

SAGICOR FINANCIAL CORPORATION LIMITED

Interim Financial Statements

Nine-months ended September 30, 2016

CHAIRMAN'S REVIEW

I am pleased to report a much improved performance of the Sagicor Group for the nine months ended September 30, 2016. Net Income more than doubled to US \$89.9 million, when compared to US \$41.9 million for the same period of 2015. This was primarily due to significant improvement in investment income, modest growth in premiums and the run-off of the discontinued operations at the end of 2015, which allowed the full benefits of our performance to flow to our shareholders.

Net income attributable to shareholders was US \$52.0 million compared to US \$20.2 million for the same period of 2015, an increase of US \$31.8 million.

Total revenue amounted to US \$850.5 million, compared to US \$807.9 million for the corresponding period in 2015, an increase of US \$42.6 million. Net premium revenue of US \$492.7 million exceeded the prior year amount of US \$488.0 million. Net investment income and other income of US \$357.8 million exceeded the prior year amount of US \$319.8 million by US \$38.0 million.

Benefits of US \$422.2 million marginally exceeded the prior year amount of US \$417.0 million.

Expenses of US \$312.7 million were below the prior year amount of US \$313.4 million. Expenses for this year included some non-recurring items relating to the prefunding of the redemption of the Convertible Redeemable Preference Shares and administrative expenses.

Total comprehensive income closed the period at US \$112.2 million, compared to a loss of US \$41.6 million for the same period in the prior year, an increase of US \$153.8 million. The main contributor to the increase in comprehensive income was an increase of net gains on financial assets of US \$173.4 million from marked-to-market gains on our international assets. Retranslation losses, which arise on translation of our foreign operations into US dollars for financial reporting purposes, increased by US \$15.5 million over the previous period. This is as a result of the decline in the Jamaica dollar and the Trinidad dollar when compared to the United States dollar.

In the statement of financial position as at September 30, 2016, assets amounted to US \$6.7 billion compared to the prior year amount of US \$6.4 billion, an increase of US \$0.3 billion. Sagicor's Group equity totalled US \$826.8 million, compared to the prior year amount of US \$719.9 million, an increase of US \$106.9 million. The Group's debt, which is included in other liabilities, was US \$390.6 million. The debt to capital ratio was 32.1% down from the prior year ratio of 39.3%. Earnings per common share was US 16.8 cents, compared to US 6.5 cents for 2015, and the annualised return on common shareholders' equity improved to 13.2% compared to 10.6% for 2015.

Consistent with shareholders' approval, on July 20, 2016 the company re-domiciled from Barbados, and continued as an exempted company under the laws of Bermuda as Sagicor Financial Corporation Limited. The company is in the process of implementing the corporate reorganisation of its operations with the expectation of improved transparency, financial ratings and cost of capital.

On September 27, 2016 Standard and Poor's (S&P) affirmed the financial strength rating of Sagicor Life Inc at BB-, the maximum allowed three notches above the rating of Barbados which was downgraded to B- on September 23, 2016. This rating action reflects the commencement of the delinking of the financial strength ratings of the Sagicor Group from the financial ratings of Barbados.

On October 6, 2016 the Directors of Sagicor Financial Corporation Limited declared an interim dividend of 2.5 cents per share United States currency on the issued and outstanding Common Shares of the Company, to be paid on November 15, 2016. This dividend represents an increase of 25% over the previous dividend.

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



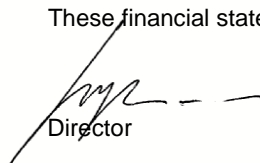
Stephen McNamara
 Chairman
 November 10, 2016

FINANCIAL HIGHLIGHTS <i>(in US currency except percentages)</i>	Nine months ended SEPTEMBER 30	
	2016	2015
Total revenue	\$850.5m	\$807.9m
Overall Group net income	\$89.9m	\$41.9m
Overall Shareholders' net income	\$52.0m	\$20.2m
Net income allocated to non-controlling interests	\$39.9m	\$26.4m
Total equity	\$826.8m	\$719.9m
Book Value per share	\$1.85	\$1.61
Ratio of Debt to Capital	32.1%	39.3%
Earnings per common share	16.8¢	6.5¢
Annualised return on common shareholders' equity	13.2%	10.6%

