt with the issuance of US \$320.0 million seven-year senior notes repayable in 2022. The notes carry a fixed rate of interest of 8.875% payable semi-annually, and can be repurchased after four years. The notes were issued to refinance the existing senior notes, convertible preference shares and a loan which matures in May 2016. Consequently on September 10, 2015 the company redeemed the US \$150.0 million 7.50% 2016 senior notes at a price of US \$160.5 million. The resulting debt to capital ratio increased from 29.3% to 39.3% over the period, and will return to normal levels when convertible preference shares and a loan which mature in May 2016 are redeemed.

The Board and Management will continue to carefully navigate the economic challenges being faced in some of the countries in which we operate; along with the emerging volatility within global investment markets. We will continue to ensure delivery of value to our customers and competitive returns to our investors.

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



Stephen McNamara
Chairman
October 13, 2015.

FINANCIAL HIGHLIGHTS (in US currency except percentages)	Nine months ended September 30	
	2015	2014 Restated
Total revenue	\$807.9m	\$751.4m
Group net income from continuing operations	\$60.4m	\$41.3m
Group net loss from discontinued operations	(\$18.5m)	(\$29.8m)
Overall Group net income	\$41.9m	\$11.5m
Shareholders' net income from continuing operations	\$38.7m	\$22.7m
Shareholders' net (loss) from discontinued operations	(\$18.5m)	(\$29.8m)
Overall Shareholders' net income/(loss)	\$20.2m	(\$7.1m)
Net income allocated to non-controlling interests	\$26.4m	\$20.3m
Total equity	\$719.9m	\$726.7m
Debt to Capital	39.3%	29.3%
Earnings per common share from continuing operations	12.6¢	7.3¢
Annualised return of continuing operations on common shareholders' equity	10.6%	6.3%

SAGICOR FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of	As of
	September 30, 2015	December 31, 2014
<u>Amounts in US \$000</u>	<u>(unaudited)</u>	<u>(audited)</u>
ASSETS		
Investment property	86,707	88,766
Property, plant and equipment	162,842	169,469
Associates and joint ventures	82,792	40,806
Intangible assets	79,396	76,056
Financial investments (note 7)	4,690,976	4,661,494
Reinsurance assets	661,868	527,171
Income tax assets	59,889	57,503
Miscellaneous assets and receivables	200,238	156,630
Cash resources	412,644	402,525
Total assets	6,437,352	6,180,420
LIABILITIES		
Actuarial liabilities	2,674,860	2,562,221
Other insurance liabilities	203,325	197,420
Investment contract liabilities (note 8)	368,446	360,961
Total policy liabilities	3,246,631	3,120,602
Notes and loans payable (note 9)	466,902	298,942
Deposits and security liabilities (note 10)	1,602,021	1,623,971
Provisions	78,286	78,356
Income tax liabilities	35,407	41,767
Accounts payable and accrued liabilities	245,273	197,444
Liabilities of discontinued operation (note 6)	42,897	45,796
Total liabilities	5,717,417	5,406,878
EQUITY		
Share capital	296,018	295,989
Reserves	(63,321)	(8,765)
Retained earnings	264,304	244,474
Shareholders' equity	497,001	531,698
Participating accounts	(3,102)	364
Non-controlling interests in subsidiaries	226,036	241,480
Total equity	719,935	773,542
Total liabilities and equity	6,437,352	6,180,420

These financial statements have been approved for issue by the Board of Directors on October 12, 2015.


 Director


 Director

SAGICOR FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Nine months to September 30, 2015	Nine months to September 30, 2014
<u>Amounts in US \$000</u>	<u>(unaudited)</u>	<u>Restated (unaudited)</u>
REVENUE		
Premium revenue (note 4)	726,850	664,945
Reinsurance premium expense (note 4)	(238,825)	(207,749)
Net premium revenue	488,025	457,196
Net investment income	240,801	229,348
Fees and other revenue	79,038	64,844
Total revenue	807,864	751,388
BENEFITS		
Policy benefits and change in actuarial liabilities (note 5)	551,421	535,804
Policy benefits and change in actuarial liabilities reinsured (note 5)	(177,707)	(157,333)
Net policy benefits and change in actuarial liabilities	373,714	378,471
Interest expense	43,265	46,960
Total benefits	416,979	425,431
EXPENSES		
Administrative expenses	180,009	163,590
Commissions and related compensation	76,977	70,631
Premium and asset taxes	16,374	9,194
Finance costs	27,208	17,184
Depreciation and amortisation	12,795	12,474
Total expenses	313,363	273,073
INCOME BEFORE TAXES	77,522	52,884
Income taxes	(17,092)	(11,562)
NET INCOME FROM CONTINUING OPERATIONS	60,430	41,322

