SAGICOR FINANCIAL COMPANY LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the three-month and six-month periods ended June 30, 2023 and June 30, 2022 (RESTATED)

About Sagicor

Established in 1840 as The Barbados Mutual Life Assurance Society, Sagicor is one of the oldest providers of insurance in the Americas. Sagicor offers a wide range of products and services including life and health insurance, annuities, pension administration, property and casualty insurance, asset management, investment and merchant banking, securities brokerage, mutual funds, real estate development, and commercial banking. Sagicor's principal markets are Barbados, Jamaica, Trinidad and Tobago, and the United States of America.

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ACRONYMS

Certain acronyms have been used throughout the management discussion and analysis to substitute phrases. The more frequent acronyms and associated phrases are set out below.

Acronym	Phrase
AA	Appointed Actuary
AC	Amortised Cost
CSM	Contractual Service Margin
ECL	Expected Credit Losses
FCF	Fulfilment Cash Flows
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit and Loss
GMM	General Measurement Model
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
LIC	Liability for Incurred Claims
LRC	Liability for Remaining Coverage
MCCSR	Minimum Continuing Capital and Surplus Requirement
OCI	Other Comprehensive Income
PAA	Premium Allocation Approach
VFA	Variable Fee Approach

1. TRANSITION TO IFRS 17 – INSURANCE CONTRACTS

Sagicor Financial Company Ltd and its subsidiaries (the "Group") transitioned to IFRS 17, *Insurance Contracts,* effective January 1, 2023. Adoption of the new standard has not changed the underlying economics of the business or business strategy, however it has altered the timing and measurement of the recognition of insurance contracts. Presentation and disclosures within the financial statements have been modified under this standard accordingly. Further details regarding the impact of the transition to IFRS 17 are found in Notes 2 and 3 of the Group's Q2 2023 Condensed Consolidated Financial Statements.

Another implication of the adoption of this standard is the introduction of greater net earnings volatility with the removal of the direct link between discount rates used to fair value insurance liabilities from the rates used to value the supporting assets.

Sagicor adopted IFRS 9 – Financial instruments on January 1, 2018. With the adoption of IFRS 17, Sagicor elected to designate some financial assets, which were previously held at amortised cost and fair value through OCI (FVTOCI) which support insurance liabilities, at fair value through profit and loss (FVTPL). The group has restated prior periods to reflect changes in designation or classification of its financial assets held in respect of activities connected with insurance contracts within the scope of IFRS 17 effective January 1, 2022.

2. HIGHLIGHTS

The Sagicor Group recorded net income of US $60.3 million for the three-month period ended June 30, 2023, compared to a loss of US $68.0 million for the corresponding period in 2022. Net income attributable to common shareholders was US $48.8 million compared to a loss of US $81.2 million for the same period in the prior year. For the six-month period ended June 30, 2023 the Sagicor Group recorded net income of US $69.5 million, compared to a loss of US $150.3 million for the corresponding period in 2022. Net income attributable to common shareholders was US $50.2 million compared to a loss of US $162.2 million for the same period in the prior year. Net income and net income attributable to shareholders for the three-month and six-month periods ended June 30, 2023 benefited from positive mark-to-market movements on financial assets carried at FVTPL, particularly in the USA segment, compared to mark-to-market declines on financial assets resulting from increasing interest rates in the corresponding prior period. The Sagicor Life USA segment also outperformed our estimates due to changes in the discount rate data inputs that reduced insurance contract liabilities, thus increasing net income by US $51.3 million (US $64.9 million pre-tax). The Return on Equity[1] (annualised) for the six-month period ended June 30, 2023, was 22.5%, compared to a loss of 58.5% for the corresponding period in 2022.

Sagicor intends to disclose a drivers-of-earnings analysis and adopt a non-IFRS core earnings measure in future quarters. Sagicor believes this will support users' understanding of the underlying financial performance and the long-term performance and valuation of the business. We estimate core earnings to shareholders[1] under the currently proposed definition for Q2 2023 as US $13.0 million which excludes US $35.8 million of adjustments from net income to shareholders. The adjustments in the second quarter consist of US $52.7 million of market experience gains, US $0.4 million in losses from actuarial methods and assumptions, US $3.6 million in one-time costs from IFRS 17 implementation and the ivari project, US $2.7 million in other items such as amortization of intangibles, and US $10.3 million consisting of the tax effects of the aforementioned. The market experience gain in Sagicor Life USA was partially offset by market experience losses in Sagicor Life and Sagicor Jamaica.

Total assets grew to US $11,040.5 million at June 30, 2023, from the US $10,621.4 million at December 31, 2022, and reflects the positive mark-to-market movements on financial instruments, mentioned previously. The Group's book value per share[1] closed at US $3.24 per share, compared to US $3.01 per share at December 31, 2022.

Overall Group capital remains strong, with the Group closing the year with a Minimum Continuing Capital and Surplus Requirement (MCCSR)[1] of 286%, compared to 276% at December 31, 2022 (restated), well above our target capital standards.

[1] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

3. FINANCIAL SUMMARY

	Three months ended June 30			Six months ended June 30		
(in millions of US $, unless otherwise noted)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Profitability						
Group net income/(loss)	**60.3**	(68.0)	>100%	**69.5**	(150.3)	>100%
Net income/(loss) attributable to common shareholders	**48.8**	(81.2)	>100%	**50.2**	(162.2)	>100%
Earnings per share:						
Basic earnings	**34.2 ¢**	(56.9 ¢)	>100%	**35.2 ¢**	(113.4 ¢)	>100%
Fully diluted	**33.9 ¢**	(56.9 ¢)	>100%	**34.8 ¢**	(113.4 ¢)	>100%
Return on shareholders' equity (annualised)[2]	**43.9%**	(64.7%)	108.6 pts	**22.5%**	(58.5%)	81.0 pts
Net Insurance and Investment Result						
Sagicor Life	**19.6**	13.0	51%	**35.2**	26.4	33%
Sagicor Jamaica	**59.2**	54.0	10%	**109.1**	79.7	37%
Sagicor Life USA	**82.7**	(24.1)	>100%	**104.0**	(108.6)	>100%
Head office, Other and adjustments	**(4.9)**	(39.5)	88%	**(3.6)**	(30.4)	88%
Total net insurance and investment result	**156.6**	3.4	>100%	**244.7**	(32.9)	>100%
Financial Position						
Total assets	**11,040.5**	10,455.2	6%	**11,040.5**	10,455.2	6%
Operating liabilities	**9,619.3**	8,948.5	7%	**9,619.3**	8,948.5	7%
Notes and loans payable	**643.9**	683.5	(6%)	**643.9**	683.5	(6%)
Book value per common share[2]	**$3.24**	$ 3.11	4%	**$3.24**	$ 3.11	4%
Financial Strength						
Debt to capital ratio[2]	**30.4%**	32.1%	1.7 pts	**30.4%**	32.1%	1.7 pts
Dividends declared per common share	**$0.05625**	$0.05625	-	**$0.1125**	$0.1125	-
Total capital[2]	**2,118.2**	2,129.3	(1%)	**2,118.2**	2,129.3	(1%)
CSM balance growth[2]	**3.8%**	14.9%	(11.1 pts)	**6.6%**	14.8%	(8.2 pts)
Average common shares outstanding (000's)	**142,632.9**	143,067.9	-	**142,632.9**	143,067.9	-
Outstanding shares, at end of period (000's)	**142,697.3**	142,666.2	-	**142,697.3**	142,666.2	-
MCCSR[2], at end of period	**286%**	203%	83.0 pts	**286%**	203%	83.0 pts

[2] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

4. GENERAL INFORMATION

A. Introduction and Notice

This Management's Discussion and Analysis ("MD&A") contains important information about Sagicor's business and its performance for the three-month and six-month periods ended June 30, 2023, with comparative analysis for the corresponding period ended June 30, 2022. This MD&A should be read in conjunction with the Company's quarterly unaudited financial statements, prepared in compliance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting, in effect on the date of such information.

The following discussion is based on the financial condition and results of operations of Sagicor, unless otherwise specified or indicated. Financial information is presented in millions of United States (US) dollars, unless otherwise indicated. Amounts for subtotals, totals and percentage variances included in tables in this MD&A may not sum or calculate using the numbers as they appear in the tables due to rounding.

B. General Information

Sagicor Financial Company Ltd. ("Sagicor") ("the Company") (TSX: SFC) is a leading financial services provider with over 180 years of history which operates across the Caribbean and in the United States of America (USA). Sagicor's registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda, with its principal office located at Cecil F De Caires Building, Wildey, St. Michael, Barbados. Details of Sagicor's holdings and operations are set out in note 4 to the 2022 consolidated financial statements.

Sagicor demutualised in November 2002 and listed its shares on the Barbados Stock Exchange (BSE: SFC), with subsequent listings on the Trinidad and Tobago Stock Exchange (TTSE: SFC) and the London Stock Exchange (LSE: SFI). Sagicor Financial Corporation moved its corporate domicile from Barbados to Bermuda and continued as Sagicor Financial Corporation Limited (SFCL), an exempted company, on July 20, 2016.

On November 27, 2018, Sagicor Financial Corporation Limited entered into a definitive arrangement agreement as amended on January 28, 2019 with Alignvest Acquisition II Corporation ("Alignvest") pursuant to which on December 5, 2019, Alignvest acquired all the shares of Sagicor by way of a scheme of arrangement under the laws of Bermuda, where Sagicor is incorporated, and continued as a Bermuda exempted company under the new name, Sagicor Financial Company Ltd.

The Company now trades on the Toronto Stock Exchange under the symbols "SFC" (shares) and "SFC.WT" (warrants). With a listing on the Toronto Stock Exchange, Sagicor Financial Corporation Limited's common shares, formerly listed on the London and Trinidad and Tobago Stock Exchanges, have ceased trading and have been delisted from the London and the Trinidad and Tobago Stock Exchanges. The former listing on the Barbados Stock Exchange has ceased trading.

Sagicor currently operates in 20 countries and maintains a strong market position in most of the markets where it operates. Sagicor has three reporting operating segments, namely Sagicor Life, Sagicor Jamaica, and Sagicor Life USA.

The principal activities of the Sagicor Group are as follows:

Life and health insurance,
Annuities and pension administration services,
Banking and investment management services.

and its principal operating companies are as follows:

Sagicor Life Inc. (Barbados and Trinidad & Tobago),
Sagicor Life Jamaica Limited (Jamaica),
Sagicor Bank Jamaica Limited (Jamaica),
Sagicor Life Insurance Company (USA).

The Group also underwrites property and casualty insurance and provides hospitality services.

Sagicor's objective is to be a leading insurance and financial services provider of world class products and services to better serve its customers and other stakeholders in its markets. Sagicor is focused on growing its United States (US) business and expanding its banking and asset management business in the Caribbean, where it has strong brand recognition and market share.

C. Results of Operations

An understanding of Sagicor's financial condition and the results and related risks of Sagicor's operations for the periods discussed in this MD&A requires an understanding of Sagicor's business. Accordingly, the following discussion should be read in conjunction with the discussion of these and related matters that appear elsewhere in this MD&A, including under the following headings: (i) Key Factors Affecting Results; (ii) Critical Accounting Estimates and Judgments; and (iii) Risk Management.

D. Non-IFRS Financial Information

Sagicor reports its financial results and statements in accordance with IFRS. It also publishes certain financial measures that are not based on IFRS ("non-IFRS"). A financial measure is considered a non-IFRS measure if it is presented other than in accordance with the generally accepted accounting principles used for the Group's audited financial statements. These non-IFRS financial measures are often accompanied by and reconciled with IFRS financial measures. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. The Group believes that these non-IFRS financial measures provide additional information to better understand the Group's financial results and assess its growth and earnings potential. Sagicor believes these non-IFRS financial measures assist in understanding its ongoing operating results and provide readers with a better understanding of management's perspective on the Group's performance. These measures enhance the comparability of the Group's financial performance from period to period, as well as measure relative contribution to shareholder value.

Since non-IFRS financial measures do not have standardised definitions and meanings, they may differ from the non-IFRS financial measures used by other institutions and should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. The Group strongly encourages investors to review its financial statements and other publicly filed reports in their entirety and not to rely on any single financial measure. Additional information concerning non-IFRS financial measures can be found in section 11 Non-IFRS financial measures.

E. Cautionary Statement Regarding Forward-looking Information

This MD&A includes "forward-looking information" and "forward-looking statements" (collectively "forward-looking information") and assumptions about, among other things, Sagicor's business, operations, and financial performance and condition, approved by the board of directors of Sagicor on the date of this MD&A. This forward-looking information and these assumptions include, but are not limited to, statements about the Group's objectives and strategies to achieve those objectives, and about its beliefs, plans, expectations, anticipations, estimates, or intentions. Additional information concerning forward-looking information as well as potential risk factors can be found in section 12 Cautionary Statement Regarding Forward-Looking Information

F. Additional Information

All documents related to the financial results of Sagicor Financial Company Ltd. are available on the Company's website at Sagicor.com, in the Investor Relations section. Additional information about Sagicor may be found on the SEDAR website at sedar.com, as well as the Company's Annual Information Form, which may be found on the Company's website or the SEDAR website.

