SAGICOR FINANCIAL CORPORATION LIMITED

Interim Financial Statements

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

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

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

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

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

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

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

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

Stephen McNamara
Chairman
August 10, 2017

<table>
<thead>
<tr>
<th>FINANCIAL HIGHLIGHTS</th>
<th>Six months ended JUNE 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$562.6m</td>
</tr>
<tr>
<td>Overall Group net income</td>
<td>$41.1m</td>
</tr>
<tr>
<td>Overall Shareholders’ net income</td>
<td>$19.0m</td>
</tr>
<tr>
<td>Net income allocated to non-controlling interests</td>
<td>$22.6m</td>
</tr>
<tr>
<td>Total equity</td>
<td>$834.5m</td>
</tr>
<tr>
<td>Ratio of Debt to Capital</td>
<td>33.0%</td>
</tr>
<tr>
<td>(2016 adjusted for the redemption of preference shares)</td>
<td></td>
</tr>
<tr>
<td>Earnings per common share</td>
<td>6.3¢</td>
</tr>
<tr>
<td>Annualised return on common shareholders’ equity</td>
<td>7.0%</td>
</tr>
</tbody>
</table>
# Sagicor Financial Corporation Limited
## Condensed Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>As of June 30, 2017</th>
<th>As of December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td>(unaudited)</td>
<td>(audited)</td>
</tr>
<tr>
<td>Investment property</td>
<td>80,613</td>
<td>80,662</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>166,485</td>
<td>167,723</td>
</tr>
<tr>
<td>Associates and joint ventures</td>
<td>96,161</td>
<td>87,293</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>82,609</td>
<td>83,487</td>
</tr>
<tr>
<td>Financial investments (note 6)</td>
<td>4,848,973</td>
<td>4,813,748</td>
</tr>
<tr>
<td>Reinsurance assets</td>
<td>773,086</td>
<td>777,344</td>
</tr>
<tr>
<td>Income tax assets</td>
<td>53,225</td>
<td>59,575</td>
</tr>
<tr>
<td>Miscellaneous assets and receivables</td>
<td>185,789</td>
<td>183,018</td>
</tr>
<tr>
<td>Cash resources</td>
<td>324,406</td>
<td>279,070</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>6,611,347</strong></td>
<td><strong>6,531,920</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial liabilities</td>
<td>2,807,308</td>
<td>2,776,362</td>
</tr>
<tr>
<td>Other insurance liabilities</td>
<td>212,761</td>
<td>207,122</td>
</tr>
<tr>
<td>Investment contract liabilities (note 7)</td>
<td>373,736</td>
<td>377,576</td>
</tr>
<tr>
<td><strong>Total policy liabilities</strong></td>
<td><strong>3,393,805</strong></td>
<td><strong>3,361,060</strong></td>
</tr>
<tr>
<td>Notes and loans payable (note 8)</td>
<td>411,612</td>
<td>395,213</td>
</tr>
<tr>
<td>Deposits and security liabilities (note 9)</td>
<td>1,623,293</td>
<td>1,623,325</td>
</tr>
<tr>
<td>Provisions</td>
<td>98,332</td>
<td>101,292</td>
</tr>
<tr>
<td>Income tax liabilities</td>
<td>45,208</td>
<td>50,641</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>204,629</td>
<td>204,975</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>5,776,879</strong></td>
<td><strong>5,736,506</strong></td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>3,035</td>
<td>3,029</td>
</tr>
<tr>
<td>Share premium</td>
<td>297,884</td>
<td>297,050</td>
</tr>
<tr>
<td>Reserves</td>
<td>(52,037)</td>
<td>(64,795)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>313,228</td>
<td>300,865</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>562,110</td>
<td>536,149</td>
</tr>
<tr>
<td>Participating accounts</td>
<td>1,019</td>
<td>1,291</td>
</tr>
<tr>
<td>Non-controlling interests in subsidiaries</td>
<td>271,339</td>
<td>257,974</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>834,468</strong></td>
<td><strong>795,414</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td><strong>6,611,347</strong></td>
<td><strong>6,531,920</strong></td>
</tr>
</tbody>
</table>

These financial statements have been approved for issue by the Board of Directors on August 10, 2017.
CONDENSED CONSOLIDATED STATEMENT OF INCOME

Six months to  
June 30, 2017  
Six months to  
June 30, 2016

Amounts in US $000  (unaudited)  (unaudited)

REVENUE

Premium revenue (note 3)  417,578  401,113
Reinsurance premium expense (note 3)  (77,433)  (82,341)
Net premium revenue  340,145  318,772
Net investment income  176,096  171,773
Fees and other revenue  46,399  62,489
Total revenue  562,640  553,034

BENEFITS

Policy benefits and change in actuarial liabilities (note 4)  289,842  361,421
Policy benefits and change in actuarial liabilities reinsured (note 4)  (40,387)  (96,644)
Net policy benefits and change in actuarial liabilities  249,455  264,777
Interest expense  28,541  30,049
Total benefits  277,996  294,826

EXPENSES

Administrative expenses  139,159  124,058
Commissions and related compensation  49,283  46,775
Premium and asset taxes  8,152  7,589
Finance costs  17,081  21,145
Depreciation and amortisation  10,625  10,233
Total expenses  224,300  209,800

INCOME BEFORE TAXES  60,344  48,408

Income taxes  (19,233)  (16,179)

NET INCOME FROM CONTINUING OPERATIONS  41,111  32,229
### Condensed Consolidated Statement of Income (continued)