SAGICOR FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME (continued)

	Nine months to September 30, 2015	Nine months to September 30, 2014
<u>Amounts in US \$000</u>	<u>(unaudited)</u>	Restated <u>(unaudited)</u>
Net income from continuing operations	60,430	41,322
Net loss from discontinued operation (note 6)	(18,509)	(29,805)
NET INCOME FOR THE PERIOD	41,921	11,517
 Net income/(loss) is attributable to:		
Common shareholders :		
From continuing operations	38,695	22,665
From discontinued operation	(18,509)	(29,805)
	20,186	(7,140)
Participating policyholders	(4,666)	(1,629)
Non-controlling interests	26,401	20,286
	41,921	11,517
 Basic earnings/(loss) per common share:		
From continuing operations	12.6 cents	7.3 cents
From discontinued operation	(6.1) cents	(9.9) cents
	6.5 cents	(2.6) cents
 Fully diluted earnings/(loss) per common share:		
From continuing operations	12.1 cents	7.1 cents
From discontinued operation	(6.1) cents	(9.9) cents
	6.0 cents	(2.8) cents

SAGICOR FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Nine months to September 30, 2015	Nine months to September 30, 2014 Restated
<u>Amounts in US \$000</u>	<u>(unaudited)</u>	<u>(unaudited)</u>
NET INCOME FOR THE PERIOD	41,921	11,517
OTHER COMPREHENSIVE INCOME		
Items net of tax that may be reclassified subsequently to income:		
Available for sale financial assets :		
Gains on revaluation	(79,179)	47,216
Gains transferred to income	(9,972)	(5,928)
Net change in actuarial liabilities	16,286	(21,183)
Retranslation of foreign currency operations	(10,819)	(15,143)
Other items	-	(108)
	(83,684)	4,854
Items net of tax that will not be reclassified subsequently to income:		
Gains on revaluation of owner occupied property	134	-
Losses on defined benefit plans	-	(85)
	134	(85)
Other Comprehensive Income from Continuing Operations	(83,550)	4,769
Other Comprehensive Income from Discontinued Operations	-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(83,550)	4,769
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(41,629)	16,286
Total comprehensive income/(loss) is attributable to:		
Common shareholders :		
From continuing operations	(11,074)	29,601
From discontinued operation	(18,509)	(29,805)
	(29,583)	(204)
Participating policyholders	(3,293)	(1,755)
Non-controlling interests	(8,753)	18,245
	(41,629)	16,286

SAGICOR FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<u>Amounts in US \$000</u>	Share Capital (unaudited)	Reserves (unaudited)	Retained earnings (unaudited)	Total Shareholders' Equity (unaudited)
Nine months to September 30, 2015				
Balance, beginning of period	295,989	(8,765)	244,474	531,698
Total comprehensive income:				
From continuing operations	-	(49,769)	38,695	(11,074)
From discontinued operation	-	-	(18,509)	(18,509)
Transactions with holders of equity instruments:				
Movements in treasury shares	29	-	-	29
Changes in reserve for equity compensation benefits	-	2,849	-	2,849
Dividends declared	-	-	(9,916)	(9,916)
Transfers and other movements	-	(7,636)	9,560	1,924
Balance, end of period	296,018	(63,321)	264,304	497,001
Nine months to September 30, 2014 - Restated				
Balance, beginning of period	295,450	(4,825)	221,472	512,097
Total comprehensive income:				
From continuing operations	-	7,129	22,472	29,601
From discontinued operation	-	-	(29,805)	(29,805)
Transactions with holders of equity instruments:				
Movements in treasury shares	539	-	-	539
Changes in reserve for equity compensation benefits	-	1,096	-	1,096
Changes in ownership interests	-	-	1,510	1,510
Dividends declared	-	-	(9,918)	(9,918)
Transfers and other movements	-	(2,223)	2,526	303
Balance, end of period	295,989	1,177	208,257	505,423