The Management's Discussion and Analysis is dated August 11, 2023.

5. CONSOLIDATED GROUP RESULTS

A. Profitability

Group net income/(loss	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Net income/(loss) is attributable to:						
Common shareholders	**48.8**	(81.2)	>100%	**50.2**	(162.2)	>100%
Non-controlling interest	**11.5**	13.2	(13%)	**19.3**	11.9	62%
Group net income/(loss)	**60.3**	(68.0)	>100%	**69.5**	(150.3)	>100%

Group net income for the three-month period ended June 30, 2023, closed at US $60.3 million compared to a loss of US $68.0 million in the comparative period of the prior year, an increase of US $128.3 million. For the six-month period ended June 30, 2023, the Group reported net income of US $69.5 million, compared to a loss of US $150.3 million of the first half of 2022.

Net income/(loss) attributable to Common shareholders	Three months ended June 30			Six months ended June 30		
(in millions of US $, unless otherwise noted)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Sagicor Life	**8.7**	(0.4)	>100%	**13.7**	1.2	>100%
Sagicor Jamaica	**10.8**	13.3	(19%)	**18.1**	10.8	68%
Sagicor Life USA	**54.6**	(35.5)	>100%	**59.0**	(110.8)	>100%
Head office, Other and adjustments	**(25.3)**	(58.6)	57%	**(40.6)**	(63.4)	36%
Net income/(loss)	**48.8**	(81.2)	>100%	**50.2**	(162.2)	>100%
Earnings per common share (EPS):						
Basic	**34.2 ¢**	(56.9 ¢)	>100%	**35.2 ¢**	(113.4 ¢)	>100%
Diluted	**33.9 ¢**	(56.9 ¢)	>100%	**34.8 ¢**	(113.4 ¢)	>100%
Return on shareholders' equity (ROE)[3]	**43.9%**	(64.7%)	108.6 pts	**22.5%**	(58.5%)	81.0 pts

Net income attributable to common shareholders, for the second quarter of 2023 totaled US $48.8 million compared to a loss of US $81.2 million for the corresponding period in 2022, an increase of US $130.0 million. The Return on Shareholders' equity[3] for the quarter ended June 30, 2023, was 43.9% (annualised), compared to a loss of 64.7% (annualised) for the same period in 2022.

Net income attributable to common shareholders for the first half of 2023 was income of US $50.2 million compared to a loss of US $162.2 million reported for the corresponding period in the prior year. The Return on Shareholders' equity[3] for the six-month period ended June 30, 2023, was 22.5% (annualised), compared to a loss of 58.5% (annualised) for the same period in 2022.

The results for the three-month and six-month periods ended June 2023 reflected the positive impact of mark-to-market movements on financial assets, while the prior year results included mark-to-market declines due to increasing interest rates.

[3] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

The Earnings per Share (EPS - basic) at June 30, 2023 was US $0.352 per share, compared to a loss of US $1.13 per share for the corresponding period in 2022.

Refer to Section 6: Results by Segment of this Management's Discussion and Analysis for additional information on the Company's profitability for the period ended June 30, 2023.

B. Business Growth

Net insurance and investment result	**Three months ended June 30**			**Six months ended June 30**		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance revenue	**165.9**	149.8	11%	**332.1**	298.6	11%
Insurance service expenses	**(127.1)**	(112.7)	(13%)	**(263.8)**	(244.4)	(8%)
Net expenses from reinsurance contracts held	**(13.6)**	(3.4)	(<100%)	**(40.8)**	(8.5)	(<100%)
INSURANCE SERVICE RESULT	**25.2**	33.7	(25%)	**27.5**	45.7	(40%)
Gain on derecognition of amortised cost investments	**0.2**	1.2	(83%)	**0.2**	2.2	(91%)
Gain on derecognition of financial assets carried at FVTOCI	**2.0**	3.5	(43%)	**1.4**	4.6	(70%)
Interest income earned from financial assets measured at amortised cost and FVTOCI	**59.2**	29.6	100%	**109.0**	78.9	38%
Credit impairment loss	**(1.9)**	(0.2)	(<100%)	**(2.7)**	(0.5)	(<100%)
Other investment income/(loss)	**56.4**	(268.0)	>100%	**227.6**	(440.6)	>100%
NET INVESTMENT INCOME/(EXPENSES)	**115.9**	(233.9)	>100%	**335.5**	(355.4)	>100%
Finance income/(expenses) from insurance contracts issued	**9.2**	217.5	(96%)	**(136.6)**	301.8	(<100%)
Finance income/(expenses) from reinsurance contracts held	**6.3**	(13.9)	>100%	**18.3**	(25.0)	>100%
Net insurance finance income/(expenses)	**15.5**	203.6	(92%)	**(118.3)**	276.8	(<100%)
Net insurance and investment result	**156.6**	3.4	>100%	**244.7**	(32.9)	>100%
Total Net insurance and investment result by Operating Segment						
Sagicor Life	**19.6**	13.0	51%	**35.2**	26.4	33%
Sagicor Jamaica	**59.2**	54.0	10%	**109.1**	79.7	37%
Sagicor Life USA	**82.7**	(24.1)	>100%	**104.0**	(108.6)	>100%
Head office, Other and Adjustments	**(4.9)**	(39.5)	88%	**(3.6)**	(30.4)	88%
Net insurance and investment result	**156.6**	3.4	>100%	**244.7**	(32.9)	>100%

Net insurance and investment result totalled US $156.6 million for the three-month period ended June 30, 2023, an increase of US $153.2 million, compared to US $3.4 million reported for the same period in 2022. For the first half of 2023, net insurance and investment result totalled US $244.7 million, compared to a loss of US $32.9 million for the corresponding period in 2022. The results for the three-month and six-month periods ended June 2023 reflected the positive impact of mark-to-market movements on financial assets, while the prior year results included mark-to-market declines due to increasing interest rates.

The following tables analyse the performance for the three-month and six-month periods ended June 30, 2023, and June 30, 2022.

B. Business Growth, continued

INSURANCE SERVICE RESULT

An analysis of insurance service result for the three-month and six-month periods ended June 30, 2023 and 2022, is included in the following tables.

Insurance service result	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance revenue						
Contracts not measured under the PAA						
Amounts relating to the changes in the LRC:						
Expected incurred claims and other directly attributable expenses after loss component allocation	**36.2**	36.7	(1%)	**74.8**	77.1	(3%)
Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	**7.1**	6.5	9%	**13.9**	12.6	10%
CSM recognised in net income for the services provided	**24.8**	18.6	33%	**48.3**	36.4	33%
Insurance acquisition cash flows recovery	**5.2**	1.6	>100%	**10.0**	2.6	>100%
Insurance revenue for contracts not measured under the PAA	**73.3**	63.4	16%	**147.0**	128.7	14%
Insurance revenue from contracts measured under the PAA	**92.6**	86.4	7%	**185.1**	169.9	9%
Total insurance revenue	**165.9**	149.8	11%	**332.1**	298.6	11%
Insurance service expenses						
Incurred claims and other directly attributable expenses	**(101.0)**	(89.2)	(13%)	**(210.1)**	(199.0)	(6%)
Losses on onerous contracts and reversal of those losses	**(6.5)**	(9.8)	34%	**(16.4)**	(17.0)	4%
Insurance acquisition cash flows amortisation	**(19.6)**	(13.6)	(44%)	**(37.3)**	(28.3)	(32%)
Insurance acquisition cash flows impairment	**-**	(0.1)	100%	**-**	(0.1)	100%
Total insurance service expenses	**(127.1)**	(112.7)	(13%)	**(263.8)**	(244.4)	(8%)
Total net expense from reinsurance contracts held	**(13.6)**	(3.4)	(<100%)	**(40.8)**	(8.4)	(<100%)
Total insurance service result	**25.2**	33.7	(25%)	**27.5**	45.8	(40%)
Total insurance service result by Operating Segment						
Sagicor Life	**12.5**	14.8	(16%)	**18.1**	24.4	(26%)
Sagicor Jamaica	**6.9**	4.6	50%	**15.3**	11.2	37%
Sagicor Life USA	**5.5**	14.6	(62%)	**(6.6)**	10.6	(<100%)
Head office, Other and Adjustments	**0.3**	(0.3)	>100%	**0.7**	(0.4)	>100%
Total insurance service result	**25.2**	33.7	(25%)	**27.5**	45.8	(40%)

B. Business Growth, continued

INSURANCE SERVICE RESULT, continued

Quarterly (three-month period) results

Insurance revenue for the three-month period totalled US $165.9 million, compared to US $149.8 million for the same period in 2022, an increase of US $16.1 million with growth observed across all business segments.

Insurance revenue for contracts not measured under the PAA (long term life and annuity business) increased by US $9.9 million and stems mainly from an increase in CSM recognised in net income for services provided.,. Insurance acquisition cash flows recovery increased by US $3.6 million.

Insurance revenue from contracts measured under the PAA (short-term life and health and property and casualty business) grew by US $6.2 million, quarter over quarter and was primarily driven by health insurance premium rate increases reflected in our Jamaica segment and growth in new insurance contracts.

Insurance service expenses increased by US $14.4 million during the June 2023 quarter to close at US $127.1 million. The increase was fuelled by higher incurred claims and other directly attributable expenses (US $11.8 million) associated with short term health and property & casualty businesses and higher life claims associated with growth in the portfolio. The amortisation of insurance acquisition cash flows as a result of higher growing new business in our Sagicor Life and Sagicor Life USA segments, also increased, quarter on quarter, by US $6.0 million, the impact of which was reduced by lower losses on onerous contracts of US $3.3 million, mainly in our USA segment.

Net expenses from reinsurance held contracts totalled US $13.6 million for the three-month period ended June 30, 2023, compared to US $3.4 million for the corresponding period in 2022, an increase of US $10.2 million, as our USA segment was impacted by an adjustment to loss recoveries from its reinsurers.

The above factors contributed to total insurance service result of US $25.2 million for the second quarter of 2023, compared to US $33.7 million reported for the same period in 2022.

Net investment income/(expenses) totalled US $115.9 million for the second quarter of 2023, an increase of US $349.8 million, when compared to the loss of US $233.9 million reported in the prior year. Interest income earned by the Group on financial assets measured at amortised cost and FVTOCI totalled US $59.2 million, an increase of US $29.6 million when compared to that reported in the corresponding period in the prior year. This increase was due to higher interest rates and growth in interest-bearing assets in our Jamaica and USA segments. For the current period, other investment income included net gains on FVTPL investments of US $55.1 million, observed primarily in our USA segment. In the prior year, the Group reported net losses on FVTPL investments of US $267.4 million arising from mark-to-market declines associated with rising interest rates, particularly our Jamaica (loss of US $41.3 million) and USA (loss of US $197.4 million) segments.

Net insurance finance income/(expenses) totalled income of US $15.5 million for the three-month period ended June 30, 2023, down US $188.1 million from income of US $203.6 million reported for the same period in 2022. This change was mainly observed in our Jamaica and USA segments. Net insurance finance income includes the effects of changes in interest rates and other financial assumptions which totalled income of US $78.0 million for the second quarter of 2023, compared to income of US $229.0 million for the same period in 2022, as the prior period was impacted by rising interest rates.

Year-to-date (six-month period) results

Insurance revenue for the six-month period totalled US $332.1 million, compared to US $298.6 million for the same period in 2022, an increase of US $33.5 million with growth observed across all business segments. Insurance revenue for contracts not measured under the PAA (long term life and annuity business) increased by US $18.3 million to close at US $147.0 million, driven mainly by an increase in CSM recognised in net income for services provided, for the June 2023 period (US $11.9 million) and an increase in insurance acquisition cash recoveries of US $7.4 million. This increase was observed in our Sagicor Life (US $1.5 million) and USA (US $4.6 million) segments. Insurance revenue from contracts measured under the PAA (short-term life and health and property and casualty business) improved by US $15.2 million, period on period, was primarily due to growth in our Jamaica segment (US $14.4 million) from associated premium rate increases.

Insurance service expenses increased by US $19.4 million during the six-month period ended June 30, 2023, to close at US $263.8 million. The increase was fuelled by an increase in incurred claims and other directly attributable expenses (US $11.1 million) associated with short term health and property & casualty businesses. The amortisation of insurance acquisition cash flows also increased by US $9.0 million (Sagicor Life segment (US $4.8 million) and Sagicor Life USA segment (US $4.6 million)) as a result of continued growth in new business.