SAGICOR FINANCIAL CORPORATION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of September 30, 2016	As of December 31, 2015
<u>Amounts in US \$000</u>	<u>(unaudited)</u>	<u>(audited)</u>
ASSETS		
Investment property	77,866	79,172
Property, plant and equipment	167,182	170,249
Associates and joint ventures	86,891	84,530
Intangible assets	84,644	88,183
Financial investments (note 6)	4,944,681	4,826,621
Reinsurance assets	761,030	665,819
Income tax assets	48,544	66,342
Miscellaneous assets and receivables	168,312	168,480
Cash resources	320,849	250,489
Assets of discontinued operation (note 5)	438	-
Total assets	6,660,437	6,399,885
LIABILITIES		
Actuarial liabilities	2,775,570	2,632,387
Other insurance liabilities	208,315	205,891
Investment contract liabilities (note 7)	374,090	368,596
Total policy liabilities	3,357,975	3,206,874
Notes and loans payable (note 8)	390,604	475,517
Deposits and security liabilities (note 9)	1,759,518	1,607,611
Provisions	84,776	88,206
Income tax liabilities	43,637	34,765
Accounts payable and accrued liabilities	197,135	201,722
Liabilities of discontinued operation (note 5)	-	46,026
Total liabilities	5,833,645	5,660,721
EQUITY		
Share capital	300,071	299,320
Reserves	(47,859)	(59,688)
Retained earnings	310,401	266,414
Shareholders' equity	562,613	506,046
Participating accounts	(355)	1,383
Non-controlling interests in subsidiaries	264,534	231,735
Total equity	826,792	739,164
Total liabilities and equity	6,660,437	6,399,885

These financial statements have been approved for issue by the Board of Directors on November 10, 2016.


 Director


 Director

SAGICOR FINANCIAL CORPORATION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Nine months to September 30, 2016	Nine months to September 30, 2015
<u>Amounts in US \$000</u>	<u>(unaudited)</u>	<u>(unaudited)</u>
REVENUE		
Premium revenue (note 3)	615,434	726,850
Reinsurance premium expense (note 3)	(122,748)	(238,825)
Net premium revenue	492,686	488,025
Net investment income	272,004	240,801
Fees and other revenue	85,784	79,038
Total revenue	850,474	807,864
BENEFITS		
Policy benefits and change in actuarial liabilities (note 4)	536,462	551,421
Policy benefits and change in actuarial liabilities reinsured (note 4)	(160,393)	(177,707)
Net policy benefits and change in actuarial liabilities	376,069	373,714
Interest expense	46,123	43,265
Total benefits	422,192	416,979
EXPENSES		
Administrative expenses	186,852	180,009
Commissions and related compensation	70,568	76,977
Premium and asset taxes	9,043	16,374
Finance costs	30,456	27,208
Depreciation and amortisation	15,801	12,795
Total expenses	312,720	313,363
INCOME BEFORE TAXES	115,562	77,522
Income taxes	(27,524)	(17,092)
NET INCOME FROM CONTINUING OPERATIONS	88,038	60,430

SAGICOR FINANCIAL CORPORATION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF INCOME (continued)

	Nine months to September 30, 2016	Nine months to September 30, 2015
<u>Amounts in US \$000</u>	<u>(unaudited)</u>	<u>(unaudited)</u>
Net income from continuing operations	88,038	60,430
Net income/(loss) from discontinued operation (note 5)	1,850	(18,509)
NET INCOME FOR THE PERIOD	89,888	41,921
 Net income/(loss) is attributable to:		
Common shareholders:		
From continuing operations	50,162	38,695
From discontinued operation	1,850	(18,509)
	52,012	20,186
Participating policyholders	(2,015)	(4,666)
Non-controlling interests	39,891	26,401
	89,888	41,921
 Basic earnings/(loss) per common share:		
From continuing operations	16.2 cents	12.6 cents
From discontinued operation	0.6 cents	(6.1) cents
	16.8 cents	6.5 cents
 Fully diluted earnings/(loss) per common share:		
From continuing operations	15.4 cents	12.1 cents
From discontinued operation	0.5 cents	(6.1) cents
	15.9 cents	6.0 cents