SAGICOR FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

<u>Amounts in US \$000</u>	Total Shareholders' Equity (unaudited)	Participating Accounts (unaudited)	Non-controlling Interests (unaudited)	Total Equity (unaudited)
Nine months to September 30, 2015				
Balance, beginning of period	531,698	364	241,480	773,542
Total comprehensive income:				
From continuing operations	(11,074)	(3,293)	(8,753)	(23,120)
From discontinued operation	(18,509)	-	-	(18,509)
Transactions with holders of equity instruments:				
Movements in treasury shares	29	-	-	29
Changes in reserve for equity compensation benefits	2,849	-	-	2,849
Dividends declared	(9,916)	-	(6,691)	(16,607)
Transfers and other movements	1,924	(173)	-	1,751
Balance, end of period	497,001	(3,102)	226,036	719,935
Nine months to September 30, 2014 - Restated				
Balance, beginning of period	512,097	(5,662)	218,751	725,186
Total comprehensive income:				
From continuing operations	29,601	(1,755)	18,245	46,091
From discontinued operation	(29,805)	-	-	(29,805)
Transactions with holders of equity instruments:				
Movements in treasury shares	539	-	-	539
Changes in reserve for equity compensation benefits	1,096	-	-	1,096
Changes in ownership interests	1,510	-	(1,791)	(281)
Dividends declared	(9,918)	-	(6,375)	(16,293)
Transfers and other movements	303	(176)	-	127
Balance, end of period	505,423	(7,593)	228,830	726,660

SAGICOR FINANCIAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<u>Amounts in US \$000</u>	Nine months to September 30, 2015	Nine months to September 30, 2014 Restated
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Income before taxes	77,522	52,884
Adjustments for non-cash items, interest and dividends	(154,493)	(102,327)
Interest and dividends received	218,805	211,155
Interest paid	(61,327)	(57,875)
Income taxes paid	(20,621)	(8,259)
Net increase in investments and operating assets	(260,735)	(57,064)
Net change in operating liabilities	74,468	(37,696)
Net cash flows - operating activities	(126,381)	818
INVESTING ACTIVITIES		
Property, plant and equipment, net	(9,138)	(15,740)
Associates and joint ventures, net	(28,263)	1,282
Intangible assets, net	(2,811)	(1,752)
Acquisition of subsidiaries, net of cash and cash equivalents	-	39,147
Net cash flows - investing activities	(40,212)	22,937
FINANCING ACTIVITIES		
Movement in treasury shares	(19)	(1,114)
Notes and loans payable, net	158,029	(510)
Dividends paid to common shareholders	(5,737)	(5,914)
Dividends paid to preference shareholders	(3,890)	(3,900)
Dividends paid to non-controlling interests	(7,351)	(5,852)
Net cash flows - financing activities	141,032	(17,290)
Effect of exchange rate changes	(1,338)	5,783
NET CHANGE IN CASH AND CASH EQUIVALENTS OF CONTINUING OPERATIONS	(26,899)	12,248
Net change in cash and cash equivalents of discontinued operation	(21,408)	-
Cash and cash equivalents, beginning of period	441,194	258,600
CASH AND CASH EQUIVALENTS, END OF PERIOD (Note 12)	392,887	270,848

SAGICOR FINANCIAL CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2015

1. ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated interim financial statements as of and for the nine months ended September 30, 2015, have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required for a full set of financial statements prepared in accordance with IFRS and should therefore be read together with the audited consolidated financial statements of Sagicor Financial Corporation as at December 31, 2014 as included in the Annual Report for 2014.

These condensed consolidated interim financial statements are presented in United States dollars (US\$) and all values are rounded to the nearest thousand unless otherwise stated.

The amounts presented in these condensed consolidated interim financial statements as of and for the nine months ended September 30, 2015 (and September 30, 2014) are unaudited.

All accounting policies adopted in the preparation of these and methods of computation applied in the condensed consolidated interim financial statements are the same as those applied in the 2014 audited consolidated financial statements.

Amendments to IFRS

The following standards, interpretations, amendments to standards and interpretations became effective in 2015:

- IAS 19 Employee Benefits - Amendment Employee Contributions;
- Annual improvements 2010-2012 Cycle; and
- Annual improvements 2011-2013 Cycle.