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Six months to June 30, 2017 (unaudited)</th>
<th>Six months to June 30, 2016 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income from continuing operations</td>
<td>41,111</td>
<td>32,229</td>
</tr>
<tr>
<td>Net income from discontinued operation (note 5)</td>
<td>-</td>
<td>1,865</td>
</tr>
<tr>
<td><strong>NET INCOME FOR THE PERIOD</strong></td>
<td><strong>41,111</strong></td>
<td><strong>34,094</strong></td>
</tr>
</tbody>
</table>

**Net income is attributable to:**

**Common shareholders:**

- From continuing operations: 19,006 | 14,877
- From discontinued operation: - | 1,865

| | 19,006 | 16,742 |

- Participating policyholders: (474) | (354)
- Non-controlling interests: 22,579 | 17,706

| | **41,111** | **34,094** |

**Basic earnings per common share:**

- From continuing operations: 6.3 cents | 4.6 cents
- From discontinued operation: 0.0 cents | 0.6 cents

| | **6.3 cents** | **5.2 cents** |

**Fully diluted earnings per common share:**

- From continuing operations: 6.1 cents | 4.5 cents
- From discontinued operation: 0.0 cents | 0.5 cents

| | **6.1 cents** | **5.0 cents** |
### SAGICOR FINANCIAL CORPORATION LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Six months to June 30, 2017</th>
<th>(unaudited)</th>
<th>Six months to June 30, 2016</th>
<th>(unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET INCOME FOR THE PERIOD</strong></td>
<td>41,111</td>
<td>34,094</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OTHER COMPREHENSIVE INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items net of tax that may be reclassified subsequently to income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available for sale financial assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains on revaluation</td>
<td>21,687</td>
<td>62,070</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Losses / (gains) transferred to income</td>
<td>7,211</td>
<td>(3,478)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in actuarial liabilities</td>
<td>(12,915)</td>
<td>(23,385)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retranslation of foreign currency operations</td>
<td>(1,846)</td>
<td>(20,430)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14,137</td>
<td>14,777</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items net of tax that will not be reclassified subsequently to income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains on defined benefit plans</td>
<td>2,133</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total other comprehensive income for the period</strong></td>
<td>16,270</td>
<td>14,777</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</strong></td>
<td>57,381</td>
<td>48,871</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income / (loss) is attributable to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common shareholders:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From continuing operations</td>
<td>32,665</td>
<td>23,950</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From discontinued operation</td>
<td>-</td>
<td>1,865</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>32,665</td>
<td>25,815</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participating policyholders</td>
<td>(164)</td>
<td>(270)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>24,880</td>
<td>23,326</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income / (loss) attributable to:</strong></td>
<td>57,381</td>
<td>48,871</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 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>
</table>

**Six months to June 30, 2017**

<table>
<thead>
<tr>
<th></th>
<th>Balance, beginning of period</th>
<th>Total comprehensive income:</th>
<th>Transactions with holders of equity instruments:</th>
<th>Balance, end of period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,029 297,050 (64,795) 300,865 536,149</td>
<td></td>
<td>From continuing operations 11,526 21,139 32,665</td>
<td>3,035 297,884 (52,037) 313,228 562,110</td>
</tr>
<tr>
<td></td>
<td>299,320 - (59,688) 266,414 506,046</td>
<td>Total comprehensive income:</td>
<td>From continuing operations 9,073 14,877 23,950</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- - 9,073 14,877 23,950</td>
<td></td>
<td>From discontinued operation - - - 1,865 1,865</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- - - (4,707) 4,380 (327)</td>
<td>Transactions with holders of equity instruments:</td>
<td>Movements in treasury shares 6 834 - - 840</td>
<td>265</td>
</tr>
<tr>
<td></td>
<td>- - - 648 - 648</td>
<td></td>
<td>Changes in reserve for equity compensation benefits - - - (1,201) (1,606)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- - (11,311) (11,311)</td>
<td></td>
<td>Dividends declared - - - (7,575) (7,575)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- - - (7,575) (7,575)</td>
<td></td>
<td>Transfers and other movements - - (405) (1,201) (1,606)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>299,942 - (54,674) 276,225 521,493</td>
<td></td>
<td>Balance, end of period</td>
<td></td>
</tr>
<tr>
<td>Amounts in US $000</td>
<td>Total Shareholders’ Equity</td>
<td>Participating Accounts</td>
<td>Non-controlling Interests</td>
<td>Total Equity</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------------------</td>
<td>------------------------</td>
<td>--------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>(unaudited)</td>
<td>(unaudited)</td>
<td>(unaudited)</td>
<td>(unaudited)</td>
<td>(unaudited)</td>
</tr>
</tbody>
</table>

**Six months to June 30, 2017**

Balance, beginning of period 536,149 1,291 257,974 795,414

Total comprehensive income:

From continuing operations 32,665 (164) 24,880 57,381

Transactions with holders of equity instruments:

Movements in treasury shares 840 - - 840

Changes in reserve for equity compensation benefits 1,637 - - 1,637

Dividends declared (7,575) - (10,838) (18,413)

Transfers and other movements (1,606) (108) (677) (2,391)

Balance, end of period 562,110 1,019 271,339 834,468

**Six months to June 30, 2016**

Balance, beginning of period 506,046 1,383 231,735 739,164

Total comprehensive income:

From continuing operations 23,950 (270) 23,326 47,006

From discontinued operation 1,865 - - 1,865

Transactions with holders of equity instruments:

Movements in treasury shares 622 - - 622

Changes in reserve for equity compensation benefits 648 - - 648

Dividends declared (11,311) - (10,749) (22,060)

Transfers and other movements (327) (112) (2,091) (2,530)