Net expenses from reinsurance held contracts totalled US $40.8 million for the six-month period ended June 30, 2023, compared to US $8.4 million for the corresponding period in 2022, an increase of US $32.4 million, as our USA segment was impacted by an adjustment to loss recoveries from its reinsurers.

The above factors contributed to an overall total insurance service result of US $27.5 million for the first half of 2023, compared to US $45.8 million reported for the corresponding period in 2022.

Net investment income/(expenses) totalled US $335.5 million for the first half of 2023, an increase of US $690.9 million, when compared to the loss of US $355.4 million reported in the prior year. Interest income earned by the Group on financial assets measured at amortised cost and FVTOCI totalled US $109.0 million, an increase of US $30.1 million when compared to that reported in the corresponding period in the prior year. This increase was due to higher interest rates and growth in our interest-bearing assets in our Jamaica and USA segments. For the six-month period ended June 30, 2023, other investment income included net gains on FVTPL investments of US $225.4 million, observed primarily in our USA segment. In the prior year, the Group reported net losses on FVTPL investments of US $441.9 million arising from mark-to-market declines associated with rising interest rates, particularly our Jamaica and USA segments.

Net insurance finance (expenses)/income was a loss of US $118.3 million for the six-month period ended June 30, 2023, down US $395.1 million from income of US $276.8 million reported for the same period in 2022. This change was mainly observed in our Jamaica and USA segments. Net insurance finance (expenses)/income includes the effects of changes in interest rates and other financial assumptions which was a loss of US $0.4 million for the first half of 2023, compared to income of US $333.1 million for the same period in 2022, as the prior period was impacted by rising interest rates.

C. Movement in CSM

The Contractual Service Margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future. Below is an analysis of the movement of the CSM for the three-month and six-month periods ended June 30, 2023, and June 30, 2022. The movement includes components which flow directly into the insurance service result reported in the consolidated statement of income.

	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
CSM, beginning of period – Insurance contracts issued	**711.3**	618.5	15%	**713.5**	595.3	20%
Changes that relate to current service						
CSM recognised in net income/(loss) for the services provided	**(24.8)**	(18.5)	(34%)	**(48.3)**	(36.4)	(33%)
Changes that relate to future service						
Changes in estimates that adjust the CSM	**(17.5)**	(14.0)	(25%)	**(32.6)**	(20.8)	(57%)
Contracts initially recognised in the period	**48.4**	51.2	(5%)	**76.6**	93.0	(18%)
	6.1	18.7	(67%)	**(4.3)**	35.8	(<100%)
Finance expense from insurance contracts issued	**7.7**	5.3	45%	**15.2**	10.5	45%
Effect of exchange rate changes	**(4.5)**	3.2	(<100%)	**(3.8)**	4.1	(<100%)
Total amounts recognised in comprehensive income	**9.3**	27.2	(66%)	**7.1**	50.4	(86%)
CSM, end of period – Insurance contracts issued	**720.6**	645.7	12%	**720.6**	645.7	12%
CSM, end of period – Reinsurance contracts held	**(23.5)**	(23.1)	(2%)	**(23.5)**	(23.1)	(2%)
CSM, end of period – Net[4]	**697.1**	622.6	12%	**697.1**	622.6	12%
CSM, end of period – Net, attributable to shareholders[4]	**573.4**	512.8	11%	**573.4**	512.8	11%
CSM balance (net) growth[4]	**3.8%**	14.9%	(11.1 pts)	**6.6%**	14.8%	(8.2 pts)

Quarterly (three-month period) results

The Group reported growth in the CSM for insurance contracts issued, which closed at US $720.6, up from US $711.3 million at March 31, 2023. During the June 2023 quarter, the Group recognised US $24.8 million in income compared to US $18.5 million recorded in the same period in 2022. Changes in estimates that adjust the CSM was a loss of US $17.5 million for the current quarter, compared to a loss of US $14.0 million in 2022, due mainly to an increase in surrenders particularly in our USA segment. The impact of new business on the CSM quarter on quarter, saw a decrease of US $2.8 million, with US $48.4 million being reported in the second quarter of 2023 compared to US $51.2 million in the same quarter in 2022. Our USA segment was the primary contributor to this decline (US $5.2 million). During the previous year, our USA segment benefitted from significant new business sales at levels which have not repeated in 2023.

Year-to-date (six-month period) results

The Group reported growth in the CSM for insurance contracts issued of US $7.1 million, closing at US $720.6 million at June 30, 2023 (December 31, 2022 – US $713.5 million). During the first half 2023, the Group recognised US $48.3 million in income compared to US $36.4 million recorded in the same period in 2022. Changes in estimates that adjust the CSM was a loss of US $32.6 million for the current period, compared to a loss of US $20.8 million in 2022, due mainly to an increase in surrenders particularly in our USA segment. The impact of new business on the CSM period on period, saw a decrease of US $16.4 million, with US $76.6 million being reported in the first half of 2023 compared

[4] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

to US $93.0 million in the same period in 2022. Our USA segment was the primary contributor to this decline (US $19.9 million), due to lower sales production in 2023.

D. Fees and Other Revenue

	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Fees and other revenue	**31.1**	39.3	(21%)	**63.6**	75.8	(16%)

Quarterly (three-month period) results

The Group generated fees and other revenues of US $31.1 million for the three-month period ended June 30, 2023, US $8.2 million below that reported for the same period in 2022. While revenue generated from fee income increased on our banking business as economic activity in our Jamaica segment continued to improve, the absence of hotel revenues following the disposal of our investment in Sagicor Real Estate X-Fund in the third quarter of 2022, resulted in the overall decline in fees and other revenues. In the second quarter of 2022, the Group generated US $11.5 million in hotel revenues through the Sagicor Real Estate X-Fund.

Year-to-date (six-month period) results

The Group generated fees and other revenues of US $63.6 million for the six-month period ended June 30, 2023, US $12.2 million below that reported for the same period in 2022. While revenue generated from fee income increased on our banking business as economic activity in our Jamaica segment continued to improve, the absence of hotel revenues following the disposal of our investment in Sagicor Real Estate X-Fund in the third quarter of 2022, resulted in the overall decline in fees and other revenues. In the first half of 2022, the Group generated US $22.6 million in hotel revenues through the Sagicor Real Estate X-Fund.

E. Other Income

Other Income	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Share of income of associates and joint ventures	**2.6**	1.9	37%	**3.1**	4.1	(24%)

Quarterly (three-month period) results

Earnings from other sources totalled US $2.6 million, representing the Group's share of income of associates and joint ventures. During the corresponding period in 2022, the Group's share of income of associates and joint ventures was US $1.9 million.

Year-to-date (six-month period) results

Earnings from other sources totalled US $3.1 million, representing the Group's share of income of associates and joint ventures. During the corresponding period in 2022, the Group's share of income of associates and joint ventures was US $4.1 million. The lower income reported to date is due to a high claims experience reported in the joint venture in Costa Rica, under the Jamaica Segment.

F. Other Operating Expenses

Other Operating Expenses	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Administrative expenses	**67.8**	76.2	11%	**129.7**	133.2	3%
Commissions and related compensation	**0.7**	0.4	(75%)	**1.7**	1.2	(42%)
Asset taxes	**0.7**	0.7	-	**7.2**	7.0	(3%)
Depreciation and amortisation	**4.7**	6.1	23%	**9.4**	13.5	30%
Total other operating expenses	**73.9**	83.4	11%	**148.0**	154.9	4%

Quarterly (three-month period) results

The Group reported other operating expenses for the three-month period ended June 30, 2023, totalling US $73.9 million, compared to US $83.4 million for the same period in 2022, a decrease of US $9.5 million, which was observed primarily in our Jamaica segment (US $8.8 million). The decline in other operating expenses was due to the absence of hotel expenses following the disposal of our investment in Sagicor Real Estate X-Fund in the third quarter of 2022 (discussed previously) in our Jamaica segment. In the second quarter of 2022, the Jamaica segment incurred US $8.7 million in hotel expenses, through the Sagicor Real Estate X-Fund.

Year-to-date (six-month period) results

The Group reported other operating expenses for the six-month period ended June 30, 2023, totalling US $148.0 million, compared to US $154.9 million for the same period in 2022, a decrease of US $6.9 million, with a decline of US $9.4 million observed in our Jamaica segment. The decline in other operating expenses was due partially to the absence of hotel expenses following the disposal of our investment in Sagicor Real Estate X-Fund in the third quarter of 2022, in our Jamaica segment. For the first half of 2022, the segment incurred US $16.4 million in hotel expenses, through the Sagicor Real Estate X-Fund. The impact of the decline in expenses in the Jamaica segment was offset by increases in staff costs primarily due to inflation adjustments. In addition, administrative expenses also include higher operational expenses associated with our subsidiary company Sagicor Bank (Barbados) Limited which opened during the third quarter of 2022 and hence would not have incurred such levels of expenses during the prior year.

Depreciation and amortisation expenses totalled US $9.4 million for the six-month period ended June 30, 2023, US $4.1 million below the US $13.5 million reported for the same period in 2022, with the disposal of our investment in Sagicor Real Estate X-Fund in the third quarter of 2022 contributing US $2.8 million to this variance.

G. Other Interest and Finance costs

	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Other interest and finance costs	**34.7**	24.9	(39%)	**64.7**	46.7	(39%)

Quarterly (three-month period) results

The Group incurred other interest and finance costs to the tune of US $34.7 million for the three-month period ended June 30, 2023, up US $9.8 million from the US $24.9 million reported for the three-month period ended June 30, 2022. The increase in the finance costs was mainly observed in our Jamaica segment (US $7.4 million), representing the effects of interest rate increases.

Year-to-date (six-month period) results

The Group incurred other interest and finance costs to the tune of US $64.7 million for the six-month period ended June 30, 2023, up US $18.0 million from the US $46.7 million reported for the six-month period ended June 30, 2022. Increased finance cost in our Jamaica segment (US $10.8 million) due to impact of interest rate increases on funding with the investment and commercial banking business. An increase in the finance costs was also observed for other funding instruments in our USA segment (US $6.8 million) and was due to the impact of higher short-term borrowing rates on other funding instruments.

H. Income taxes

Income taxes	**Three months ended June 30**			**Six months ended June 30**		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Income Taxes	**21.4**	(4.3)	(<100%)	**29.2**	(4.2)	(<100%)

Quarterly (three-month period) results

Income taxes was US $21.4 million for the three-month period ended June 30, 2023, compared to US $(4.3) million for the same period in 2022, an increase of US $25.7 million, observed mainly in our USA segment (US $16.2 million) which recorded improved performance over the same period in the prior year.

Year-to-date (six-month period) results

Income taxes was US $29.2 million for the six-month period ended June 30, 2023, compared to US $(4.2) million for the same period in 2022, an increase of US $33.4 million, observed mainly in our USA segment (US $37.3 million) which recorded improved performance over the prior year.

I. Total Comprehensive Income

	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Net Income/(loss)	**60.3**	(68.0)	>100%	**69.5**	(150.3)	>100%
Other comprehensive income/(loss)						
Items net of tax that may be reclassified subsequently to income:						
Financial assets measured at FVTOCI:						
Gain/(loss) on revaluation	**0.9**	(38.4)	>100%	**7.9**	(65.4)	>100%
Gain transferred to income	**(2.3)**	(4.1)	44%	**(1.3)**	(5.0)	74%
Retranslation of foreign currency operations	**(12.1)**	8.8	(<100%)	**(10.3)**	10.5	(<100%)
	(13.5)	(33.7)	60%	**(3.7)**	(59.9)	94%
Items net of tax that will not be reclassified subsequently to income:						
Gains on defined benefit plans	**1.5**	4.3	(65%)	**1.6**	4.3	(63%)
	1.5	4.3	(65%)	**1.6**	4.3	(63%)
Other comprehensive loss	**(12.0)**	(29.4)	59%	**(2.1)**	(55.6)	96%
Total Comprehensive Income/(loss)	**48.3**	(97.4)	>100%	**67.4**	(205.9)	>100%

Total comprehensive income	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Total comprehensive income/(loss) attributable to:						
Common shareholders	**43.4**	(104.3)	>100%	**50.0**	(201.0)	>100%
Non-controlling interests	**4.9**	6.9	(29%)	**17.4**	(4.9)	>100%
	48.3	(97.4)	>100%	**67.4**	(205.9)	>100%

Items recorded within other comprehensive income arise generally from fair value changes of financial assets measured at FVTOCI and from the retranslation of foreign currency operations.

Quarterly (three-month period) results

During the three-month period ended June 30, 2023, the Group reported net mark-to-market gains on financial assets measured at FVTOCI totalling US $0.9 million compared to losses of US $38.4 million for the same quarter in the prior year. The prior year was impacted negatively by rising interest rates. Other comprehensive income for the current period also included retranslation losses of US $12.1 million largely related to the impact of the depreciation of the Jamaican dollar against the United States dollar during the quarter, in which the Jamaican dollar depreciated by 2%.