None of these new or revised standards and interpretations have a significant effect on these interim financial statements.

The Group has not early adopted any standard or interpretation which is effective after January 1, 2015.

Critical accounting estimates and judgements

Preparing the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions, including the likelihood, timing or amount of future transactions or events, that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from the estimates made.

In preparing these condensed consolidated interim financial statements, significant judgments made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were not significantly different than those made in the 2014 audited consolidated financial statements.

SAGICOR FINANCIAL CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2015

Exchange rates

The following exchange rates were applied in these interim financial statements for the conversion of amounts to US dollars.

	Closing rate as of September 30, 2015	Closing rate as of December 31, 2014	Average rate for the nine months to September 30, 2015	Average rate for the nine months to September 30, 2014
Barbados dollar	2.0000	2.0000	2.0000	2.0000
Eastern Caribbean dollar	2.7000	2.7000	2.7000	2.7000
Jamaica dollar	118.6960	114.3232	115.8538	109.8008
Trinidad & Tobago dollar	6.3454	6.3586	6.3364	6.4070
Pound sterling	0.66020	0.64070	0.65124	0.59752

2. RESTATEMENTS

The financial results for the nine months ended September 30, 2014 have been restated from the amounts published by the Group in its report for the third quarter of 2014.

As of December 31, 2014 the Group audited IFRIC 21 – Levies. The adoption has been applied retrospectively for the nine months to September 30, 2014, as the Group’s then published financial statements did not reflect this change in policy. As a result, the September 30, 2014 expense for premium and asset taxes was amended in order to recognise the full expense for the asset tax paid in Jamaica in 2014.

During 2014, the Group conducted a comprehensive review of the discontinued operation, the result of the review being completed and accounted for in the fourth quarter of 2014. The Group’s published financial statements for the nine months to September 30, 2014 did not reflect the loss from the discontinued operation attributable for that period which arose from the review. Therefore, the attributable loss of \$29.2 million from the discontinued operation has been recognised in the nine months to September 30, 2014 and the retained earnings as at September 30, 2014 adjusted accordingly.

For the nine months ended September 30, 2014, policy benefits and change in actuarial liabilities were reduced by \$4.2 million with a corresponding reduction in actuarial liabilities, to reflect actuarial adjustments attributable to this period.

SAGICOR FINANCIAL CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2015

3. 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 and health insurance, annuities and pension administration in Jamaica, Cayman Islands and Costa Rica, and in commercial banking and investment management in Jamaica.
- 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 2014.

SAGICOR FINANCIAL CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2015

Segmented financial information is set out in the sections 3.1 to 3.4.

3.1 Statement of income from continuing operations by reportable operating segment (unaudited)

<u>Amounts in US \$000</u>						
Nine months to September 30, 2015	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjust- ments	Total
Net premium revenue	212,672	192,958	63,840	18,555	-	488,025
Interest income	55,799	121,045	38,331	7,183	-	222,358
Other investment income	1,460	21,074	(4,054)	(37)	-	18,443
Fees and other revenue	7,871	37,716	15,565	17,824	62	79,038
Inter-segment revenues	7,063	-	-	20,580	(27,643)	-
Total revenue	284,865	372,793	113,682	64,105	(27,581)	807,864
Net policy benefits	141,603	120,744	79,627	8,843	-	350,817
Net change in actuarial liabilities	2,105	41,914	(21,122)	-	-	22,897
Interest expense	8,114	30,263	1,855	3,033	-	43,265
Administrative expenses	48,140	79,232	25,138	26,529	970	180,009
Commissions and premium and asset taxes	29,170	36,297	19,749	8,135	-	93,351
Finance costs	-	-	28	(154)	27,334	27,208
Depreciation and Amortisation	4,305	4,184	973	3,333	-	12,795
Inter-segment expenses	269	963	744	7,243	(9,219)	-
Total benefits and expenses	233,706	313,597	106,992	56,962	19,085	730,342
Segment income before taxes	51,159	59,196	6,690	7,143	(46,666)	77,522
Income taxes	(5,718)	(8,714)	(2,002)	(658)	-	(17,092)
Net income - continuing operations	45,441	50,482	4,688	6,485	(46,666)	60,430
Net income attributable to shareholders – continuing operations	50,107	24,793	4,688	(21,561)	(19,332)	38,695
Total comprehensive income attributable to shareholders	41,120	(9,505)	(1,606)	(21,779)	(19,304)	(11,074)