SAGICOR FINANCIAL CORPORATION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Nine months to September 30, 2016	Nine months to September 30, 2015
<u>Amounts in US \$000</u>	<u>(unaudited)</u>	<u>(unaudited)</u>
NET INCOME FOR THE PERIOD	89,888	41,921
OTHER COMPREHENSIVE INCOME		
Items net of tax that may be reclassified subsequently to income:		
Available for sale financial assets:		
Gains/(losses) on revaluation	88,640	(79,178)
Gains transferred to income	(4,430)	(9,972)
Net change in actuarial liabilities	(35,104)	16,286
Retranslation of foreign currency operations	(26,348)	(10,820)
	22,758	(83,684)
Items net of tax that will not be reclassified subsequently to income:		
(Losses)/gains on revaluation of owner occupied property	(500)	134
Gains on defined benefit plans	34	-
	(466)	134
Other comprehensive income / (loss) for the period	22,292	(83,550)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	112,180	(41,629)
Total comprehensive income/(loss) is attributable to:		
Common shareholders:		
From continuing operations	65,343	(11,074)
From discontinued operation	1,850	(18,509)
	67,193	(29,583)
Participating policyholders	(1,570)	(3,293)
Non-controlling interests	46,557	(8,753)
	112,180	(41,629)

SAGICOR FINANCIAL CORPORATION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<u>Amounts in US \$000</u>	Share Capital	Reserves	Retained earnings	Total Shareholders' Equity
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Nine months to September 30, 2016				
Balance, beginning of period	299,320	(59,688)	266,414	506,046
Total comprehensive income:				
From continuing operations	-	15,155	50,188	65,343
From discontinued operation	-	-	1,850	1,850
Transactions with holders of equity instruments:				
Movements in treasury shares	751	-	-	751
Changes in reserve for equity compensation benefits	-	1,233	-	1,233
Dividends declared	-	-	(11,311)	(11,311)
Transfers and other movements	-	(4,559)	3,260	(1,299)
Balance, end of period	300,071	(47,859)	310,401	562,613
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

SAGICOR FINANCIAL CORPORATION LIMITED
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, 2016				
Balance, beginning of period	506,046	1,383	231,735	739,164
Total comprehensive income:				
From continuing operations	65,343	(1,570)	46,557	110,330
From discontinued operation	1,850	-	-	1,850
Transactions with holders of equity instruments:				
Movements in treasury shares	751	-	-	751
Changes in reserve for equity compensation benefits	1,233	-	-	1,233
Dividends declared	(11,311)	-	(10,620)	(21,931)
Transfers and other movements	(1,299)	(168)	(3,138)	(4,605)
Balance, end of period	562,613	(355)	264,534	826,792
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

SAGICOR FINANCIAL CORPORATION LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2016