Balance, end of period 521,493 1,001 242,221 764,715
SAGICOR FINANCIAL CORPORATION LIMITED  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th></th>
<th>Six months to June 30, 2017</th>
<th>Six months to June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(unaudited)</td>
<td>(unaudited)</td>
</tr>
<tr>
<td><strong>Amounts in US $000</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before taxes</td>
<td>60,344</td>
<td>48,408</td>
</tr>
<tr>
<td>Adjustments for non-cash items, interest and dividends</td>
<td>97,907</td>
<td>79,164</td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>148,385</td>
<td>148,148</td>
</tr>
<tr>
<td>Interest paid</td>
<td>42,174</td>
<td>43,661</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>27,103</td>
<td>19,579</td>
</tr>
<tr>
<td>Net change in investments and operating assets</td>
<td>3,142</td>
<td>81,029</td>
</tr>
<tr>
<td>Net change in operating liabilities</td>
<td>41,908</td>
<td>59,471</td>
</tr>
<tr>
<td><strong>Net cash flows - operating activities</strong></td>
<td>86,595</td>
<td>32,594</td>
</tr>
<tr>
<td><strong>INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>4,997</td>
<td>6,225</td>
</tr>
<tr>
<td>Associates and joint ventures, net</td>
<td>6,656</td>
<td>139</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>3,688</td>
<td>1,355</td>
</tr>
<tr>
<td><strong>Net cash flows - investing activities</strong></td>
<td>(15,341)</td>
<td>(7,719)</td>
</tr>
<tr>
<td><strong>FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares issued to minority interest</td>
<td>1,795</td>
<td>2,091</td>
</tr>
<tr>
<td>Notes and loans payable, net</td>
<td>15,455</td>
<td>30,665</td>
</tr>
<tr>
<td>Dividends received from associates</td>
<td>1,119</td>
<td>240</td>
</tr>
<tr>
<td>Dividends paid to common shareholders</td>
<td>7,444</td>
<td>5,945</td>
</tr>
<tr>
<td>Dividends paid to preference shareholders</td>
<td>-</td>
<td>3,900</td>
</tr>
<tr>
<td>Dividends paid to minority interests</td>
<td>10,838</td>
<td>10,896</td>
</tr>
<tr>
<td><strong>Net cash flows - financing activities</strong></td>
<td>(3,503)</td>
<td>8,073</td>
</tr>
<tr>
<td>Effect of exchange rate changes</td>
<td>87</td>
<td>(2,598)</td>
</tr>
<tr>
<td><strong>NET CHANGE IN CASH AND CASH EQUIVALENTS OF CONTINUING OPERATIONS</strong></td>
<td>67,838</td>
<td>30,350</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents of discontinued operation</td>
<td>-</td>
<td>44,613</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of period</td>
<td>312,106</td>
<td>384,879</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS, END OF PERIOD (Note 11)</strong></td>
<td>379,944</td>
<td>370,616</td>
</tr>
</tbody>
</table>
1. ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated interim financial statements as of and for the six months ended June 30, 2017, 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 LIMITED as at December 31, 2016 as included in the Annual Report for 2016.

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 six months ended June 30, 2017 (and June 30, 2016) 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 2016 audited consolidated financial statements, except for any changes required by amendments to IFRS.

Amendments to IFRS

The following amendments to standards and interpretations became effective in 2017:

- Amendments to IAS 7 – Disclosure initiative.

The Group has not early adopted any standard or interpretation which is effective after January 1, 2017.

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 2016 audited consolidated financial statements.
Exchange rates

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

<table>
<thead>
<tr>
<th>Currency</th>
<th>Closing rate as of June 30, 2017</th>
<th>Closing rate as of December 31, 2016</th>
<th>Average rate for the Six months to June 30, 2017</th>
<th>Average rate for the Six months to June 30, 2016</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>128.3436</td>
<td>127.9824</td>
<td>128.3762</td>
<td>122.0382</td>
</tr>
<tr>
<td>Trinidad &amp; Tobago dollar</td>
<td>6.7652</td>
<td>6.7458</td>
<td>6.7394</td>
<td>6.5384</td>
</tr>
<tr>
<td>Pound sterling</td>
<td>0.76980</td>
<td>0.81280</td>
<td>0.79294</td>
<td>0.69378</td>
</tr>
</tbody>
</table>
2. 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, Panama 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 2016.

Segmented financial information is set out in the sections 2.1 to 2.4.