SAGICOR FINANCIAL CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2015

<u>Amounts in US \$000</u>						
Nine months to September 30, 2014 - Restated	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjust- ments	Total
Net premium revenue	193,058	201,663	46,948	15,527	-	457,196
Interest income	52,915	95,548	37,172	7,866	-	193,501
Other investment income	8,725	18,160	9,066	(104)	-	35,847
Fees and other revenue	6,802	29,619	11,478	16,945	-	64,844
Inter-segment revenues	5,761	-	-	17,636	(23,397)	-
Total revenue	267,261	344,990	104,664	57,870	(23,397)	751,388
Net policy benefits	131,005	115,353	75,667	6,017	-	328,042
Net change in actuarial liabilities	13,619	52,786	(15,976)	-	-	50,429
Interest expense	8,890	32,282	2,410	3,378	-	46,960
Administrative expenses	47,112	66,522	21,049	28,136	771	163,590
Commissions and premium and asset taxes	27,080	30,057	15,060	7,628	-	79,825
Finance costs	-	-	33	(182)	17,333	17,184
Depreciation and amortisation	3,723	4,231	1,072	3,448	-	12,474
Inter-segment expenses	265	783	693	5,177	(6,918)	-
Total benefits and expenses	231,694	302,014	100,008	53,602	11,186	698,504
Segment income before taxes	35,567	42,976	4,656	4,268	(34,583)	52,884
Income taxes	(5,271)	(4,882)	(630)	(779)	-	(11,562)
Net income - continuing operations	30,296	38,094	4,026	3,489	(34,583)	41,322
Net income attributable to shareholders – continuing operations	31,925	18,764	4,026	(14,800)	(17,250)	22,665
Total comprehensive income attributable to shareholders	34,697	15,833	10,995	(14,776)	(17,148)	29,601

SAGICOR FINANCIAL CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2015

3.2 Statement of financial position by reportable operating segment (unaudited)

<u>Amounts in US \$000</u>	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjust- ments	Total
As of September 30, 2015						
Financial investments	1,299,185	2,040,145	1,219,121	132,525	-	4,690,976
Other external assets	337,574	437,815	630,532	340,455	-	1,746,376
Inter-segment assets	172,037	10,433	670	53,471	(236,611)	-
Total assets	1,808,796	2,488,393	1,850,323	526,451	(236,611)	6,437,352
Policy liabilities	1,209,219	649,218	1,328,696	59,498	-	3,246,631
Other external liabilities	83,992	1,458,430	270,983	614,484	-	2,427,889
Liabilities of the discontinued operation	-	-	-	42,897	-	42,897
Inter-segment liabilities	23,623	1,038	43,841	168,109	(236,611)	-
Total liabilities	1,316,834	2,108,686	1,643,520	884,988	(236,611)	5,717,417
Net assets	491,962	379,707	206,803	(358,537)	-	719,935
As of December 31, 2014						
Financial investments	1,259,473	2,021,180	1,247,365	133,476	-	4,661,494
Other external assets	379,124	464,724	495,735	179,343	-	1,518,926
Inter-segment assets	134,254	9,363	241	49,805	(193,663)	-
Total assets	1,772,851	2,495,267	1,743,341	362,624	(193,663)	6,180,420
Policy liabilities	1,197,480	622,299	1,244,053	56,770	-	3,120,602
Other external liabilities	87,733	1,460,700	250,792	441,255	-	2,240,480
Liabilities of discontinued operation	-	-	-	45,796	-	45,796
Inter-segment liabilities	23,620	217	40,582	129,244	(193,663)	-
Total liabilities	1,308,833	2,083,216	1,535,427	673,065	(193,663)	5,406,878
Net assets	464,018	412,051	207,914	(310,441)	-	773,542

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3.3 Revenues by products and services

<u>Amounts in US \$000</u>	Nine months to September 30, 2015	Nine months to September 30, 2014 Restated
	(unaudited)	(unaudited)
Life, health and annuity insurance contracts issued to individuals	462,215	427,077
Life, health and annuity insurance and pension administration contracts issued to groups	192,500	208,928
Property and casualty insurance	25,812	26,347
Banking, investment management and other financial services	111,228	78,842
Farming and unallocated revenues	16,109	10,194
Total revenue	807,864	751,388