Year-to-date (six-month period) results

During the six-month period ended June 30, 2023, the Group reported net mark-to-market gains on financial assets measured at FVTOCI totalling US $7.9 million compared to losses of US $65.4 million for the same quarter in the prior year. As mentioned previously, the prior year was impacted negatively by rising interest rates. Other comprehensive income for the current period also included a retranslation loss of US $10.3 million. During the second quarter of 2023, the Jamaican dollar depreciated by 2% against the United States dollar which resulted in the Group reporting losses associated with the translation of foreign currency operations, in the amount of US $12.1 million.

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6. RESULTS BY SEGMENT

Sagicor operates its business primarily through three reporting operating segments. These segments are: Sagicor Life, Sagicor Jamaica and Sagicor Life USA. During the period, management made certain reorganizational changes to its subsidiary Sagicor General. resulting in the subsidiary now being reported as part of the Sagicor Life segment. All related comparative period information has been amended accordingly to reflect this change. Sagicor General. was previously reported as part of Head Office and other. A summary analysis of revenue and net income by operating segment is presented on a three-month and six-month period basis for 2023 and 2022 as follows:

Second Quarter (three-month period) – June 30

(in millions of US $)	Sagicor Life		Sagicor Jamaica		Sagicor Life USA		Head office & other		Adjustments		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Insurance service result	**12.6**	14.8	**6.9**	4.7	**5.5**	14.5	**-**	-	**0.2**	(0.3)	**25.2**	33.7
Gain on derecognition of amortised cost investments	**-**	0.6	**0.2**	0.6	**-**	-	**-**	-	**-**	-	**0.2**	1.2
Gain on derecognition of assets carried at FVTOCI	**0.5**	0.2	**1.1**	1.1	**0.4**	2.2	**-**	-	**-**	-	**2.0**	3.5
Interest income earned from financial assets measured at amortised cost and FVTOCI	**4.9**	5.5	**39.8**	16.6	**12.7**	5.4	**1.8**	2.1	**-**	-	**59.2**	29.6
Credit impairment gain/(loss)	**0.5**	-	**(2.1)**	-	**(0.2)**	(0.1)	**(0.1)**	(0.1)	**-**	-	**(1.9)**	(0.2)
Other investment income/(loss)	**20.9**	6.7	**13.4**	(42.5)	**23.5**	(197.3)	**(1.4)**	(34.9)	**-**	-	**56.4**	(268.0)
Inter-segment investment income	**5.3**	6.2	**0.3**	-	**-**	-	**2.6**	15.7	**(8.2)**	(21.9)	**-**	-
Net investment income/(expenses)	**32.1**	19.2	**52.7**	(24.2)	**36.4**	(189.8)	**2.9**	(17.2)	**(8.2)**	(21.9)	**115.9**	(233.9)
Net insurance finance (expenses)/income	**(25.0)**	(21.1)	**(0.4)**	73.5	**40.8**	151.1	**-**	-	**-**	-	**15.4**	203.5
Net insurance and investment result	**19.7**	12.9	**59.2**	54.0	**82.7**	(24.2)	**2.9**	(17.2)	**(8.0)**	(22.2)	**156.5**	3.3
Inter-segment other income and expenses	**(0.2)**	(0.2)	**(0.7)**	(0.3)	**(3.3)**	(2.5)	**(5.1)**	(5.9)	**9.3**	8.9	**-**	-
Fees and other income	**2.4**	1.0	**29.0**	37.5	**-**	-	**-**	0.3	**(0.3)**	0.5	**31.1**	39.3
Share of income of associates and joint ventures	**2.1**	1.0	**0.5**	0.8	**-**	-	**-**	-	**-**	-	**2.6**	1.8
Other operating expenses	**(9.5)**	(8.5)	**(40.8)**	(49.6)	**(8.7)**	(11.5)	**(13.0)**	(12.8)	**(1.9)**	(0.9)	**(73.9)**	(83.3)
Other interest and finance costs	**(3.6)**	(3.8)	**(17.1)**	(9.7)	**(4.5)**	(1.9)	**(9.4)**	(9.4)	**-**	-	**(34.7)**	(24.8)
Segment income / (loss) before taxes	**10.9**	2.4	**30.1**	32.7	**66.2**	(40.1)	**(24.6)**	(45.0)	**(0.9)**	(13.7)	**81.7**	(63.7)
Income taxes	**(2.2)**	(2.8)	**(7.6)**	(6.1)	**(11.6)**	4.6	**-**	-	**-**	-	**(21.4)**	(4.3)
Segment net income / (loss)	**8.7**	(0.4)	**22.5**	26.6	**54.6**	(35.5)	**(24.6)**	(45.0)	**(0.9)**	(13.7)	**60.3**	(68.0)
Net income/(loss) attributable to shareholders	**8.7**	(0.4)	**10.8**	13.3	**54.6**	(35.5)	**(24.4)**	(44.9)	**(0.9)**	(13.7)	**48.8**	(81.2)

Year-to-date (six-month period) – June 30

(in millions of US $)	Sagicor Life		Sagicor Jamaica		Sagicor Life USA		Head office & other		Adjustments		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Insurance service result	**18.1**	24.5	**15.3**	11.2	**(6.6)**	10.6	**-**	-	**0.7**	(0.4)	**27.5**	45.7
Gain on derecognition of amortised cost investments	**-**	0.6	**0.2**	1.6	**-**	-	**-**	-	**-**	-	**0.2**	2.2
Gain on derecognition of assets carried at FVTOCI	**0.5**	0.2	**0.8**	1.6	**-**	2.8	**0.1**	-	**-**	-	**1.4**	4.6
Interest income earned from financial assets measured at amortised cost and FVTOCI	**9.5**	9.9	**72.8**	57.1	**23.4**	8.2	**3.3**	3.7	**-**	-	**109.0**	78.9
Credit impairment gain/(loss)	**0.8**	1.0	**(3.0)**	(1.2)	**(0.2)**	(0.2)	**(0.3)**	(0.1)	**-**	-	**(2.7)**	(0.5)
Other investment income/(loss)	**44.0**	14.6	**37.1**	(84.4)	**143.1**	(349.4)	**3.4**	(21.4)	**-**	-	**227.6**	(440.6)
Inter-segment investment income	**10.5**	12.3	**0.3**	-	**-**	-	**5.2**	18.1	**(16.0)**	(30.4)	**-**	-
Net investment income/(expenses)	**65.3**	38.6	**108.2**	(25.3)	**166.3**	(338.6)	**11.7**	0.3	**(16.0)**	(30.4)	**335.5**	(355.4)
Net insurance finance (expenses)/income	**(48.1)**	(36.6)	**(14.4)**	93.8	**(55.8)**	219.5	**-**	-	**-**	-	**(118.3)**	276.8
Net insurance and investment result	**35.3**	26.5	**109.1**	79.7	**103.9**	(108.5)	**11.7**	0.3	**(15.3)**	(30.8)	**244.7**	(32.9)
Inter-segment other income and expenses	**(0.3)**	(0.4)	**(0.7)**	(0.6)	**(6.3)**	(5.0)	**(10.2)**	(11.8)	**17.5**	17.8	**-**	-
Fees and other income	**5.2**	2.2	**58.4**	71.8	**0.1**	0.1	**0.7**	1.4	**(0.8)**	0.4	**63.6**	75.9
Share of income of associates and joint ventures	**3.1**	1.9	**-**	2.2	**-**	-	**-**	-	**-**	-	**3.1**	4.1
Other operating expenses	**(18.7)**	(17.1)	**(87.4)**	(96.8)	**(16.2)**	(19.0)	**(23.3)**	(21.1)	**(2.4)**	(1.0)	**(148.0)**	(154.9)
Other interest and finance costs	**(7.3)**	(6.7)	**(28.9)**	(18.1)	**(9.8)**	(3.0)	**(18.7)**	(18.9)	**-**	-	**(64.7)**	(46.7)
Segment income / (loss) before taxes	**17.3**	6.4	**50.5**	38.2	**71.7**	(135.4)	**(39.8)**	(50.1)	**(1.0)**	(13.6)	**98.7**	(154.5)
Income taxes	**(3.6)**	(5.2)	**(12.9)**	(15.2)	**(12.7)**	24.6	**-**	-	**-**	-	**(29.2)**	4.2
Segment net income / (loss)	**13.7**	1.2	**37.6**	23.0	**59.0**	(110.8)	**(39.8)**	(50.1)	**(1.0)**	(13.6)	**69.5**	(150.3)
Net income/(loss) attributable to shareholders	**13.7**	1.2	**18.1**	10.8	**59.0**	(110.8)	**(39.7)**	(49.8)	**(0.9)**	(13.6)	**50.2**	(162.2)

The performance of these reporting segments for the three-month and six-month periods ended June 30, 2023 compared to the same periods in 2022, is discussed in the following sections.

A. Sagicor Life

The Sagicor Life segment conducts life, health insurance, property & casualty insurance, pensions, annuities, and asset management services in Barbados, Eastern Caribbean, Dutch Caribbean, Bahamas, Belize, Panamá and Trinidad & Tobago. Sagicor Life has a diversified customer base providing financial solutions to both individuals and corporations, mainly through a captive distribution network and local brokers. Sagicor Life's strong corporate image, people, financial strength, and diverse insurance solutions have contributed to Sagicor Life's leading position in the insurance market in the Caribbean.

	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance service result	**12.6**	14.8	(15%)	**18.1**	24.5	(26%)
Gain on derecognition of amortised cost investments	**-**	0.6	(100%)	**-**	0.6	(100%)
Gain on derecognition of assets carried at FVTOCI	**0.5**	0.2	>100%	**0.5**	0.2	>100%
Interest income earned from financial assets measured at amortised cost and FVTOCI	**4.9**	5.5	(11%)	**9.5**	9.9	(4%)
Credit impairment gain	**0.5**	-	-	**0.8**	1.0	(20%)
Other investment income	**20.9**	6.7	>100%	**44.0**	14.6	>100%
Inter-segment investment income	**5.3**	6.2	(15%)	**10.5**	12.3	(15%)
Net investment income	**32.1**	19.2	67%	**65.3**	38.6	69%
Net insurance finance expenses	**(25.0)**	(21.1)	(18%)	**(48.1)**	(36.6)	(31%)
Net insurance and investment result	**19.7**	12.9	53%	**35.3**	26.5	33%
Inter-segment expenses	**(0.2)**	(0.2)	-	**(0.3)**	(0.4)	25%
Fees and other income	**2.4**	1.0	>100%	**5.2**	2.2	>100%
Share of income of associates and joint ventures	**2.1**	1.0	>100%	**3.1**	1.9	63%
Other operating expenses	**(9.5)**	(8.5)	(12%)	**(18.7)**	(17.1)	(9%)
Other interest and finance costs	**(3.6)**	(3.8)	5%	**(7.3)**	(6.7)	(9%)
Segment income before taxes	**10.9**	2.4	>100%	**17.3**	6.4	>100%
Income taxes	**(2.2)**	(2.8)	21%	**(3.6)**	(5.2)	31%
Segment net income/(loss)	**8.7**	(0.4)	>100%	**13.7**	1.2	>100%
Net income/(loss) attributable to shareholders	**8.7**	(0.4)	>100%	**13.7**	1.2	>100%
Return on Investments (annualised)[5]	**6.6%**	3.3%	3.0 pts	**6.7%**	3.3%	3.4 pts
Return on Equity (annualised)[5]	**6.4%**	(0.3%)	6.7 pts	**4.8%**	0.5%	4.3 pts
Return on Shareholder's Equity (annualised)[5]	**6.4%**	(0.3%)	6.7 pts	**4.8%**	0.4%	4.4 pts

Quarterly (three-month period) results

The Sagicor Life segment generated net income attributable to shareholders of US $8.7 million for the three-month period ended June 30, 2023, which was US $9.1 million above that reported for the corresponding period in 2022.

Insurance Service Result

The segment reported total insurance service result for the three-month period of US $12.6 million, compared to US $14.8 million for the same period in 2022, a decline of US $2.2 million or 15%. An analysis of the insurance service result is shown in the table below.

[5] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Insurance service result	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance revenue						
Insurance revenue for contracts not measured under the PAA	**25.8**	23.4	10%	**51.1**	47.4	8%
Insurance revenue from contracts measured under the PAA	**47.9**	47.7	-	**95.7**	94.8	1%
Total insurance revenue	**73.7**	71.1	4%	**146.8**	142.2	3%
Total insurance service expenses	**(56.6)**	(51.8)	(9%)	**(116.9)**	(107.6)	(9%)
Total net income/(expenses) from reinsurance contracts held	**(4.3)**	(4.1)	(5%)	**(11.2)**	(9.7)	(15%)
Inter-segment insurance service result	**(0.2)**	(0.4)	50%	**(0.6)**	(0.4)	(50%)
Total insurance service result	**12.6**	14.8	(15%)	**18.1**	24.5	(26%)

Total insurance revenue grew by 4% to close at US $73.7 million for the second quarter of 2023, compared to US $71.1 million for the same period in the prior year, an increase of US $2.6 million. Insurance revenue for contracts not measured under the PAA (the segment's long-term and annuity businesses) and Insurance revenue from contracts measured under the PAA, (the segment's short-term business) increased by US $2.4 million and US $0.2 million, respectively.