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

<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>Six months to June 30, 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net premium revenue</td>
<td>147,415</td>
<td>135,616</td>
<td>41,223</td>
<td>15,891</td>
<td>-</td>
<td>340,145</td>
</tr>
<tr>
<td>Interest income</td>
<td>38,798</td>
<td>78,685</td>
<td>24,067</td>
<td>4,388</td>
<td>-</td>
<td>145,938</td>
</tr>
<tr>
<td>Other investment income</td>
<td>5,903</td>
<td>13,036</td>
<td>10,904</td>
<td>388</td>
<td>(73)</td>
<td>30,158</td>
</tr>
<tr>
<td>Fees and other revenue</td>
<td>6,462</td>
<td>30,914</td>
<td>(660)</td>
<td>9,748</td>
<td>(65)</td>
<td>46,399</td>
</tr>
<tr>
<td>Inter-segment revenues</td>
<td>6,370</td>
<td>-</td>
<td>-</td>
<td>47,468</td>
<td>(53,838)</td>
<td>-</td>
</tr>
<tr>
<td>Total revenue</td>
<td>204,948</td>
<td>258,251</td>
<td>75,534</td>
<td>77,883</td>
<td>(53,976)</td>
<td>562,640</td>
</tr>
<tr>
<td>Net policy benefits</td>
<td>99,613</td>
<td>82,103</td>
<td>45,808</td>
<td>8,789</td>
<td>-</td>
<td>236,313</td>
</tr>
<tr>
<td>Net change in actuarial liabilities</td>
<td>12,996</td>
<td>3,625</td>
<td>(3,479)</td>
<td>-</td>
<td>-</td>
<td>13,142</td>
</tr>
<tr>
<td>Interest expense</td>
<td>6,545</td>
<td>19,457</td>
<td>923</td>
<td>1,616</td>
<td>-</td>
<td>28,541</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>33,326</td>
<td>69,810</td>
<td>14,725</td>
<td>20,789</td>
<td>509</td>
<td>139,159</td>
</tr>
<tr>
<td>Commissions and premium and asset taxes</td>
<td>21,832</td>
<td>23,312</td>
<td>7,812</td>
<td>4,479</td>
<td>-</td>
<td>57,435</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-</td>
<td>432</td>
<td>20</td>
<td>(125)</td>
<td>16,754</td>
<td>17,081</td>
</tr>
<tr>
<td>Depreciation and Amortisation</td>
<td>3,294</td>
<td>4,470</td>
<td>816</td>
<td>2,045</td>
<td>-</td>
<td>10,625</td>
</tr>
<tr>
<td>Inter-segment expenses</td>
<td>2,594</td>
<td>516</td>
<td>(1,353)</td>
<td>6,257</td>
<td>(8,014)</td>
<td>-</td>
</tr>
<tr>
<td>Total benefits and expenses</td>
<td>180,200</td>
<td>203,725</td>
<td>65,272</td>
<td>43,850</td>
<td>9,249</td>
<td>502,296</td>
</tr>
<tr>
<td>Segment income before taxes</td>
<td>24,748</td>
<td>54,526</td>
<td>10,262</td>
<td>34,033</td>
<td>(63,225)</td>
<td>60,344</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(4,889)</td>
<td>(10,542)</td>
<td>(3,592)</td>
<td>(210)</td>
<td>-</td>
<td>(19,233)</td>
</tr>
<tr>
<td><strong>Net income - continuing operations</strong></td>
<td><strong>19,859</strong></td>
<td><strong>43,984</strong></td>
<td><strong>6,670</strong></td>
<td><strong>33,823</strong></td>
<td>(63,225)</td>
<td><strong>41,111</strong></td>
</tr>
</tbody>
</table>

Net income / (loss) attributable to shareholders from continuing operations:

- 20,333
- 21,601
- 6,670
- 16,873
- (46,471)
- **19,006**

Total comprehensive income / (loss) attributable to shareholders from continuing operations:

- 26,149
- 23,760
- 11,864
- 16,838
- (45,946)
- **32,665**
### 2.1 Statement of income from continuing operations by reportable operating segment (unaudited)

(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>145,611</td>
<td>127,916</td>
<td>34,283</td>
<td>10,962</td>
<td>-</td>
<td>318,772</td>
</tr>
<tr>
<td>Interest income</td>
<td>38,319</td>
<td>79,698</td>
<td>24,290</td>
<td>4,895</td>
<td>-</td>
<td>147,202</td>
</tr>
<tr>
<td>Other investment income</td>
<td>3,340</td>
<td>25,470</td>
<td>(4,221)</td>
<td>(18)</td>
<td>-</td>
<td>24,571</td>
</tr>
<tr>
<td>Fees and other revenue</td>
<td>11,683</td>
<td>27,408</td>
<td>10,878</td>
<td>12,657</td>
<td>(137)</td>
<td>62,489</td>
</tr>
<tr>
<td>Inter-segment revenues</td>
<td>5,731</td>
<td>-</td>
<td>-</td>
<td>31,469</td>
<td>(37,200)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>204,684</strong></td>
<td><strong>260,492</strong></td>
<td><strong>65,230</strong></td>
<td><strong>59,965</strong></td>
<td><strong>(37,337)</strong></td>
<td><strong>553,034</strong></td>
</tr>
<tr>
<td>Net policy benefits</td>
<td>95,589</td>
<td>85,205</td>
<td>34,387</td>
<td>5,509</td>
<td>-</td>
<td>220,690</td>
</tr>
<tr>
<td>Net change in actuarial liabilities</td>
<td>15,292</td>
<td>26,747</td>
<td>2,048</td>
<td>-</td>
<td>-</td>
<td>44,087</td>
</tr>
<tr>
<td>Interest expense</td>
<td>6,712</td>
<td>20,079</td>
<td>1,335</td>
<td>1,923</td>
<td>-</td>
<td>30,049</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>31,815</td>
<td>58,796</td>
<td>15,533</td>
<td>17,627</td>
<td>287</td>
<td>124,058</td>
</tr>
<tr>
<td>Commissions and premium and asset taxes</td>
<td>20,549</td>
<td>21,520</td>
<td>7,432</td>
<td>4,863</td>
<td>-</td>
<td>54,364</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-</td>
<td>-</td>
<td>35</td>
<td>(9)</td>
<td>21,119</td>
<td>21,145</td>
</tr>
<tr>
<td>Depreciation and Amortisation</td>
<td>3,249</td>
<td>3,887</td>
<td>708</td>
<td>2,389</td>
<td>-</td>
<td>10,233</td>
</tr>
<tr>
<td>Inter-segment expenses</td>
<td>182</td>
<td>311</td>
<td>581</td>
<td>5,785</td>
<td>(6,859)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total benefits and expenses</strong></td>
<td><strong>173,388</strong></td>
<td><strong>216,545</strong></td>
<td><strong>62,059</strong></td>
<td><strong>38,087</strong></td>
<td><strong>14,547</strong></td>
<td><strong>504,626</strong></td>
</tr>
<tr>
<td>Segment income before taxes</td>
<td><strong>31,296</strong></td>
<td><strong>43,947</strong></td>
<td><strong>3,171</strong></td>
<td><strong>21,878</strong></td>
<td><strong>(51,884)</strong></td>
<td><strong>48,408</strong></td>
</tr>
<tr>
<td>Income taxes</td>
<td>(3,854)</td>
<td>(10,613)</td>
<td>(1,110)</td>
<td>(602)</td>
<td>-</td>
<td>(16,179)</td>
</tr>
<tr>
<td><strong>Net income - continuing operations</strong></td>
<td><strong>27,442</strong></td>
<td><strong>33,334</strong></td>
<td><strong>2,061</strong></td>
<td><strong>21,276</strong></td>
<td><strong>(51,884)</strong></td>
<td><strong>32,229</strong></td>
</tr>
</tbody>
</table>