3.4 Revenues by geographical area

<u>Amounts in US \$000</u>	Nine months to September 30, 2015	Nine months to September 30, 2014 Restated
	(unaudited)	(unaudited)
Barbados	124,028	111,591
Jamaica	345,469	319,722
Trinidad and Tobago	111,748	104,917
Other Caribbean	112,935	110,489
USA	113,684	104,669
Total revenue	807,864	751,388

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4. PREMIUM REVENUE

<u>Amounts in US \$000</u>	<u>Gross premium</u>		<u>Ceded to reinsurers</u>	
	2015	2014	2015	2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Nine months to September 30,				
Life insurance	285,426	269,171	24,152	25,441
Annuity	277,558	233,779	175,101	142,210
Health insurance	114,606	112,050	4,386	4,415
Property and casualty insurance	49,260	49,945	35,186	35,683
Total premium revenue	726,850	664,945	238,825	207,749

5. POLICY BENEFITS AND CHANGE IN ACTUARIAL LIABILITIES

<u>Amounts in US \$000</u>	<u>Gross benefit</u>		<u>Ceded to reinsurers</u>	
	2015	2014	2015	2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Nine months to September 30, - Restated				
Life insurance benefits	155,880	158,314	9,946	9,519
Annuity benefits	143,719	109,655	27,833	15,830
Health insurance benefits	85,034	82,709	2,746	2,959
Property and casualty claims	15,335	13,752	8,626	8,081
Total policy benefits	399,968	364,430	49,151	36,389
Change in actuarial liabilities	151,453	171,374	128,556	120,944
Total policy benefits and change in actuarial liabilities	551,421	535,804	177,707	157,333

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6. 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 consideration received for the sale was subject to future price adjustments, representing adjusted profits or losses from January 1, 2013 in the run-off of the 2011, 2012 and 2013 underwriting years of account of syndicates 1206 and 44; the total price adjustments being subject to an overall limit.

The movement in price adjustments subsequent to the sale were as follows:

<u>Amounts in US \$000</u>	Period to September 30, 2015 (unaudited)
Liability of discontinued operation:	
Estimated amount payable, December 23, 2013	55,024
Experience loss for the three months to March 31, 2014	9,519
Payment made May 13, 2014	(35,003)
Experience loss for the nine months to December 31, 2014	16,673
Net currency movements to December, 31 2014	(417)
Estimated amount payable December 31, 2014	45,796
Experience loss for the nine months to September 30, 2015	18,892
Payment made July 1, 2015	(21,232)
Net currency movements to September 30, 2015	(559)
Estimated amount payable September 30, 2015	42,897

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7. FINANCIAL INVESTMENTS

The following table presents the carrying values and estimated fair values of financial investments.

<u>Amounts in US \$000</u>	September 30, 2015		December 31, 2014	
	(unaudited)			
	Carrying value	Fair value	Carrying value	Fair value
Held to maturity securities:				
Debt securities	19,917	21,265	20,364	21,102
Available for sale securities:				
Debt securities	2,362,932	2,362,932	2,357,014	2,357,014
Equity securities	71,950	71,950	76,221	76,221
	2,434,882	2,434,882	2,433,235	2,433,235
Financial assets at fair value through profit or loss:				
Debt securities	135,599	135,599	142,840	142,840
Equity securities	116,965	116,965	118,053	118,053
Derivative financial instruments	7,741	7,741	23,268	23,268
Mortgage loans	48,106	48,106	38,718	38,718
	308,411	308,411	322,879	322,879
Loans and receivables:				
Debt securities	988,494	1,026,184	927,331	972,759
Mortgage loans	283,510	283,857	255,515	255,630
Policy loans	135,273	144,221	133,483	142,150
Finance loans and finance leases	389,044	397,031	410,585	417,476
Securities purchased for re-sale	9,720	9,720	31,524	26,271
Deposits	121,725	121,725	126,578	126,578
	1,927,766	1,982,738	1,885,016	1,940,864
Total financial investments	4,690,976	4,747,296	4,661,494	4,718,080
Non-derivative financial assets at fair value through profit or loss:				
Designated at fair value upon recognition	290,348	290,348	299,611	299,611
Held for trading	10,322	10,322	-	-
	300,670	300,670	299,611	299,611