Total insurance service expenses were US $56.6 million compared to US $51.8 million for the same period in the prior year, an increase of US $4.8 million, driven by general growth in the portfolio, along with higher claims in our property and casualty business.

Net Investment Income/(Expenses)

Net investment income for the Sagicor Life segment closed the period at US $32.1 million compared US $19.2 million for the same period in the prior year, an increase of US $12.9 million (67%). This increase was fuelled by positive mark-to-market movements on financial assets categorised as FVTPL in 2023, while the 2022 result was impacted by market-to-market losses driven by rising interest rates in North America. Overall, net gains reported for FVTPL investments totalled US $20.4 million for the June 2023 quarter (June 2022 quarter – US $6.1 million).

Net Insurance Finance Income/(Expenses)

Net insurance finance expenses were US $25.0 million compared to US $21.1 million for the same period in the prior year, an increase of US $3.9 million, and was due to higher interest credited (US $6.0 million) net of the impact of higher interest rates and other financial assumptions (US $3.0 million).

Fees and other income closed the period at US $2.4 million compared to US $1.0 million in the prior period an increase of US $1.4 million, due mainly to higher foreign exchange gains reported during the current period coupled with growth in fees earned from assets under management.

Other operating expenses increased by US $1.0 million when compared that reported for the second quarter of 2022 and totalled US $9.5 million. Operating expenses includes costs deferred during the COVID-19 pandemic period such as travel, staff meetings and training.

Year-to-date (six-month period) results

The Sagicor Life segment generated net income attributable to shareholders of US $13.7 million for the first half of 2023, which was US $12.5 million above that reported for the corresponding period in 2022.

Insurance Service Result

The segment reported total insurance service result for the six-month period of US $18.1 million, compared to US $24.5 million of the same period, a decline of US $6.4 million or 26%.

Total insurance revenue grew by 3% over the prior year to close at US $146.8 million for the first half of 2023, compared to US $142.2 million for the same period in the prior year, an increase of US $4.6 million, driven by higher new business sales with annualised premium income (API) of US $13.6 million (June 2022 – US $11.9 million). Profitable new business sales increased the CSM translating into higher revenue recognised in the profit and loss for the provision of services during the period. Overall, Insurance revenue for contracts not measured under the PAA (the segment's long-term and annuity businesses) and Insurance revenue from contracts measured under the PAA, (the segment's short-term business) increased by US $3.7 million and US $0.9 million, respectively. The increase in insurance revenue from contracts measured under the PAA is due to continued growth in the employee benefits and property and casualty lines of business.

Total insurance service expenses were US $116.9 million compared to US $107.6 million for the same period in the prior year, an increase of US $9.3 million, driven by general growth in the portfolio, higher claims in our property and casualty business along with higher health claims associated with medical inflation.

Net Investment Income/(Expenses)

Net investment income for the Sagicor Life segment closed the period at US $65.3 million compared US $38.6 million for the same period in the prior year, an increase of US $26.7 million (69%). This increase was driven by positive mark-to-market movements on financial assets categorised as FVTPL in 2023 while the same period in 2022 was impacted by market-to-market losses driven by rising interest rates in North America. Overall, net gains reported for FVTPL investments totalled US $43.0 million for the first half of 2023 (June 2022 – US $13.6 million).

Net Insurance Finance Income/(Expenses)

Net insurance finance expenses were US $48.1 million compared to US $36.6 million for the same period in the prior year, an increase of US $11.5 million, and was due mainly to higher interest credited (US $9.7 million).

Fees and other income closed the period at US $5.2 million compared to US $2.2 million in the prior period, an increase of US $3.0 million, due mainly to higher foreign exchange gains (US $1.6 million) reported during the current period coupled with growth in fees earned from assets under management and higher earnings from investments in associated companies ($1.2 million).

Other operating expenses increased by US $1.6 million when compared that reported for the first half of 2022 and totalled US $18.7 million for the six-month period ended June 30, 2023. Operating expenses includes costs deferred during the COVID-19 pandemic period such as travel, staff meetings and training.

Statement of Financial Position	**As of**		
(in millions of US $)	**June 30, 2023**	**December 31, 2022 Restated**	**Change**
Financial investments	**1,658.7**	1,613.2	3%
Reinsurance contract assets	**23.1**	23.8	(3%)
Insurance contract assets	**5.2**	3.6	44%
Other external assets	**379.1**	391.5	(3%)
Inter-segment assets	**502.4**	455.1	10%
Total assets	**2,568.5**	2,487.2	3%
Insurance contract liabilities	**1,464.3**	1,417.9	3%
Reinsurance contract liabilities	**24.2**	31.4	(23%)
Investment contract liabilities	**268.4**	272.3	(1%)
Other external liabilities	**98.0**	94.2	4%
Inter-segment liabilities	**134.4**	116.6	15%
Total liabilities	**1,989.3**	1,932.4	3%
Net assets	**579.2**	554.8	4%

Financial investments totaled US $1,658.7 million (December 31, 2022 - US $1,613.2 million) and comprised 65% (December 31, 2022 - 65%) of the segment's total assets, and insurance contract liabilities totaled US $1,464.3 million (December 31, 2022 - US $1,417.9 million) and comprised 74% (December 31, 2022 - 73%) of the segment's total liabilities at the end of June 2023. Net assets include contractual service margin (net) of US $245.8 million as at June 30, 2023. The contractual service margin represents expected future profits on existing insurance contracts held by the segment.

An analysis of the movement of the CSM is shown below.

Contractual Service Margin	**Three months ended June 30**			**Six months ended June 30**		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
CSM, beginning of period – Insurance contracts issued	**241.2**	205.8	17%	**230.8**	202.8	14%
Changes that relate to current service						
CSM recognised in profit or loss for the services provided	**(6.7)**	(5.4)	(24%)	**(12.8)**	(10.6)	(21%)
Changes that relate to future service						
Changes in estimates that adjust the CSM	**(2.3)**	(1.0)	(<100%)	**(0.2)**	(5.7)	96%
Contracts initially recognised in the year	**14.0**	11.4	23%	**26.0**	22.5	16%
Finance expense from insurance contracts issued	**2.6**	1.8	44%	**5.1**	3.5	46%
Effect of exchange rate changes	**-**	-	-	**(0.1)**	0.1	(<100%)
Total amounts recognised in comprehensive income	**7.6**	6.8	12%	**18.0**	9.8	84%
CSM, end of period – Insurance contracts issued	**248.8**	212.6	17%	**248.8**	212.6	17%
CSM, end of period – Reinsurance contracts held	**(3.0)**	(11.0)	73%	**(3.0)**	(11.0)	73%
CSM, end of period – Net	**245.8**	201.6	22%	**245.8**	201.6	22%
CSM, end of period – Net, attributable to shareholders	**245.8**	201.6	22%	**245.8**	201.6	22%

Overall, the segment reported a 8% growth in the CSM for insurance contracts moving from US $230.8 million at December 31, 2022 to US $248.8 million as at June 30, 2023. During the current period US $12.8 million (June quarter 2023 – US $6.7 million) was recognised in income compared to US $10.6 million (June quarter 2022 – US $5.4 million) recorded in the same period in 2022. The impact of new business on the CSM period on period, also saw a marginal increase, with US $26.0 million being reported in the first half of 2023 (June quarter 2023 – US $14.0 million) compared to US $22.5 million (June quarter 2022 – US $11.4 million) for the same period in 2022.

Overall, the net assets of the segment increased by 4% due to the retention of segment earnings during the period net of paid dividends.

New initiatives and developments

The second quarter of 2023 saw strong growth in new business sales of 15% as all territories benefited from an improving economic environment post pandemic. The digitalization of Sagicor Life continues with further development work having taken place during Q2. We expect to add new product lines and services during Q3 and Q4 of 2023.

B. Sagicor Jamaica

The Sagicor Jamaica segment offers life, health, annuity, property and casualty insurance, pension administration services, retail and commercial banking, investment banking, hospitality, real estate investment services and cambio and remittance services in the markets of Jamaica, Cayman Islands, and Costa Rica. Sagicor Jamaica's strong brand, together with its wide range of products and highly skilled work force, has allowed it to maintain a leading position in market segments in which it operates. Its retail and commercial banking services are offered through a network of fifteen (15) branches.

	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance service result	**6.9**	4.7	47%	**15.3**	11.2	37%
Gain on derecognition of amortised cost investments	**0.2**	0.6	(67%)	**0.2**	1.6	(88%)
Gain on derecognition of assets carried at FVTOCI	**1.1**	1.1	-	**0.8**	1.6	(50%)
Interest income earned from financial assets measured at amortised cost and FVTOCI	**39.8**	16.6	>100%	**72.8**	57.1	27%
Credit impairment loss	**(2.1)**	-	-	**(3.0)**	(1.2)	(<100%)
Other investment income/(loss)	**13.4**	(42.5)	>100%	**37.1**	(84.4)	>100%
Inter-segment investment income	**0.3**	-	-	**0.3**	-	-
Net investment income/(expenses)	**52.7**	(24.2)	>100%	**108.2**	(25.3)	>100%
Net insurance finance (expenses)/ income	**(0.4)**	73.5	(<100%)	**(14.4)**	93.8	(<100%)
Net insurance and investment result	**59.2**	54.0	10%	**109.1**	79.7	37%
Inter-segment other income and expenses	**(0.7)**	(0.3)	(<100%)	**(0.7)**	(0.6)	(17%)
Fees and other income	**29.0**	37.5	(23%)	**58.4**	71.8	(19%)
Share of income of associates and joint ventures	**0.5**	0.8	(38%)	**-**	2.2	(100%)
Other operating expenses	**(40.8)**	(49.6)	18%	**(87.4)**	(96.8)	10%
Other interest and finance costs	**(17.1)**	(9.7)	(76%)	**(28.9)**	(18.1)	(60%)
Segment income before taxes	**30.1**	32.7	(8%)	**50.5**	38.2	32%
Income taxes	**(7.6)**	(6.1)	(25%)	**(12.9)**	(15.2)	15%
Segment net income	**22.5**	26.6	(15%)	**37.6**	23.0	63%
Net income attributable to shareholders	**10.8**	13.3	(19%)	**18.1**	10.8	68%
Return on Investments (annualised)[6]	**7.2%**	(3.5%)	10.7 pts	**7.5%**	(1.8%)	9.3 pts
Return on Equity (annualised)[6]	**14.8%**	15.7%	(0.9 pts)	**12.4%**	6.6%	5.8 pts
Return on Shareholder's Equity (annualised)[6]	**14.0%**	18.0%	(4.0 pts)	**11.7%**	7.1%	4.6 pts

Quarterly (three-month period) results

The Sagicor Jamaica segment reported net income of US $22.5 million for the three-month period ended June 30, 2023, compared US $26.6 million, for the corresponding period in the prior year, a decline of US $4.1 million.

Net income attributable to shareholders was US $10.8 million, for the three-month period ended June 30, 2023, compared to US $13.3 million, for the second quarter of 2022. Net income and net income attributable to shareholders were both impacted by positive mark-to-market movements reported on FVTPL investments during the period.

[6] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Insurance Service Result

The Insurance service result for the period ended June 30, 2023, was US $6.9 million, compared to US $4.7 million for the corresponding period in 2022. An analysis of the insurance service result is shown in the table below.

Insurance service result	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance revenue						
Insurance revenue for contracts not measured under the PAA	**28.2**	23.7	19%	**55.5**	49.3	13%
Insurance revenue from contracts measured under the PAA	**44.7**	38.5	16%	**89.4**	75.0	19%
Total insurance revenue	**72.9**	62.2	17%	**144.9**	124.3	17%
Total insurance service expenses	**(61.9)**	(54.8)	(13%)	**(119.6)**	(106.0)	(13%)
Total net income / (expenses) from reinsurance contracts held	**(4.1)**	(2.7)	(52%)	**(10.0)**	(7.1)	(41%)
Total insurance service result	**6.9**	4.7	47%	**15.3**	11.2	37%

Insurance revenue from contracts not measured under the PAA (primarily from the segment's long-term life and annuity businesses), for the three-month period ended June 30, 2023 was US $28.2 million compared to US $23.7 million, an increase of US $4.5 million due mainly to higher CSM and Risk Adjustment recognised in the profit and loss for services provided during the period (US $1.5 million) and continued positive experience variances for claims and expenses. Insurance revenue from contracts measured under PAA (primarily relating to the segment's short-term health and property & casualty business) closed the period at US $44.7 million compared to US $38.5 million, an increase of US $6.2 million or 16% largely as a result of increased premium rates.