<u>Amounts in US \$000</u>	Nine months to September 30, 2016 <hr style="width: 100%; border: 0; border-top: 1px solid black; margin-top: 5px; margin-bottom: 5px;"/> (unaudited)	Nine months to September 30, 2015 <hr style="width: 100%; border: 0; border-top: 1px solid black; margin-top: 5px; margin-bottom: 5px;"/> (unaudited)
OPERATING ACTIVITIES		
Income before taxes	115,562	77,522
Adjustments for non-cash items, interest and dividends	(150,078)	(154,493)
Interest and dividends received	220,812	218,805
Interest paid	(69,570)	(61,327)
Income taxes paid	(20,362)	(20,621)
Net increase in investments and operating assets	(197,547)	(260,735)
Net change in operating liabilities	207,147	74,468
Net cash flows - operating activities	<hr style="width: 100%; border: 0; border-top: 1px solid black; margin-top: 5px; margin-bottom: 5px;"/> 105,964	<hr style="width: 100%; border: 0; border-top: 1px solid black; margin-top: 5px; margin-bottom: 5px;"/> (126,381)
INVESTING ACTIVITIES		
Property, plant and equipment, net	(11,915)	(9,138)
Associates and joint ventures, net	332	(28,743)
Intangible assets, net	(2,479)	(2,811)
Net cash flows - investing activities	<hr style="width: 100%; border: 0; border-top: 1px solid black; margin-top: 5px; margin-bottom: 5px;"/> (14,062)	<hr style="width: 100%; border: 0; border-top: 1px solid black; margin-top: 5px; margin-bottom: 5px;"/> (40,692)
FINANCING ACTIVITIES		
Movement in treasury shares	-	(19)
Redemption of preference shares	(119,989)	-
Shares issued to minority interest	(4,064)	-
Notes and loans payable, net	34,463	158,029
Dividends received from associates and joint ventures	1,105	480
Dividends paid to common shareholders	(5,955)	(5,737)
Dividends paid to preference shareholders	(5,256)	(3,890)
Dividends paid to minority interests	(10,767)	(7,351)
Net cash flows - financing activities	<hr style="width: 100%; border: 0; border-top: 1px solid black; margin-top: 5px; margin-bottom: 5px;"/> (110,463)	<hr style="width: 100%; border: 0; border-top: 1px solid black; margin-top: 5px; margin-bottom: 5px;"/> 141,512
Effect of exchange rate changes	<hr style="width: 100%; border: 0; border-top: 1px solid black; margin-top: 5px; margin-bottom: 5px;"/> (3,616)	<hr style="width: 100%; border: 0; border-top: 1px solid black; margin-top: 5px; margin-bottom: 5px;"/> (1,338)
NET CHANGE IN CASH AND CASH EQUIVALENTS OF CONTINUING OPERATIONS	(22,177)	(26,899)
Net change in cash and cash equivalents of discontinued operation	(44,614)	(21,408)
Cash and cash equivalents, beginning of period	384,879	441,194
CASH AND CASH EQUIVALENTS, END OF PERIOD (Note 11)	<hr style="width: 100%; border: 0; border-top: 1px solid black; margin-top: 5px; margin-bottom: 5px;"/> 318,088	<hr style="width: 100%; border: 0; border-top: 1px solid black; margin-top: 5px; margin-bottom: 5px;"/> 392,887

SAGICOR FINANCIAL CORPORATION LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2016

1. ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated interim financial statements as of and for the nine months ended September 30, 2016, 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, 2015 as included in the Annual Report for 2015.

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, 2016 (and September 30, 2015) 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 2015 audited consolidated financial statements.

Amendments to IFRS

The following standards, interpretations, amendments to standards and interpretations became effective in 2016:

- IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations
- IAS 6 and IAS 41 - Agriculture: Bearer Plants
- IFRS 10, IFRS 12 and IAS 28 – Investment entities: Applying the consolidation exception
- IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture

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, 2016.

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 2015 audited consolidated financial statements.

SAGICOR FINANCIAL CORPORATION LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2016

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, 2016	Closing rate as of December 31, 2015	Average rate for the nine months to September 30, 2016	Average rate for the nine months to September 30, 2015
Barbados dollar	2.0000	2.0000	2.0000	2.0000
Eastern Caribbean dollar	2.7000	2.7000	2.7000	2.7000
Jamaica dollar	127.8494	119.9758	123.5248	115.8538
Trinidad & Tobago dollar	6.7132	6.4196	6.5854	6.3364
Pound sterling	0.76980	0.67480	0.71384	0.65124

SAGICOR FINANCIAL CORPORATION LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2016

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, 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 2015.