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8. INVESTMENT CONTRACT LIABILITIES

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

<u>Amounts in US \$000</u>	September 30, 2015		December 31, 2014	
	(unaudited)			
	Carrying value	Fair Value	Carrying value	Fair value
At amortised cost:				
Deposit administration liabilities	131,042	130,946	128,404	128,404
Other investment contracts	114,220	118,077	115,748	119,317
	245,262	249,023	244,152	247,721
At fair value through profit or loss:				
Unit linked deposit administration liabilities	123,184	123,184	116,809	116,809
Total investment contract liabilities	368,446	372,207	360,961	364,530

9. NOTES AND LOANS PAYABLE

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

<u>Amounts in US \$000</u>	September 30, 2015		December 31, 2014	
	(unaudited)			
	Carrying value	Fair value	Carrying value	Fair value
7.5% senior notes due 2016	-	-	147,182	154,867
8.875% senior notes due 2022	307,363	340,948	-	-
6.5% convertible redeemable preference shares due 2016	113,498	128,873	107,689	122,863
5.0% notes due 2016	44,004	44,004	43,363	43,363
Finance lease payable	2,037	2,037	708	708
	466,902	515,862	298,942	321,801

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10. DEPOSIT AND SECURITY LIABILITIES

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

<u>Amounts in US \$000</u>	September 30, 2015		December 31, 2014	
	(unaudited)			
	Carrying value	Fair Value	Carrying value	Fair value
At amortised cost:				
Other funding instruments	381,334	382,537	360,810	362,514
Customer deposits	639,256	647,447	570,567	589,519
Securities sold for re-purchase	545,623	545,801	664,802	657,506
Bank overdrafts	3,461	3,461	1,459	1,459
	1,569,674	1,579,246	1,597,638	1,610,998
At fair value through profit or loss:				
Structured products	31,011	31,011	20,068	20,068
Derivative financial instruments	1,336	1,336	6,265	6,265
	32,347	32,347	26,333	26,333
Total deposit and security liabilities	1,602,021	1,611,593	1,623,971	1,637,331

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

11.1 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.

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

<u>Amounts in US \$000</u>	As of September 30, 2015 (unaudited)	As of December 31, 2014
	Level 3	Level 3
Investment property	86,707	88,766
Owner-occupied lands	38,053	38,220
Owner-occupied land and buildings	76,607	77,901
Total properties	201,367	204,887

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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 current year.

<u>Amounts in US \$000</u>	Nine months to September 30, (unaudited)			December 31,	
	2015	2015	2015	2015	2014
	Investment property	Owner- occupied lands	Owner- occupied land and buildings	Total	Total
Balance, beginning of period	88,766	38,220	77,901	204,887	203,078
Additions	89	-	730	819	15,379
Transfers in / (out)	480	-	(475)	5	8
Fair value changes recorded in net investment income	22	-	-	22	(3,468)
Fair value changes recorded in other comprehensive income	-	-	173	173	77
Depreciation	-	-	(914)	(914)	(1,013)
Disposals and divestitures	(2,530)	(167)	(109)	(2,806)	(8,269)
Effect of exchange rate changes	(120)	-	(699)	(819)	(905)
Balance, end of period	86,707	38,053	76,607	201,367	204,887

11.2 Financial instruments carried at fair value

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

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

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

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(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 available for sale securities comprise primarily of corporate and government agency debt instruments issued in the Caribbean, with significant amounts 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 income include mortgage loans and securities purchased for re-sale for which the full income return and capital returns accrue to holders of unit linked policy and deposit administration contracts. These assets are valued with inputs other than observable market data.