Net income / (loss) attributable to shareholders from continuing operations

<table>
<thead>
<tr>
<th>Amounts</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 income / (loss) attributable to shareholders from continuing operations</td>
<td>27,796</td>
<td>16,370</td>
<td>2,061</td>
<td>(585)</td>
<td>(30,765)</td>
<td>14,877</td>
</tr>
<tr>
<td>Total comprehensive income / (loss) attributable to shareholders from continuing operations</td>
<td>25,675</td>
<td>21,415</td>
<td>8,129</td>
<td>(557)</td>
<td>(30,712)</td>
<td>23,950</td>
</tr>
</tbody>
</table>
2.2 Statement of financial position by reportable operating segment (unaudited)

<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, 2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial investments</td>
<td>1,404,439</td>
<td>2,160,340</td>
<td>1,132,432</td>
<td>151,762</td>
<td>-</td>
<td>4,848,973</td>
</tr>
<tr>
<td>Other external assets</td>
<td>303,527</td>
<td>487,862</td>
<td>851,016</td>
<td>192,844</td>
<td>(72,875)</td>
<td>1,762,374</td>
</tr>
<tr>
<td>Inter-segment assets</td>
<td>210,266</td>
<td>12,247</td>
<td>3,396</td>
<td>61,860</td>
<td>(287,769)</td>
<td>-</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,918,232</td>
<td>2,660,449</td>
<td>1,986,844</td>
<td>406,466</td>
<td>(360,644)</td>
<td>6,611,347</td>
</tr>
<tr>
<td>Policy liabilities</td>
<td>1,287,174</td>
<td>679,472</td>
<td>1,441,630</td>
<td>58,404</td>
<td>(72,875)</td>
<td>3,393,805</td>
</tr>
<tr>
<td>Other external liabilities</td>
<td>84,064</td>
<td>1,500,881</td>
<td>262,795</td>
<td>535,334</td>
<td>-</td>
<td>2,383,074</td>
</tr>
<tr>
<td>Inter-segment liabilities</td>
<td>29,395</td>
<td>4,367</td>
<td>51,591</td>
<td>202,416</td>
<td>(287,769)</td>
<td>-</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,400,633</td>
<td>2,184,720</td>
<td>1,756,016</td>
<td>796,154</td>
<td>(360,644)</td>
<td>5,776,879</td>
</tr>
<tr>
<td>Net assets</td>
<td>517,599</td>
<td>475,729</td>
<td>230,828</td>
<td>(389,688)</td>
<td>-</td>
<td>834,468</td>
</tr>
</tbody>
</table>

| **As of December 31, 2016** |              |                 |                  |                       |             |       |
| Financial investments | 1,403,870 | 2,212,153 | 1,068,244 | 129,481 | - | 4,813,748 |
| Other external assets | 324,570 | 450,104 | 829,889 | 189,807 | (76,198) | 1,718,172 |
| Inter-segment assets | 199,858 | 11,555 | 2,759 | 54,006 | (268,178) | - |
| Total assets | 1,928,298 | 2,673,812 | 1,900,892 | 373,294 | (344,376) | 6,531,920 |
| Policy liabilities | 1,272,500 | 675,019 | 1,434,678 | 55,061 | (76,198) | 3,361,060 |
| Other external liabilities | 86,871 | 1,544,651 | 203,929 | 539,995 | - | 2,375,446 |
| Inter-segment liabilities | 39,434 | 3,715 | 43,838 | 181,191 | (268,178) | - |
| Total liabilities | 1,398,805 | 2,223,385 | 1,682,445 | 776,247 | (344,376) | 5,736,506 |
| Net assets | 529,493 | 450,427 | 218,447 | (402,953) | - | 795,414 |
### 2.3 Revenues by products and services

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Six months to June 30, 2017 (unaudited)</th>
<th>Six months to June 30, 2016 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life, health and annuity insurance contracts issued to individuals</td>
<td>319,172</td>
<td>304,651</td>
</tr>
<tr>
<td>Life, health and annuity insurance and pension administration contracts issued to groups</td>
<td>130,565</td>
<td>134,781</td>
</tr>
<tr>
<td>Property and casualty insurance</td>
<td>20,741</td>
<td>17,732</td>
</tr>
<tr>
<td>Banking, investment management and other financial services</td>
<td>79,802</td>
<td>77,813</td>
</tr>
<tr>
<td>Farming and unallocated revenues</td>
<td>12,360</td>
<td>18,057</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>562,640</strong></td>
<td><strong>553,034</strong></td>
</tr>
</tbody>
</table>