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)

<u>Amounts in US \$000</u>	Sagicor	Sagicor	Sagicor	Head office	Adjust-	Total
Nine months to September 30, 2016	Life	Jamaica	Life USA	and other	ments	
Net premium revenue	220,657	202,281	53,091	16,657	-	492,686
Interest income	57,611	118,685	36,206	7,475	-	219,977
Other investment income	4,798	41,996	5,313	(80)	-	52,027
Fees and other revenue	15,127	38,734	13,139	18,816	(32)	85,784
Inter-segment revenues	8,581	-	-	31,929	(40,510)	-
Total revenue	306,774	401,696	107,749	74,797	(40,542)	850,474
Net policy benefits	146,298	126,703	56,517	7,746	-	337,264
Net change in actuarial liabilities	5,156	27,915	5,734	-	-	38,805
Interest expense	10,434	30,675	2,143	2,871	-	46,123
Administrative expenses	50,128	84,784	23,773	27,743	424	186,852
Commissions and premium and asset taxes	30,984	30,132	11,291	7,204	-	79,611
Finance costs	-	-	51	(34)	30,439	30,456
Depreciation and Amortisation	4,858	5,909	1,148	3,886	-	15,801
Inter-segment expenses	274	453	894	8,604	(10,225)	-
Total benefits and expenses	248,132	306,571	101,551	58,020	20,638	734,912
Segment income before taxes	58,642	95,125	6,198	16,777	(61,180)	115,562
Income taxes	(5,705)	(18,653)	(2,170)	(996)	-	(27,524)
Net income - continuing operations	52,937	76,472	4,028	15,781	(61,180)	88,038
Net income / (loss) attributable to shareholders from continuing operations	54,952	37,560	4,028	(15,637)	(30,741)	50,162
Total comprehensive income / (loss) attributable to shareholders from continuing operations	56,660	43,747	11,313	(15,814)	(30,563)	65,343

SAGICOR FINANCIAL CORPORATION LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2016

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

<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 / (loss) attributable to shareholders – continuing operations	50,107	24,793	4,688	(21,561)	(19,332)	38,695
Total comprehensive income / (loss) attributable to shareholders	41,120	(9,505)	(1,606)	(21,779)	(19,304)	(11,074)

SAGICOR FINANCIAL CORPORATION LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2016

2.2 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, 2016						
Financial investments	1,410,797	2,279,377	1,126,433	128,074	-	4,944,681
Other external assets	327,691	462,028	730,675	194,924	-	1,715,318
Assets of discontinued operation	-	-	-	438	-	438
Inter-segment assets	215,722	10,367	1,628	53,837	(281,554)	-
Total assets	1,954,210	2,751,772	1,858,736	377,273	(281,554)	6,660,437
Policy liabilities	1,190,436	660,264	1,446,754	60,521	-	3,357,975
Other external liabilities	79,688	1,627,491	233,508	534,983	-	2,475,670
Inter-segment liabilities	47,564	2,224	43,836	187,930	(281,554)	-
Total liabilities	1,317,688	2,289,979	1,724,098	783,434	(281,544)	5,833,645
Net assets	636,522	461,793	134,638	(406,161)	-	826,792
As of December 31, 2015						
Financial investments	1,402,811	2,087,139	1,061,649	275,022	-	4,826,621
Other external assets	331,311	415,738	630,719	195,496	-	1,573,264
Inter-segment assets	169,945	10,350	8,323	53,505	(242,123)	-
Total assets	1,904,067	2,513,227	1,700,691	524,023	(242,123)	6,399,885
Policy liabilities	1,189,512	646,942	1,309,946	60,474	-	3,206,874
Other external liabilities	87,439	1,467,043	224,063	629,276	-	2,407,821
Liabilities of discontinued operation	-	-	-	46,026	-	46,026
Inter-segment liabilities	28,475	1,696	43,839	168,113	(242,123)	-
Total liabilities	1,305,426	2,115,681	1,577,848	903,889	(242,123)	5,660,721
Net assets	598,641	397,546	122,843	(379,866)	-	739,164

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2.3 Revenues by products and services