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

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

<u>Amounts in US \$000</u>	As of September 30, 2015			
	(unaudited)			
	Level 1	Level 2	Level 3	Total
Available for sale securities:				
Debt securities	336,106	2,009,607	17,219	2,362,932
Equity securities	34,954	26,159	10,837	71,950
	371,060	2,035,766	28,056	2,434,882
Investments at fair value through profit or loss:				
Debt securities	16,496	34,046	85,057	135,599
Equity securities	8,178	102,454	6,333	116,965
Derivative financial instruments	-	1,337	6,404	7,741
Mortgage loans	-	-	48,106	48,106
	24,674	137,837	145,900	308,411
Total assets	395,734	2,173,603	173,956	2,743,293
Total assets by percentage	15%	79%	6%	100%
Investment contracts:				
Unit linked deposit administration liabilities	-	-	123,184	123,184
Deposit and security liabilities				
Structured products	-	31,011	-	31,011
Derivative financial instruments	-	1,336	-	1,336
	-	32,347	-	32,347
Total liabilities	-	32,347	123,184	155,531
Total liabilities by percentage	0%	21%	79%	100%

Balances totalling \$nil have been transferred from Level 1 to Level 2 in the nine months ended September 30, 2015.

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<u>Amounts in US \$000</u>	As of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Available for sale securities:				
Debt securities	396,980	1,947,067	12,967	2,357,014
Equity securities	36,010	29,200	11,011	76,221
	432,990	1,976,267	23,978	2,433,235
Investments at fair value through income:				
Debt securities	22,824	49,495	70,521	142,840
Equity securities	20,841	91,108	6,104	118,053
Derivative financial instruments	-	6,663	16,605	23,268
Mortgage loans	-	-	38,718	38,718
	43,665	147,266	131,948	322,879
Total assets	476,655	2,123,533	155,926	2,756,114
Total assets by percentage	17%	77%	6%	100%
Investment contracts:				
Unit linked deposit administration liabilities	-	-	116,809	116,809
Deposit and security liabilities				
Structured products	-	-	20,068	20,068
Derivative financial instruments	-	6,265	-	6,265
	-	6,265	20,068	26,333
Total liabilities	-	6,265	136,877	143,142
Total liabilities by percentage	0%	4%	96%	100%

Balances totalling \$165 have been transferred from Level 1 to Level 2 in the year ended December 31, 2014.

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For Level 3 instruments, reasonable changes in inputs which could be applied to the valuation of available for sale securities would affect other comprehensive income. Reasonable changes in inputs which could be applied to the valuations of investments designated at fair value are largely offset in income, since the changes in fair value are borne by contract holders. Changes in the valuations of structured products reflect changes in the underlying securities and are borne by the contract holders. The following tables present the movements in Level 3 instruments for the period.

	Nine months to September 30,				December 31,
	2015 (unaudited)	2015 (unaudited)	2015 (unaudited)	2015 (unaudited)	2014
	Investments				
<u>Amounts in US \$000</u>	Available for sale securities	at fair value through profit or loss	Derivative financial instruments	Total assets	Total assets
Balance, beginning of period	23,978	115,343	16,605	155,926	149,673
Additions	11,206	44,888	14,842	70,936	43,634
Fair value changes recorded in net investment income	413	1,903	(9,050)	(6,734)	6,846
Fair value changes recorded in other comprehensive income	5	-	-	5	19
Disposals	(7,040)	(23,978)	(15,993)	(47,011)	(44,376)
Effect of exchange rate changes	(506)	1,340	-	834	130
Balance, end of period	28,056	139,496	6,404	173,956	155,926
Fair value changes recorded in net investment income for instruments held at the end of the period	-	1,123	(11,441)	(10,318)	4,018

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	Nine months to September 30,			December 31,
	2015	2015	2015	2014
	(unaudited)	(unaudited)	(unaudited)	
<u>Amounts in US \$000</u>	Investment contracts	Structured products	Total liabilities	Total liabilities
Balance, beginning of period	116,809	20,068	136,877	131,745
Issues	14,471	-	14,471	19,851
Settlements	(6,999)	-	(6,999)	(6,332)
Fair value changes recorded in interest expense	(1,140)	-	(1,140)	(742)
Transfers out of Level 3	-	(20,068)	(20,068)	-
Transfers to instruments carried at amortised cost	-	-	-	(7,766)
Effect of exchange rate changes	43	-	43	121
Balance, end of period	123,184	-	123,184	136,877
Fair value changes recorded in interest expense for instruments held at the end of the period	(1,140)	-	(1,140)	(742)

12. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise:

	September 30, 2015	September 30, 2014
	(unaudited)	(unaudited)
Cash resources	412,644	288,863
Call deposits and other liquid balances	33,647	29,263
Bank overdrafts	(3,461)	(2,873)
Other short-term borrowings	(49,943)	(44,405)
	392,887	270,848