Insurance service expenses totalled US $61.9 million for the second quarter of 2023 (June quarter 2022 – US $54.8 million), an increase of US $7.1 million or 13%, mainly due to an increase in incurred claims and other expenses (US $3.4 million) associated with short term health and property & casualty business coupled with higher losses on onerous contracts (US $1.5 million). Insurance acquisition cash flows amortised also increased quarter on quarter, by US $2.1 million.

Net expense from reinsurance contracts held was US $4.1 million for the three-month period ended June 30, 2023, compared to US $2.7 million reported for the same period in the prior year, an increase of US $1.4 million.

Net Investment Income/(Expenses)

Interest income earned from financial assets measured at amortised cost and FVTOCI during the second quarter of 2023 was US $39.8 million, an increase of US $23.2 million (>100%), when compared to that reported for the three-month period ended June 30, 2022 (US $16.6 million), due to higher interest rates and growth in interest bearing assets.

Other investment income totalled US $13.4 million in net gains for the second quarter of 2023, compared to net losses of US $42.5 million reported for the same period in 2022. The movement was mainly as a result of FV gains/losses net of interest income recognised on FVTPL securities in the current quarter (US $13.3 million), whereas net FV losses and interest income on FVTPL securities recognised in the comparative quarter, 2022 was a net loss of $41.3 million. The prior year's quarter was impacted by increases in interest rates and volatility of security prices.

Net Insurance Finance Income/(Expenses)

Net insurance finance expense was US $0.4 million for the three-month period ended June 30, 2023, compared to insurance finance income of US $73.5 million for the same period in 2022. In 2022, the segment benefited from US $67.7 million, as a result of the impact of increasing interest rates compared to US $6.7 million in the current period.

Fees and other income totalled US $29.0 million for the three-month period ended June 30, 2023 compared to US $37.5 million reported in the corresponding period of the prior year. While revenue generated from fee income increased on our banking business as economic activity in our Jamaica segment improved over the previous period, the absence of hotel revenues following the disposal of our investment in Sagicor Real Estate X-Fund in the third quarter of 2022, resulted in the overall decline in fees and other income. In the second quarter of 2022, the Jamaica segment generated US $11.5 million in hotel revenues, through the Sagicor Real Estate X-Fund.

The Jamaica segment's share of income from associates and joint ventures totalled US $0.5 million for the three-month period ended June 30, 2023, a slight decline from the US $0.8 million reported for the same period in 2022.

Other operating expenses for the Jamaica segment totaled US $40.8 million for the second quarter of 2023, US $8.8 million below the US $49.6 million reported for the second quarter of 2022. The decline in other operating expenses was due to the absence of hotel expenses following the disposal of our investment in Sagicor Real Estate X-Fund in the third quarter of 2022 (discussed previously). In the second quarter of 2022, the Jamaica segment incurred US $8.7 million in hotel expenses, through the Sagicor Real Estate X-Fund.

Other interest and finance costs for the June 2023 quarter was US $17.1 million, compared to US $9.7 million for the corresponding period in 2022, an increase of US $7.4 million due mainly to the effects of interest rates increases.

Income taxes increased by US $1.5 million to close at US $7.6 million for the June 2023 quarter.

Year-to-date (six-month period) results

The Sagicor Jamaica segment reported net income of US $37.6 million for the six-month period ended June 30, 2023, compared to US $23.0 million, for the corresponding period in the prior year, an improvement of US $14.6 million.

Net income attributable to shareholders was US $18.1 million, for the six-month period ended June 30, 2023, compared to US $10.8 million, for the first half of 2022. Net income and net income attributable to shareholders were both impacted by positive mark-to-market movements reported on FVTPL investments during the current period.

Insurance Service Result

The Insurance service result for the period ended June 30, 2023, was US $15.3 million, up US $4.1 million from the US $11.2 million for the corresponding period in 2022.

Insurance revenue from contracts not measured under the PAA (primarily from the segment's long-term life and annuity businesses), for the period ended June 30, 2023 was US $55.5 million compared to US $49.3 million, an increase of US $6.2 million. This increase was due to higher CSM recognised in the profit and loss for services provided during the period (US $3.0 million) coupled with higher insurance acquisition cash flow recoveries of US $1.3 million. Insurance revenue from contracts measured under the PAA (primarily relating to the segment's short-term health and property & casualty business) closed the period at US $89.4 million compared to US $75.0 million, an increase of US $14.4 million or 19% largely due mainly to premium rate increases.

Insurance service expenses totalled US $119.6 million for the first half of 2023, compared to US $106.0 million reported for the same period in 2022, an increase of US $13.6 million or 13%, mainly due to an increase in incurred claims and other expenses (US $7.7 million) associated with short term health and property & casualty business coupled with higher losses on onerous contracts (US $3.7 million).

Net expense from reinsurance contracts held was US $10.0 million for the six-month period ended June 30, 2023, compared to US $7.1 million reported for the same period in the prior year, an increase of US $2.9 million.

Net Investment Income/(Expenses)

Interest income earned from financial assets measured at amortised cost and FVTOCI during the first half of 2023 was US $72.8 million, an increase of US $15.7 million (27%), when compared to that reported for the six-month period ended June 30, 2022 (US $57.1 million), due to higher interest rates and growth in interest bearing assets.

Other investment income totalled US $37.1 million for the first half of 2023, compared to a loss of US $84.4 million reported for the same period in 2022. During the first half of 2022, the segment was impacted by net losses on FVTPL investments of US $84.5 million as the segment was impacted by mark-to-market declines on financial assets due mainly to increasing interest rates, while during the first half of 2023, the segment benefitted from gains of US $37.0 million.

Net Insurance Finance Income/(Expenses)

Net insurance finance expense was US $14.4 million for the six-month period ended June 30, 2023, compared to insurance finance income of US $93.8 million for the same period in 2022. In 2022, the segment benefited from income of US $89.5 million, as a result of the impact of increasing interest rates compared to a loss of US $1.8 million in the current period.

Fees and other income totalled US $58.4 million for the six-month period ended June 30, 2023, compared to US $71.8 million reported in the corresponding period of the prior year, a decline of US $13.4 million. While revenue generated from fee income increased on our banking business as economic activity in our Jamaica segment improved over the previous period, the absence of hotel revenues following the disposal of our investment in Sagicor Real Estate X-Fund in the third quarter of 2022, resulted in the overall decline in fees and other income. In the first half of 2022, the Jamaica segment generated US $22.6 million in hotel revenues, through the Sagicor Real Estate X-Fund.

Share of income from associates and joint ventures was nil for the six-month period ended June 30, 2023, compared to income of US $2.2 million reported for the same period in 2022 and was due to a high loss ratio reported by the Costa Rica joint venture in the first quarter of 2023.

Other operating expenses for the Jamaica segment totaled US $87.4 million for the first half of 2023, US $9.4 million below the US $96.8 million reported for the first quarter of 2022. The decline in other operating expenses was due in part to the absence of hotel expenses (discussed previously), offset by increases in staff costs primarily due to inflation adjustments. In the first half of 2022, the Jamaica segment incurred US $16.4 million in hotel expenses, through the Sagicor Real Estate X-Fund.

Other interest and finance costs for the six-month period ended June 30, 2023 was US $28.9 million, compared to US $18.1 million for the corresponding period in 2022, an increase of US $10.8 million primarily due to interest rates increases on funding with the investment and commercial banking businesses.

Income taxes decreased by US $2.3 million to close at US $12.9 million for the six-month period ended June 30, 2023.

Statement of Financial Position	**As of**		
(in millions of US $)	**June 30, 2023**	**December 31, 2022 Restated**	**Change**
Financial investments	**2,912.0**	2,855.1	2%
Reinsurance contract assets	**8.6**	10.9	(21%)
Insurance contract assets	**0.7**	-	-
Other external assets	**542.6**	549.6	(1%)
Inter-segment assets	**44.8**	26.1	72%
Total assets	**3,508.7**	3,441.7	2%
Insurance contract liabilities	**925.0**	900.3	3%
Investment contract liabilities	**133.8**	133.5	-
Other external liabilities	**1,839.9**	1,801.7	2%
Inter-segment liabilities	**2.5**	2.3	9%
Total liabilities	**2,901.2**	2,837.8	2%
Net assets	**607.5**	603.9	1%

Financial investments totaled US $2,912.0 million (December 31, 2022 - US $2,855.1 million) and comprised 83% (December 31, 2022 - 83%) of the segment's total assets, and insurance contract liabilities totaled US $925.0 million (December 31, 2022 - US $900.3 million) and comprised 32% (December 31, 2022 - 32%) of the segment's total liabilities at the end of June 2023. Net assets include contractual service margin (net) of US $243.1 million as at June 30, 2023. The contractual service margin represents expected future profits on existing insurance contracts held by the segment. An analysis of the movement of the CSM is shown below.

Contractual Service Margin	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
CSM, beginning of period – Insurance contracts issued	**246.5**	208.5	18%	**245.5**	198.3	24%
Changes that relate to current service						
CSM recognised in profit or loss for the services provided	**(8.3)**	(6.8)	(22%)	**(16.4)**	(13.4)	(22%)
Changes that relate to future service						
Changes in estimates that adjust the CSM	**2.3**	2.1	10%	**-**	8.6	(100%)
Contracts initially recognised in the year	**8.3**	8.5	(2%)	**16.3**	16.3	-
Finance expense from insurance contracts issued	**2.6**	1.9	37%	**5.2**	3.7	41%
Effect of exchange rate changes	**(4.5)**	3.3	(<100%)	**(3.7)**	4.0	(<100%)
Total amounts recognised in comprehensive income	**0.4**	9.0	(96%)	**1.4**	19.2	(93%)
CSM, end of period – Insurance contracts issued	**246.9**	217.5	14%	**246.9**	217.5	14%
CSM, end of period – Reinsurance contracts held	**(3.8)**	(1.4)	(<100%)	**(3.8)**	(1.4)	(<100%)
CSM, end of period – Net	**243.1**	216.1	12%	**243.1**	216.1	12%
CSM, end of period – Net, attributable to shareholders	**119.4**	106.0	13%	**119.4**	106.0	13%

Overall, the segment reported marginal growth in the CSM for insurance contracts issued for the six-month period ended June 30, 2023 moving from US $245.5 million at December 31, 2022 to US $246.9 million as at June 30, 2023. During the first half of 2023 US $16.4 million was recognised in profit and loss for services provided, compared to US $13.4 million recorded in the same period in 2022. The impact of new business on the CSM for insurance contracts, was on par with prior year's levels, totalling US $16.3 million for the six-month period ended June 30, 2023.

Overall net assets for the Jamaica segment increased by 1% (US $3.6 million) moving from US $603.9 million as at December 31, 2022 (restated) to US $607.5 million at the end of June 2023. The combined impact of the positive operating results and mark-to-market gains on financial assets, was reduced by dividends declared to shareholders during the period.

New initiatives and developments

The Sagicor Jamaica segment continues to develop its payments business following the acquisition of Alliance Financial Services Limited (AFS) in April 2022. The Jamaica segment also continues to expand its regional footprint through its subsidiary Sagicor Investments Cayman offering investment banking services in the Cayman Islands.

C. Sagicor Life USA

Sagicor USA, Inc. and its operating entity, Sagicor Life Insurance Company, (collectively, Sagicor USA) operate in 45 states and the District of Columbia. Sagicor USA is focused on providing life and annuity products to middle market America through independent producers.

Sagicor USA's current product offerings can be broadly placed in three categories:

- **Annuities** - Annuity offerings are single premium products, which include traditional deferred, multi-year guaranteed (MYGA) and immediate annuities. Sagicor Life Insurance Company's annuities allow customers to accumulate assets at fixed interest rates, with no negative market risk.
- **Periodic premium** - This includes products such as non-participating whole life and indexed universal life. Premiums can be paid on a monthly, quarterly, semi-annual, or annual basis, and products are differentiated based on protection and/or accumulation potential.
- **Single premium life** - This includes an indexed universal life product developed for a retiree demographic to transfer wealth and leave a legacy to the next generation, while having access to funds to assist with a chronic illness, if needed.