<u>Amounts in US \$000</u>	Nine months to September 30, 2016 (unaudited)	Nine months to September 30, 2015 (unaudited)
Life, health and annuity insurance contracts issued to individuals	470,361	462,215
Life, health and annuity insurance and pension administration contracts issued to groups	214,431	192,500
Property and casualty insurance	26,445	25,812
Banking, investment management and other financial services	117,922	111,228
Farming and unallocated revenues	21,315	16,109
Total revenue	850,474	807,864

2.4 Revenues by geographical area

<u>Amounts in US \$000</u>	Nine months to September 30, 2016 (unaudited)	Nine months to September 30, 2015 (unaudited)
Barbados	125,458	124,028
Jamaica	378,124	345,469
Trinidad and Tobago	124,255	111,748
Other Caribbean	114,886	112,935
USA	107,751	113,684
Total revenue	850,474	807,864

3. PREMIUM REVENUE

<u>Amounts in US \$000</u>	Gross premium		Ceded to reinsurers	
Nine months to September 30,	2016	2015	2016	2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Life insurance	287,648	285,426	23,933	24,152
Annuity	161,560	277,558	59,686	175,101
Health insurance	116,377	114,606	3,062	4,386
Property and casualty insurance	49,849	49,260	36,067	35,186
Total premium revenue	615,434	726,850	122,748	238,825

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4. POLICY BENEFITS AND CHANGE IN ACTUARIAL LIABILITIES

<u>Amounts in US \$000</u>	Gross benefit		Ceded to reinsurers	
Nine months to September 30,	2016	2015	2016	2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Life insurance benefits	157,978	155,880	11,246	9,946
Annuity benefits	141,680	143,719	44,763	27,833
Health insurance benefits	90,901	85,034	3,480	2,746
Property and casualty claims	16,617	15,335	10,423	8,626
Total policy benefits	407,176	399,968	69,912	49,151
Change in actuarial liabilities	129,286	151,453	90,481	128,556
Total policy benefits and change in actuarial liabilities	536,462	551,421	160,393	177,707

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 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, 2016 (unaudited)
Liability of discontinued operation:	
Estimated amount payable, December 31, 2014	45,796
Experience loss for the twelve months to December 31, 2015	23,013
Payment made July 1, 2015	(21,231)
Net currency movements to December, 31 2015	(1,552)
Estimated amount payable December 31, 2015	46,026
Payment made March 30, 2016	(44,614)
Net currency movements to September 30, 2016	(1,850)
Estimated amount receivable September 30, 2016	(438)

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6. FINANCIAL INVESTMENTS

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

<u>Amounts in US \$000</u>	September 30, 2016		December 31, 2015	
	(unaudited)			
	Carrying value	Fair value	Carrying value	Fair value
Held to maturity securities:				
Debt securities	20,071	21,937	20,530	21,940
Available for sale securities:				
Debt securities	2,452,565	2,452,565	2,311,591	2,311,591
Equity securities	121,469	121,469	88,380	88,380
	2,574,034	2,574,034	2,399,971	2,399,971
Financial assets at fair value through profit or loss:				
Debt securities	133,891	133,891	136,727	136,727
Equity securities	131,500	131,500	126,577	126,577
Derivative financial instruments	24,081	24,081	15,479	15,479
Mortgage loans	41,117	41,117	47,052	47,052
Deposits	-	-	56	56
	330,589	330,589	325,891	325,891
Loans and receivables:				
Debt securities	940,376	989,002	948,871	983,063
Mortgage loans	290,252	290,414	293,871	294,041
Policy loans	136,672	143,496	132,486	141,950
Finance loans and finance leases	480,446	470,036	436,161	419,214
Securities purchased for re-sale	21,925	21,925	8,064	8,064
Deposits	150,316	150,316	260,776	260,776
	2,019,987	2,065,189	2,080,229	2,107,108
Total financial investments	4,944,681	4,991,749	4,826,621	4,854,910
Non-derivative financial assets at fair value through profit or loss:				
Designated at fair value upon recognition	298,421	298,421	310,412	310,412
Assets held for trading	8,087	8,087	-	-
	306,508	306,508	310,412	310,412