### 2.4 Revenues by geographical area

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Six months to June 30, 2017 (unaudited)</th>
<th>Six months to June 30, 2016 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados</td>
<td>85,371</td>
<td>82,921</td>
</tr>
<tr>
<td>Jamaica</td>
<td>242,195</td>
<td>243,203</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>81,808</td>
<td>83,283</td>
</tr>
<tr>
<td>Other Caribbean</td>
<td>77,804</td>
<td>78,395</td>
</tr>
<tr>
<td>USA</td>
<td>75,462</td>
<td>65,232</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>562,640</strong></td>
<td><strong>553,034</strong></td>
</tr>
</tbody>
</table>

### 3. PREMIUM REVENUE

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Gross premium</th>
<th>Ceded to reinsurers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six months to June 30, (unaudited)</td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Life insurance</td>
<td>204,822</td>
<td>190,373</td>
</tr>
<tr>
<td>Annuity</td>
<td>102,670</td>
<td>99,371</td>
</tr>
<tr>
<td>Health insurance</td>
<td>76,476</td>
<td>78,110</td>
</tr>
<tr>
<td>Property and casualty insurance</td>
<td>33,610</td>
<td>33,259</td>
</tr>
<tr>
<td><strong>Total premium revenue</strong></td>
<td><strong>417,578</strong></td>
<td><strong>401,113</strong></td>
</tr>
</tbody>
</table>
4. POLICY BENEFITS AND CHANGE IN ACTUARIAL LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>Gross benefit</th>
<th>Ceded to reinsurers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 (unaudited)</td>
<td>2016 (unaudited)</td>
</tr>
<tr>
<td>Life insurance benefits</td>
<td>111,207</td>
<td>100,941</td>
</tr>
<tr>
<td>Annuity benefits</td>
<td>96,886</td>
<td>91,588</td>
</tr>
<tr>
<td>Health insurance benefits</td>
<td>57,773</td>
<td>60,933</td>
</tr>
<tr>
<td>Property and casualty claims</td>
<td>10,314</td>
<td>11,938</td>
</tr>
<tr>
<td>Total policy benefits</td>
<td>276,180</td>
<td>265,400</td>
</tr>
<tr>
<td>Change in actuarial liabilities</td>
<td>13,662</td>
<td>96,021</td>
</tr>
<tr>
<td>Total policy benefits and change in actuarial liabilities</td>
<td>289,842</td>
<td>361,421</td>
</tr>
</tbody>
</table>

5. 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 price adjustments are subject to a limit based on the terms of the agreement. During the financial period 2016 to 2018, the results are subject to further underwriting, investment and foreign currency adjustments constrained by the limit as the experience develops.

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

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Period to June 30, 2017 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liability of discontinued operation:</strong></td>
<td></td>
</tr>
<tr>
<td>Estimated amount payable, December 31, 2015</td>
<td>46,026</td>
</tr>
<tr>
<td>Payment made March 30, 2016</td>
<td>(44,614)</td>
</tr>
<tr>
<td>Experience loss for the twelve months to December 31, 2016</td>
<td>415</td>
</tr>
<tr>
<td>Net currency movements to December, 31 2016</td>
<td>(1,827)</td>
</tr>
<tr>
<td>Estimated amount payable December 31, 2016</td>
<td>-</td>
</tr>
<tr>
<td>Experience loss for the six months ended June 30, 2017</td>
<td>-</td>
</tr>
<tr>
<td>Net currency movements to June 30, 2017</td>
<td>-</td>
</tr>
<tr>
<td>Estimated amount receivable June 30, 2017</td>
<td>-</td>
</tr>
</tbody>
</table>
6. FINANCIAL INVESTMENTS

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

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>June 30, 2017 (unaudited)</th>
<th>December 31, 2016</th>
<th>Carrying value</th>
<th>Fair value</th>
<th>Carrying value</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held to maturity securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>20,719</td>
<td>20,885</td>
<td>20,665</td>
<td>21,688</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available for sale securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>2,276,300</td>
<td>2,276,300</td>
<td>2,271,020</td>
<td>2,271,020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td>88,653</td>
<td>88,653</td>
<td>96,684</td>
<td>96,684</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,364,953</td>
<td>2,364,953</td>
<td>2,367,704</td>
<td>2,367,704</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>158,271</td>
<td>158,271</td>
<td>164,005</td>
<td>164,005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td>137,880</td>
<td>137,880</td>
<td>123,524</td>
<td>123,524</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>26,943</td>
<td>26,943</td>
<td>28,980</td>
<td>28,980</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>39,015</td>
<td>39,015</td>
<td>40,347</td>
<td>40,347</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>362,109</td>
<td>362,109</td>
<td>356,856</td>
<td>356,856</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and receivables:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>1,019,156</td>
<td>1,079,100</td>
<td>985,664</td>
<td>1,042,108</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>299,346</td>
<td>299,626</td>
<td>291,419</td>
<td>291,154</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy loans</td>
<td>138,964</td>
<td>148,211</td>
<td>137,940</td>
<td>148,141</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance loans and finance leases</td>
<td>509,951</td>
<td>500,358</td>
<td>508,975</td>
<td>491,131</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities purchased for re-sale</td>
<td>14,866</td>
<td>14,866</td>
<td>5,227</td>
<td>5,227</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>118,909</td>
<td>118,230</td>
<td>139,298</td>
<td>139,298</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,101,192</td>
<td>2,160,391</td>
<td>2,068,523</td>
<td>2,117,059</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total financial investments</td>
<td>4,848,973</td>
<td>4,908,338</td>
<td>4,813,748</td>
<td>4,863,307</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-derivative financial assets at fair value through profit or loss:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated at fair value upon recognition</td>
<td>333,064</td>
<td>333,064</td>
<td>316,700</td>
<td>316,700</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets held for trading</td>
<td>2,102</td>
<td>2,102</td>
<td>11,176</td>
<td>11,176</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>335,166</td>
<td>335,166</td>
<td>327,876</td>
<td>327,876</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
7. 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, 2017</th>
<th>December 31, 2016</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>123,984</td>
<td>123,984</td>
</tr>
<tr>
<td>Other investment contracts</td>
<td>114,297</td>
<td>116,658</td>
</tr>
<tr>
<td></td>
<td>238,281</td>
<td>240,642</td>
</tr>
<tr>
<td>At fair value through profit or loss:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit linked deposit administration liabilities</td>
<td>135,455</td>
<td>135,455</td>
</tr>
<tr>
<td></td>
<td>373,736</td>
<td>376,097</td>
</tr>
</tbody>
</table>