	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance service result	**5.5**	14.5	(62%)	**(6.6)**	10.6	(<100%)
Gain on derecognition of assets carried at FVTOCI	**0.4**	2.2	(82%)	**-**	2.8	(100%)
Interest income earned from financial assets measured at amortised cost and FVTOCI	**12.7**	5.4	>100%	**23.4**	8.2	>100%
Credit impairment loss	**(0.2)**	(0.1)	(100%)	**(0.2)**	(0.2)	-
Other investment income/(loss)	**23.5**	(197.3)	>100%	**143.1**	(349.4)	>100%
Net investment income/(expenses)	**36.4**	(189.8)	>100%	**166.3**	(338.6)	>100%
Net insurance finance income /(expenses)	**40.8**	151.1	(73%)	**(55.8)**	219.5	(<100%)
Net insurance and investment result	**82.7**	(24.2)	>100%	**103.9**	(108.5)	>100%
Inter-segment other income and expenses	**(3.3)**	(2.5)	(32%)	**(6.3)**	(5.0)	(26%)
Fees and other income	**-**	-	-	**0.1**	0.1	-
Other operating expenses	**(8.7)**	(11.5)	24%	**(16.2)**	(19.0)	15%
Other interest and finance costs	**(4.5)**	(1.9)	(<100%)	**(9.8)**	(3.0)	(<100%)
Segment income / (loss) before taxes	**66.2**	(40.1)	>100%	**71.7**	(135.4)	>100%
Income taxes	**(11.6)**	4.6	(<100%)	**(12.7)**	24.6	(<100%)
Segment net income / (loss)	**54.6**	(35.5)	>100%	**59.0**	(110.8)	>100%
Net income/(loss) attributable to shareholders	**54.6**	(35.5)	>100%	**59.0**	(110.8)	>100%
Return on Investments (annualised)[7]	**3.3%**	(20.1%)	23.4 pts	**7.7%**	(18.2%)	25.9 pts
Return on Equity (annualised)[7]	**93.9%**	(86.5%)	180.4 pts	**51.3%**	(113.6%)	164.9 pts
Return on Shareholder's Equity (annualised)[7]	**93.9%**	(86.5%)	180.4 pts	**51.3%**	(113.6%)	164.9 pts

Quarterly (three-month period) results

The Sagicor Life USA segment reported net income of US $54.6 million for the three-month period ended June 30, 2023, compared to a loss of US $35.5 million for the corresponding period in the prior year, an improvement of US $90.1 million. Net income for the current quarter was primarily driven by positive mark-to-market movements in FVTPL financial assets which were partially offset by other interest and finance costs as well as some insurance experience

[7] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

losses. The Sagicor Life USA segment also outperformed our estimates due to changes in the discount rate data inputs that reduced insurance contract liabilities, thus increasing net income by US $51.3 million (US $64.9 million pre-tax).

Insurance Service Result

Insurance service result for the three-month period ended June 30, 2023, was US $5.5 million, compared to US $14.5 million for the corresponding period in 2022, a decrease of US $9.0 million (62%). An analysis of the insurance service result is shown in the table below.

Insurance service result	**Three months ended June 30**			**Six months ended June 30**		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance revenue						
Insurance revenue for contracts not measured under the PAA	**19.3**	16.3	18%	**40.5**	32.0	27%
Total insurance revenue	**19.3**	16.3	18%	**40.5**	32.0	27%
Total insurance service expenses	**(8.5)**	(6.0)	(42%)	**(27.3)**	(30.8)	11%
Total net income / (expenses) from reinsurance contracts held	**(5.3)**	3.5	(>100%)	**(19.7)**	8.6	(<100%)
Inter-segment insurance service result	**-**	0.7	(100%)	**(0.1)**	0.8	(<100%)
Total insurance service result	**5.5**	14.5	(62%)	**(6.6)**	10.6	(<100%)

Insurance revenue from contracts not measured under the PAA (which relates to the segment's life and annuity business), for the three-month period ended June 30, 2023, increased by 18% (US $3.0 million) over that reported for the corresponding period, to close at US $19.3 million (June quarter 2022 – US $16.3 million), as a result of an increased insurance book of business.

Insurance service expenses totalled US $8.5 million for the second quarter of 2023 (June quarter 2022 – US $6.0 million), an increase of US $2.5 million (42%). The impact of higher incurred claims and other expenses (US $5.1 million) associated with higher life and annuity benefits was offset by lower losses on onerous contracts, while the amortisation of insurance acquisition cashflows increased by US $2.5 million, due to the increase in the portfolio, quarter on quarter.

Net expenses from reinsurance contracts held was US $5.3 million for the second quarter of 2023 compared to income of US $3.5 million for the second quarter of 2022, an increase in expenses of US $8.8 million, primarily because of an adjustment to loss recoveries from reinsurers.

Net Investment Income/(Expenses)

Net investment income for the three-month period ended June 30, 2023 totalled US $36.4 million, compared to a loss of US $189.8 million, for the three-month period ended June 30, 2022. Interest income earned on assets measured at amortised costs and FVTOCI during the second quarter of 2023 totalled US $12.7 million, an increase of US $7.3 million, when compared to that reported for the three-month period ended June 30, 2022 (US $5.4 million), due to higher interest rates coupled with the business growth and related increase of financial assets. Other investment income totalled US $23.5 million for the second quarter of 2023, compared to a loss of US $197.3 million reported for the same period in 2022. During the second quarter of 2022 the segment was impacted by net losses on FVTPL investments of US $197.4 million due to mark-to-market declines on financial assets mainly caused by increasing interest rates. During the current period, the segment benefitted from gains of US $23.0 million due to an increase in the fair value of FVTPL debt and equity securities.

Net Insurance Finance Income

Net insurance finance income totalled US $40.8 million for the three-month period ended June 30, 2023, compared to US $151.1 million, a decrease of US $110.3 million and was mainly driven by a lower positive impact of changes in interest rates (US $93.1 million). The segment also outperformed our estimates due to changes in the discount rate data inputs that reduced insurance finance expenses by US $64.9 million.

Overall, net insurance and investment result improved, quarter on quarter to close with a positive result of US $82.7 million for the three-month period ended June 30, 2023, compared to a loss of US $24.2 million, reported for the corresponding period in the prior year.

Operating expenses for the second quarter of 2023 were US $8.7 million, US $2.8 million below the US $11.5 million reported for the second quarter of 2022. The decline in operating expenses reported was primarily as a result of increased allocation of costs to insurance service expense.

Other interest and finance cost totalled US $4.5 million for the three-month period ended June 30, 2023, compared to US $1.9 million for the second quarter of 2022, an increase of US $2.6 million and relates to increased interest charges on other funding instruments due to higher short-term borrowing rates impacting those funding instruments.

Income taxes increased by US $16.2 million, quarter on quarter, closing at US $11.6 million for the three-month period ended June 30, 2023. This was due to the improvement in the segment's performance when compared to the corresponding quarter in the prior year.

Year-to-date (six-month period) results

The Sagicor Life USA segment reported net income of US $59.0 million for the six-month period ended June 30, 2023, compared to a loss of US $110.8 million, for the corresponding period in the prior year, an improvement of US $169.8 million. Net income for the first half of 2023 was primarily driven by positive mark-to-market movements in FVTPL financial assets which were partially offset by insurance experience losses as well as other interest and finance costs. As mentioned previously, the Sagicor Life USA segment also outperformed our estimates due to changes in the discount rate data inputs that reduced insurance contract liabilities, thus increasing net income by US $51.3 million (US $64.9 million pre-tax). Other operating expenses were within the expected run rate range.

Insurance Service Result

Insurance service result for the six-month period ended June 30, 2023, was a loss US $6.6 million, compared to income US $10.6 million for the corresponding period in 2022, a decrease in income of US $17.2 million.

Insurance revenue from contracts not measured under the PAA (which relates to the segment's life and annuity business), for the period ended June 30, 2023, increased by 27% (US $8.5 million) over that reported for the corresponding period, to close at US $40.5 million (June 2022 – US $32.0 million), as a result of an increased insurance book of business.

Insurance service expenses totalled US $27.3 million for the first half of 2023 (June 2022 – US $30.8 million), a decrease of US $3.5 million (11%). The impact of lower incurred claims and other expenses (US $2.3 million) and lower losses on onerous contracts US $5.8 million, was reduced by the impact of higher amortisation of insurance acquisition cashflows ($4.6 million).

Net expenses from reinsurance contracts held, at US $19.7 million for the six-month period ended June 30, 2023, increased by US $28.3 million over the amount reported in the prior year, driven primarily by an adjustment to loss recoveries from reinsurers, as well as other minor movements in claims recoveries, and direct expenses.

Net Investment Income/(Expenses)

Net investment income for the first half of 2023 totalled US $166.3 million, compared to a loss of US $338.6 million, for the corresponding period in the prior year. Interest income earned on assets measured at amortised costs and FVTOCI during the six-month period ended June 30, 2023 totalled US $23.4 million, an increase of US $15.2 million, when compared to that reported for the six-month period ended June 30, 2022 (US $8.2 million), due to higher interest rates coupled with the business growth and related increase of financial assets. Other investment income totalled US $143.1 million for the first half of 2023, compared to a loss of US $349.4 million reported for the same period in 2022. During the first half of 2022 the segment was impacted by net losses on FVTPL investments of US $349.6 million due to mark-to-market declines on financial assets mainly caused by increasing interest rates. During the current period, the segment benefitted from gains of US $142.2 million due to an increase in the fair value of FVTPL debt and equity securities.

Net Insurance Finance Expenses

Net insurance finance expenses totalled US $55.8 million for the six-month period ended June 30, 2023, compared to income of US $219.5 reported for the six-month period ended June 30, 2022, a decrease in income of US $275.3

million and was mainly driven by a lower positive impact of changes in interest rates (US $242.7 million). As mentioned previously, the segment also outperformed our estimates due to changes in the discount rate data inputs that reduced insurance finance expenses by US $64.9 million.

Overall, net insurance and investment result improved, year on year, to close with a positive result of US $103.9 million for the six-month period ended June 30, 2023, compared to a loss of US $108.5 million, reported for the corresponding period in the prior year.

Operating expenses for the first half of 2023 declined by US $2.8 million when compared to that reported for the same period in 2022, to close US $16.2 million. The decline in operating expenses was due mainly to increased allocations of costs to insurance service expenses.

Other interest and finance cost totalled US $9.8 million for the six-month period ended June 30, 2023, compared to US $3.0 million for the first half of 2022, an increase of US $6.8 million (<100%) and relates to increased interest charges on other funding instruments due to higher short-term borrowing rates impacting those funding instruments.

Income taxes increased by US $37.3 million, year on year, closing at US $12.7 million for the six-month period ended June 30, 2023. This was due to the improvement in the segment's performance when compared to the corresponding period in the prior year.

Statement of Financial Position	**As of**		
(in millions of US $)	**June 30, 2023**	**December 31, 2022 Restated**	**Change**
Financial investments	**4,464.3**	4,200.9	6%
Reinsurance contract assets	**403.0**	481.9	(16%)
Other external assets	**268.2**	128.4	>100%
Inter-segment assets	**27.3**	33.6	(19%)
Total assets	**5,162.8**	4,844.8	7%
Insurance contract liabilities	**4,206.0**	3,930.4	7%
Investment contract liabilities	**62.8**	66.5	(6%)
Other external liabilities	**465.4**	469.4	(1%)
Inter-segment liabilities	**169.6**	177.5	(4%)
Total liabilities	**4,903.8**	4,643.8	6%
Net assets	**259.0**	201.0	29%

Overall, the increase in net assets from December 31, 2022 to June 30, 2023 of US $58.0 million (29%) was primarily the result of profitability for the period.

Consistent with prior reporting periods, Sagicor Life USA's financial position is dominated by the liabilities it recognizes on its in force life and annuity policy obligations; 86% of total liabilities as of June 30, 2023 (December 31, 2022 – 85%) and the financial investments that support those liabilities (86% of total assets as of June 30, 2023 and 87% of total assets as of December 31, 2022).

Insurance contract liabilities and the supporting financial investments grew by 7% and 6%, respectively for the six-month period ended June 30, 2023. Net assets include contractual service margin (net) of US $208.3 million as at June 30, 2023. The contractual service margin represents expected future profits on existing insurance contracts held by the segment. An analysis of the movement of the CSM is shown below.