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7. 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, 2016		December 31, 2015	
	(unaudited)			
	Carrying value	Fair Value	Carrying value	Fair value
At amortised cost:				
Deposit administration liabilities	128,192	128,192	127,882	127,780
Other investment contracts	117,182	121,378	115,537	118,860
	245,374	249,570	243,419	246,640
At fair value through profit or loss:				
Unit linked deposit administration liabilities	128,716	128,716	125,177	125,177
Total investment contract liabilities	374,090	378,286	368,596	371,817

8. 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, 2016		December 31, 2015	
	(unaudited)			
	Carrying value	Fair value	Carrying value	Fair Value
8.875% senior notes due 2022	308,452	364,983	313,780	350,336
6.5% convertible redeemable preference shares due 2016	-	-	115,488	130,932
5.0% notes due 2017 ⁽²⁾	76,980	76,980	-	-
5.0% notes due 2016 ⁽¹⁾	-	-	44,551	44,551
Finance lease payable	5,172	5,172	1,698	1,698
Total notes and loans payable	390,604	447,135	475,517	527,517

⁽¹⁾ Effective June 19, 2015 the 4.6% notes payable was extended at an annual interest rate of 5.0%. On March 21, 2016 the company redeemed the notes.

⁽²⁾ On March 21, 2016 the company issued notes in the amount of US \$75 million payable April 14, 2017 at an annual rate of interest of 5.0%.

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9. 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, 2016		December 31, 2015	
	(unaudited)			
	Carrying value	Fair Value	Carrying value	Fair value
At amortised cost:				
Other funding instruments	382,554	383,711	379,612	381,499
Customer deposits	896,744	858,833	669,518	772,011
Securities sold for re-purchase	448,417	403,065	519,608	519,508
Bank overdrafts	1,956	1,956	2,158	2,158
	1,729,671	1,647,565	1,570,896	1,675,176
At fair value through profit or loss:				
Structured products	28,872	28,872	35,112	35,112
Derivative financial instruments	975	975	1,603	1,603
	29,847	29,847	36,715	36,715
Total deposit and security liabilities	1,759,518	1,677,412	1,607,611	1,711,891

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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:

<u>Amounts in US \$000</u>	As of September 30, 2016 (unaudited)	As of December 31, 2015
	Level 3	Level 3
Investment property	77,866	79,172
Owner-occupied lands	38,031	38,031
Owner-occupied land and buildings	79,155	80,694
Total properties	195,052	197,897

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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.

<u>Amounts in US \$000</u>	Nine months to September 30, (unaudited)			December 31,	
	2016	2016	2016	2016	2015
	Investment property	Owner- occupied lands	Owner- occupied land and buildings	Total	Total
Balance, beginning of period	79,172	38,031	80,694	197,897	204,887
Additions	7	-	1,697	1,704	1,078
Transfers in / (out)	-	-	-	-	(16)
Fair value changes recorded in net investment income	(447)	-	-	-	(816)
Fair value changes recorded in other comprehensive income	-	-	(500)	(947)	815
Depreciation	-	-	(824)	(824)	(1,079)
Disposals and divestitures	-	-	-	-	(5,531)
Effect of exchange rate changes	(866)	-	(1,912)	(2,778)	(1,441)
Balance, end of period	77,866	38,031	79,155	195,052	197,897

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.

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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:

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10.2 Financial instruments carried at fair value (continued)

<u>Amounts in US \$000</u>	As of September 30, 2016			
	(unaudited)			
	Level 1	Level 2	Level 3	Total
Available for sale securities:				
Debt securities	341,930	2,090,677	19,958	2,452,565
Equity securities	43,763	65,207	12,499	121,469
	385,693	2,155,884	32,457	2,574,034
Investments at fair value through profit or loss:				
Debt securities	18,060	21,590	94,241	133,891
Equity securities	9,840	117,607	4,053	131,500
Derivative financial instruments	-	975	23,106	24,081
Mortgage loans	-	-	41,117	41,117
	27,900	140,172	162,517	330,589
Total assets	413,593	2,296,056	194,974	2,904,623
Total assets by percentage	14%	79%	7%	100%
Investment contracts:				
Unit linked deposit administration liabilities	-	-	128,716	128,716
Deposit and security liabilities:				
Structured products	-	-	28,872	28,872
Derivative financial instruments	-	975	-	975
	-	975	28,872	29,847
Total liabilities	-	975	157,588	158,563
Total liabilities by percentage	0%	1%	99%	100%

Balances totalling \$nil have been transferred from Level 1 to Level 2 in the nine months ended September 30, 2016.