8. 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, 2017</th>
<th>December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying value</td>
<td>Fair Value</td>
</tr>
<tr>
<td>8.875% senior notes due 2022</td>
<td>316,100</td>
<td>360,114</td>
</tr>
<tr>
<td>8.25% non-convertible redeemable preference shares due 2020</td>
<td>10,974</td>
<td>10,974</td>
</tr>
<tr>
<td>7.75% non-convertible redeemable preference shares due 2018</td>
<td>5,007</td>
<td>5,007</td>
</tr>
<tr>
<td>4.85% notes due 2019</td>
<td>74,866</td>
<td>76,039</td>
</tr>
<tr>
<td>Finance lease payable</td>
<td>4,665</td>
<td>4,665</td>
</tr>
<tr>
<td>Total notes and loans payable</td>
<td>411,612</td>
<td>456,799</td>
</tr>
</tbody>
</table>
9. 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, 2017</th>
<th>December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying value</td>
<td>Fair value</td>
</tr>
<tr>
<td><strong>At amortised cost:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other funding instruments</td>
<td>370,388</td>
<td>369,921</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>948,660</td>
<td>946,523</td>
</tr>
<tr>
<td>Securities sold for re-purchase</td>
<td>272,776</td>
<td>273,653</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>4,772</td>
<td>4,772</td>
</tr>
<tr>
<td><strong>Total at amortised cost:</strong></td>
<td>1,596,596</td>
<td>1,594,869</td>
</tr>
<tr>
<td><strong>At fair value through profit or loss:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structured products</td>
<td>25,321</td>
<td>25,321</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>1,376</td>
<td>1,376</td>
</tr>
<tr>
<td><strong>Total at fair value through profit or loss:</strong></td>
<td>26,697</td>
<td>26,697</td>
</tr>
<tr>
<td><strong>Total deposit and security liabilities</strong></td>
<td>1,623,293</td>
<td>1,621,566</td>
</tr>
</tbody>
</table>
10. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE

10.1 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:

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>As of June 30, 2017 (unaudited)</th>
<th>As of December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment property</td>
<td>80,613</td>
<td>80,662</td>
</tr>
<tr>
<td>Owner-occupied lands</td>
<td>37,185</td>
<td>37,185</td>
</tr>
<tr>
<td>Owner-occupied land and buildings</td>
<td>79,457</td>
<td>77,855</td>
</tr>
<tr>
<td><strong>Total properties</strong></td>
<td><strong>197,255</strong></td>
<td><strong>195,702</strong></td>
</tr>
</tbody>
</table>
10. FAIR VALUE DISCLOSURES OF ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (continued)

10.1 Property (continued)

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.

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Six months to June 30, (unaudited)</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of period</td>
<td>80,662 37,185 77,855 195,702</td>
<td>197,897</td>
</tr>
<tr>
<td>Additions</td>
<td>- 2,233 2,233 2,687</td>
<td>555</td>
</tr>
<tr>
<td>Transfers in</td>
<td>- - - -</td>
<td>1,847</td>
</tr>
<tr>
<td>Fair value changes recorded in net investment income</td>
<td>- - - -</td>
<td>(1,583)</td>
</tr>
<tr>
<td>Fair value changes recorded in other comprehensive income</td>
<td>- - - -</td>
<td>(1,105)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>- (527) (527) (1,105)</td>
<td>(1,578)</td>
</tr>
<tr>
<td>Disposals and divestitures</td>
<td>- - - -</td>
<td>(3,018)</td>
</tr>
<tr>
<td>Effect of exchange rate changes</td>
<td>(49) - (104) (153)</td>
<td>(3,018)</td>
</tr>
<tr>
<td>Balance, end of period</td>
<td>80,613 37,185 79,457 197,255</td>
<td>195,702</td>
</tr>
</tbody>
</table>

10.2 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.
10.2 Financial instruments carried at fair value (continued)

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

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

The results of applying the fair value hierarchy to the Group's financial instruments are set out in the tables below:
10.2 Financial instruments carried at fair value (continued)