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10.2 Financial instruments carried at fair value (continued)

<u>Amounts in US \$000</u>	As of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Available for sale securities:				
Debt securities	355,330	1,929,520	26,741	2,311,591
Equity securities	46,644	29,538	12,198	88,380
	401,974	1,959,058	38,939	2,399,971
Investments at fair value through profit or loss:				
Debt securities	15,820	35,048	85,859	136,727
Equity securities	12,100	110,267	4,210	126,577
Derivative financial instruments	-	1,603	13,876	15,479
Mortgage loans	-	-	47,052	47,052
Deposits	56	-	-	56
	27,976	146,918	150,997	325,891
Total assets	429,950	2,105,976	189,936	2,725,862
Total assets by percentage	16%	77%	7%	100%
Investment contracts:				
Unit linked deposit administration liabilities	-	-	125,177	125,177
Deposit and security liabilities:				
Structured products	-	-	35,112	35,112
Derivative financial instruments	-	1,603	-	1,603
	-	1,603	35,112	36,715
Total liabilities	-	1,603	160,289	161,892
Total liabilities by percentage	0%	1%	99%	100%

Balances totalling \$4,805 have been transferred from Level 1 to Level 2 in 2015.

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.

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10.2 Financial instruments carried at fair value (continued)

	Nine months to September 30,				December 31,
	2016 (unaudited)	2016 (unaudited)	2016 (unaudited)	2016 (unaudited)	2015
<u>Amounts in US \$000</u>					
	Available for sale securities	Investments at fair value through profit or loss	Derivative financial instruments	Total assets	Total assets
Balance, beginning of period	38,939	137,121	13,876	189,936	155,926
Additions	2,338	19,887	15,285	37,510	95,084
Transfers into Level 3 classification	-	-	-	-	1,873
Fair value changes recorded in net investment income	311	1,303	1,831	3,445	(743)
Fair value changes recorded in other comprehensive income	(835)	-	-	(835)	(54)
Disposals	(6,973)	(12,915)	(7,886)	(27,774)	(58,638)
Effect of exchange rate changes	(1,323)	(5,985)	-	(7,308)	(3,512)
Balance, end of period	32,457	139,411	23,106	194,974	189,936
Fair value changes recorded in net investment income for instruments held at the end of the period	-	1,196	5,254	6,450	(3,930)

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10.2 Financial instruments carried at fair value (continued)

	Nine months to September 30,			December 31,
	2016	2016	2016	2015
	(unaudited)	(unaudited)	(unaudited)	
<u>Amounts in US \$000</u>	Policy liabilities	Structured products	Total liabilities	Total liabilities
Balance, beginning of period	125,177	35,112	160,289	136,877
Gains/(losses) recorded in interest expense	394	-	394	(682)
Issues	11,906	13,385	25,291	35,194
Settlements	(4,035)	(15,503)	(19,538)	(8,471)
Amortisation	-	(2,103)	(2,103)	-
Effect of exchange rate changes	(4,726)	(2,019)	(6,745)	(2,629)
Balance, end of period	128,716	28,872	157,588	160,289
Fair value changes recorded in interest expense for instruments held at the end of the period	394	-	394	(682)

11. CASH AND CASH EQUIVALENTS

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

<u>Amounts in US \$000</u>	September 30, 2016 (unaudited)	September 30, 2015 (unaudited)
Cash resources	320,849	412,644
Call deposits and other liquid balances	79,012	33,647
Bank overdrafts	(1,956)	(3,461)
Other short-term borrowings	(79,817)	(49,943)
	318,088	392,887