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>As of June 30, 2017 (unaudited)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
</tr>
<tr>
<td><strong>Available for sale securities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>605,292</td>
<td>1,668,174</td>
<td>2,834</td>
<td>2,276,300</td>
</tr>
<tr>
<td>Equity securities</td>
<td>27,499</td>
<td>48,359</td>
<td>12,795</td>
<td>88,653</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>632,791</td>
<td>1,716,533</td>
<td>15,629</td>
<td>2,364,953</td>
</tr>
<tr>
<td><strong>Investments at fair value through profit or loss:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>11,115</td>
<td>40,776</td>
<td>106,380</td>
<td>158,271</td>
</tr>
<tr>
<td>Equity securities</td>
<td>12,426</td>
<td>125,454</td>
<td>-</td>
<td>137,880</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>1,376</td>
<td>25,567</td>
<td>26,943</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>-</td>
<td>-</td>
<td>39,015</td>
<td>39,015</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23,541</td>
<td>167,606</td>
<td>170,962</td>
<td>362,109</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>656,332</td>
<td>1,884,139</td>
<td>186,591</td>
<td>2,727,062</td>
</tr>
<tr>
<td><strong>Total assets by percentage</strong></td>
<td>24%</td>
<td>69%</td>
<td>7%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Investment contracts:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit linked deposit administration liabilities</td>
<td>-</td>
<td>-</td>
<td>135,455</td>
<td>135,455</td>
</tr>
<tr>
<td><strong>Deposit and security liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structured products</td>
<td>-</td>
<td>-</td>
<td>25,321</td>
<td>25,321</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>1,376</td>
<td>-</td>
<td>1,376</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>-</td>
<td>1,376</td>
<td>25,321</td>
<td>26,697</td>
</tr>
<tr>
<td><strong>Total liabilities by percentage</strong></td>
<td>0%</td>
<td>1%</td>
<td>99%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Transfers from Level 1 to Level 2 in the six months ended June 30, 2017 - Nil.
10.2 Financial instruments carried at fair value (continued)

<table>
<thead>
<tr>
<th></th>
<th>As of December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
</tr>
<tr>
<td><strong>Available for sale securities:</strong></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>604,786</td>
</tr>
<tr>
<td>Equity securities</td>
<td>35,350</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>640,136</td>
</tr>
<tr>
<td><strong>Investments at fair value through profit or loss:</strong></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>35,720</td>
</tr>
<tr>
<td>Equity securities</td>
<td>3,992</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>1,364</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>39,712</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>679,848</td>
</tr>
<tr>
<td><strong>Total assets by percentage</strong></td>
<td>25%</td>
</tr>
<tr>
<td><strong>Investment contracts:</strong></td>
<td></td>
</tr>
<tr>
<td>Unit linked deposit administration liabilities</td>
<td>-</td>
</tr>
<tr>
<td><strong>Deposit and security liabilities:</strong></td>
<td></td>
</tr>
<tr>
<td>Structured products</td>
<td>-</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>1,364</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities by percentage</strong></td>
<td>0%</td>
</tr>
</tbody>
</table>

Balances totalling $59,752 have been transferred from Level 1 to Level 2 in 2016.

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.
10.2 Financial instruments carried at fair value (continued)

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Six months to June 30, 2017 (unaudited)</th>
<th>December 31, 2017 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available at fair value for sale securities</td>
<td>12,530</td>
<td>136,196</td>
</tr>
<tr>
<td>Investments at fair value through income</td>
<td>3,554</td>
<td>26,801</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance, beginning of period</td>
<td>76</td>
<td>206</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers to/(from) Level 3 classification</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair value changes recorded in net investment income</td>
<td>-</td>
<td>1,131</td>
</tr>
<tr>
<td>Fair value changes recorded in other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Effect of exchange rate changes</td>
<td>(658)</td>
<td>(18,299)</td>
</tr>
<tr>
<td>Disposals</td>
<td>(3)</td>
<td>(434)</td>
</tr>
<tr>
<td>Balance, end of period</td>
<td>15,629</td>
<td>145,395</td>
</tr>
</tbody>
</table>

Fair value changes recorded in net investment income for instruments held at the end of the period | - | 1,131 | 7,422 | 8,553 | 10,067 |
10.2 Financial instruments carried at fair value (continued)

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>Six months to June 30,</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 (unaudited)</td>
<td>2017 (unaudited)</td>
</tr>
<tr>
<td><strong>Policy liabilities</strong></td>
<td>130,668</td>
<td>34,779</td>
</tr>
<tr>
<td><strong>Structured products</strong></td>
<td>642</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>135,455</td>
<td>25,321</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>135,455</td>
<td>25,321</td>
</tr>
<tr>
<td><strong>Gains recorded in interest expense</strong></td>
<td>7,243</td>
<td>-</td>
</tr>
<tr>
<td><strong>Settlements</strong></td>
<td>(4,124)</td>
<td>(10,105)</td>
</tr>
<tr>
<td><strong>Transfers to/(from) instruments carried at amortised cost</strong></td>
<td>-</td>
<td>575</td>
</tr>
<tr>
<td><strong>Effect of exchange rate changes</strong></td>
<td>1,026</td>
<td>72</td>
</tr>
<tr>
<td><strong>Balance, end of period</strong></td>
<td>135,455</td>
<td>25,321</td>
</tr>
<tr>
<td><strong>Fair value changes recorded in interest expense for instruments held at the end of the period</strong></td>
<td>642</td>
<td>-</td>
</tr>
</tbody>
</table>

11. CASH AND CASH EQUIVALENTS

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

<table>
<thead>
<tr>
<th>Amounts in US $000</th>
<th>June 30,</th>
<th>June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 (unaudited)</td>
<td>2016 (unaudited)</td>
</tr>
<tr>
<td>Cash resources</td>
<td>324,406</td>
<td>286,236</td>
</tr>
<tr>
<td>Call deposits and other liquid balances</td>
<td>93,042</td>
<td>177,124</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>(4,772)</td>
<td>(1,863)</td>
</tr>
<tr>
<td>Other short-term borrowings</td>
<td>(32,732)</td>
<td>(90,881)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>379,944</td>
<td>370,616</td>
</tr>
</tbody>
</table>