Contractual Service Margin	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
CSM, beginning of period – Insurance contracts issued	**223.5**	204.1	10%	**237.2**	194.2	22%
Changes that relate to current service						
CSM recognised in profit or loss for the services provided	**(9.7)**	(6.5)	(49%)	**(19.1)**	(12.5)	(53%)
Changes that relate to future service						
Changes in estimates that adjust the CSM	**(17.5)**	(15.1)	(16%)	**(32.4)**	(23.7)	(37%)
Contracts initially recognised in the year	**26.1**	31.3	(17%)	**34.3**	54.2	(37%)
Finance expense from insurance contracts issued	**2.5**	1.8	39%	**4.9**	3.4	44%
Total amounts recognised in comprehensive income	**1.4**	11.5	(88%)	**(12.3)**	21.4	(<100%)
CSM, end of period – Insurance contracts issued	**224.9**	215.6	4%	**224.9**	215.6	4%
CSM, end of period – Reinsurance contracts held	**(16.6)**	(10.5)	(58%)	**(16.6)**	(10.5)	(58%)
CSM, end of period – Net	**208.3**	205.1	2%	**208.3**	205.1	2%
CSM, end of period – Net, attributable to shareholders	**208.3**	205.1	2%	**208.3**	205.1	2%

Overall, the segment reported a decline in the CSM for insurance contracts issued, which moved from US $237.2 million at December 31, 2022 to US $224.9 million as at June 30, 2023. During the six-month period ended June 30, 2023, US $19.1 million (June quarter 2023 – US $9.7 million) was recognised in profit and loss for services provided compared to US $12.5 million (June quarter 2022 – US $6.5 million) recorded in the same period in 2022. The impact of new business on the CSM period on period declined, with US $34.3 million being reported in the first half of 2023 (June quarter 2023 – US $26.1 million) compared to US $54.2 million in the same period in 2022(June quarter 2022 – US $31.3 million), due to lower sales in current year when compared to 2022. In addition, the segment was adversely impacted by changes in the estimates that adjust the CSM, in the amount of US $32.4 million for the six-month period ended June 30, 2023 (June quarter 2023 US $17.5 million), compared to US $23.7 million for the same period in 2022 (June quarter 2022 – US $15.1 million). This was primarily due to increased insurance policy surrenders related to fixed index annuity products as well as minor adjustments.

New initiatives and developments

Sagicor USA continues to focus on providing accumulation and living benefit-focused products throughout a consumer's life cycle, while utilizing technology to create an ease of doing business for new and existing distribution partners. These include an emphasis on annuity and wealth transfer products that offer consumers a measure of certainty in an unsettling economic environment. Sagicor USA's growth strategy is focused on achieving scale where we excel - transparent, accumulation-focused products with concierge service.

Sagicor USA will continue to optimize its investment portfolio, including expanding the breadth of asset classes utilized to increase risk-adjusted returns. Sagicor continually evaluates the market to determine if new product releases will drive consumer value, complement the Sagicor portfolio, and expand brand recognition, all while achieving specified financial targets.

7. FINANCIAL POSITION

A. Capital Adequacy

	June 30, 2023	December 31, 2022
Sagicor Consolidated MCCSR[8] (December 2022 – restated)	286%	276%
Sagicor Investments capital base to risk weighted assets[8]	16%	15%
Sagicor Bank capital base to risk weighted assets[8]	14%	13%

Sagicor Consolidated Capital Adequacy

Capital adequacy is managed at both the operating company level and at the Group level. It is calculated by the company's Appointed Actuary (AA) and reviewed by executive management, the audit committee and the board of directors of the company. In addition, the Group seeks to maintain internal capital adequacy at levels higher than the regulatory or internationally recognised requirements.

To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is a core measure of financial performance. Some jurisdictions within our Group prescribe differing risk-based assessment measures for statutory purposes, and a number of jurisdictions in the Caribbean region have no internationally recognized capital adequacy requirements. Sagicor voluntarily adopted the Canadian Minimum Continuing Capital and Surplus Requirement ("MCCSR") standard as its risk-based assessment measure to provide a consolidated view of capital adequacy. The MCCSR was a standard used by Canadian regulators from 1992 until 2018, when it was superseded by the Life Insurance Capital Adequacy Test (LICAT). When it was in place, the minimum standard recommended by the Canadian regulators was an MCCSR of 150.0%. Canadian practices for calculation of the MCCSR evolved and changed from inception through its replacement. In jurisdictions where the MCCSR is currently prescribed, such as Jamaica, the MCCSR guidance is not consistent with the most recent Canadian MCCSR guidelines or with current Canadian capital standards under LICAT. Sagicor has made certain interpretations in our calculation of the MCCSR, in consultation with our appointed actuary, which are believed to appropriately reflect the risk-based assessment of our capital position. As the MCCSR is no longer prescribed by Canadian regulators and is interpreted in different ways by our local regulators, there can be no assurance that Sagicor's MCCSR figures are comparable to current reporting by Canadian life insurers or that of Canadian life insurers at any single point in time since the implementation of the MCCSR.

The consolidated MCCSR[8] for the life insurers of the Sagicor Group as of June 30, 2023 has been estimated as 286% (December 31, 2022 (restated) – 276%). This is the principal standard of capital adequacy used to assess the overall strength of the life insurers of the Sagicor Group. However, because of the variations in capital adequacy standards across jurisdictions, the consolidated result should be regarded as applicable to the life insurers of the Group and not necessarily applicable to each individual segment, insurance subsidiary or insurance subsidiary branch. The Group complies with all regulatory capital requirements.

Sagicor Life Jamaica Limited

Sagicor Life Jamaica is governed by the Jamaican MCCSR regime (based on Canadian standards in effect in 2001), which requires an insurer to maintain a minimum ratio of 150%. The MCCSR for the Company closed the period at 243%, well above the regulatory requirement.

Sagicor Life Insurance Company (USA)

A risk-based capital (RBC) formula and model have been adopted by the National Association of Insurance Commissioners (NAIC) of the United States. RBC is designed to assess minimum capital requirements and raise the level of protection that statutory surplus provides for policyholder obligations. The RBC formula for life insurance companies measures four major areas of risk: (i) underwriting, which encompasses the risk of adverse loss developments and property and casualty insurance product mix; (ii) declines in asset values arising from credit risk; (iii)

[8] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

declines in asset values arising from investment risks, including concentrations; and (iv) off-balance sheet risk arising from adverse experience from non-controlled assets such as reinsurance guarantees for affiliates or other contingent liabilities and reserve and premium growth. If an insurer's statutory surplus is lower than required by the RBC calculation, it will be subject to varying degrees of regulatory action, depending on the level of capital inadequacy.

The RBC methodology provides for four levels of regulatory action. The extent of regulatory intervention and action increases as the ratio of surplus to RBC falls. The least severe regulatory action is the "Company Action Level" (as defined by the NAIC) which requires an insurer to submit a plan of corrective actions to the regulator if surplus falls below 200% of the RBC amount. Sagicor Life USA has maintained all minimum regulatory capital level ratios as of June 30, 2023 and December 31, 2022, respectively.

Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited

The capital adequacy and the use of regulatory capital are monitored monthly by management employing techniques based on the guidelines developed by the Financial Services Commission (FSC), the Bank of Jamaica (BOJ), Basel II and the Risk Management and Compliance Unit. The required information is filed with the respective regulatory authorities at stipulated intervals. The Bank of Jamaica and the FSC require each regulated entity to hold the minimum level of regulatory capital, and to maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of each asset and counterparty, taking into account, any eligible collateral or guarantees. A similar treatment is adopted for off financial statements exposure, with some adjustments to reflect the more contingent nature of the potential losses. The required capital base to risk weighted assets for both Sagicor Investments and Sagicor Bank is 10% and has been maintained as at June 30, 2023 and December 31, 2022.

B. Capital

(in millions of US $)	**June 30, 2023**	**December 31, 2022 Restated**	**Change**
Total Capital[9]			
Shareholders' equity	**462.5**	429.7	8%
Non-controlling interest	**314.7**	306.7	3%
Net contractual service margin	**697.1**	674.7	3%
Notes and loans payable	**643.9**	632.5	2%
Total capital[9]	**2,118.2**	2,043.6	4%

The Group deploys its capital resources through its operating activities. These operating activities are carried out by subsidiary companies which are either insurance entities or provide other financial services. The capital is deployed in such a manner as to ensure that subsidiaries have adequate and sufficient capital resources to carry out their activities and to meet regulatory requirements.

The Group's objectives are to (i) to comply with capital requirements established by insurance, banking and other financial intermediary regulatory authorities; (ii) to comply with internationally recognised capital requirements for insurance, where local regulations do not meet these international standards; (iii) to safeguard its ability as a going concern to continue to provide benefits and returns to policyholders, depositors, note-holders and shareholders; (iv) to provide adequate returns to shareholders; and (v) to maintain a strong capital base to support the future development of Group operations.

At June 30, 2023, the Group's capital[9] totalled US $2,118.2 million, US $74.6 million above the December 31, 2022 restated position (US $2,043.6 million). Shareholders' equity was impacted by total comprehensive income of US $50.0 million and the impact of dividends declared during the period (US $16.0 million), while non-controlling interest and notes and loans payable both increased by US $8.0 million and US $11.4 million, respectively, during the period.

[9] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

C. Financial Leverage

	June 30, 2023	December 31, 2022 Restated	Change
Debt / capital[10]	**30.4%**	31.0%	0.6 pts

The Debt to Capital ratio[10] was 30.4% at June 30, 2023, compared to 31.0% as of December 31, 2022 (restated). The favourable change in the Debt to Capital ratio was driven by the increase in shareholders' equity and net CSM during the period.

D. Ratings

Sagicor Financial Company Ltd, its principal operating subsidiaries, and its debt financing vehicle, have been rated by the rating agencies AM Best, Standard and Poor's, or Fitch. The ratings as of the date of issue of this Management Discussion and Analysis are as follows.

	AM Best Rating[(a)]	S&P Rating[(b)]	Fitch Rating[(b)]
Sagicor Life Inc			
Financial Strength	A- u (Excellent)		
Issuer Credit Rating	a- u (Excellent)		
Sagicor Life Jamaica Limited			
Financial Strength	B++ u (Good)		
Issuer Credit Rating	bbb+ u (Good)		
Sagicor Life Insurance Company (USA			
Financial Strength	A- u (Excellent)		
Issuer Credit Rating	a- u (Excellent)		
Sagicor Financial Company Ltd			
Issuer Credit Rating	bbb- u (Good)	BB+ (Positive)	BB (RWM)[(c)]
Senior Unsecured	Bbb- u (Good)	BB+ (Positive)	BB- (RWM)[(c)]
Sagicor General Insurance Inc			
Financial Strength	A- u (Excellent)		
Issuer Credit Rating	a- u (Excellent)		
Sagicor Reinsurance `Bermuda Ltd			
Financial Strength	A- u (Excellent)		
Issuer Credit Rating	a- u (Excellent)		

(a) *Updated September 1, 2022; (b) Updated November 24, 2022; (c) RWM – Rating Watch Maintained. Updated November 22, 2022.*

Sagicor's credit ratings constitute the rating agencies' assessment of Sagicor's ability to meet its payment obligations as they become due. The credit ratings, which may be revised or withdrawn at any time, do not represent a recommendation to buy, sell or hold Sagicor's Common Shares. Each rating agency's credit rating should be evaluated independently of credit ratings issued by other rating agencies.

[10] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

E. Common Shares, Book Value and Market Capitalization

	June 30, 2023	December 31, 2022 Restated	Change
Number of common shares outstanding (million)	**142.7**	142.8	-
Share price	**US $3.41**	US $4.06	(16%)
Market Capitalization (million)[11]	**US $487.3**	US $579.6	(16%)
Book value per common share[11]	**US $3.24**	US $3.01	8%

Outstanding Common Shares

The authorised share capital of the Company is US $200,000,000 divided into 10,000,000,000 common shares of US $0.01 each and 10,000,000,000 preference shares of US $0.01 each.

The number of issued and outstanding common shares at June 30, 2023 was 142,697,311. During the six-month period ended June 30, 2023, the Company repurchased 552,468 (June 2022 – 1,064,372) shares, at a total cost of US $2.0 million (June 2022 - US $5.5 million), which were subsequently cancelled. The cost of shares totaling US $0.4 million (June 2022 - US $0.01 million), which were repurchased at the period-end date but not cancelled, has been reflected in treasury shares.

Securities convertible, exercisable or exchangeable into common shares

The number of issued and outstanding options at June 30, 2023 was 1,031,405.

The number of issued and outstanding warrants at June 30, 2023 was 34,774,993.

Dividends

	June 30, 2023	June 30, 2022	Change
Dividends declared during the period, per common share	**US $0.1125**	US $0.1125	-

The Group declared two dividends to common shareholders during the six-month period ended June 30, 2023.

On March 20, 2023, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common shares held by registered holders on record at the close of business on April 4, 2023. This dividend was paid on April 27, 2023.

On May 8, 2023, the Board of Directors declared a quarterly dividend of US $0.05625 per common share, on issued and outstanding common shares held by registered holders on record at the close of business on May 24, 2023. This dividend was paid on June 14, 2023.
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[11] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

F. Notes and Loans Payable

As of June 30, 2023, Sagicor had US $643.9 million in notes and loans payable compared to US $632.5 million as of December 31, 2022. Summary details of the carrying values of notes and loans payable as of June 30, 2023 and December 31, 2022, respectively are set out in the following table.

(in millions of US $)	June 30, 2023 Carrying value	December 31, 2022 Carrying value
Notes and loans payable		
5.30% senior notes due 2028	535.9	535.4
6.50% unsecured bond due 2023[(a)]		20.0
5.75% unsecured bond due 2023[(a)]	-	26.6
10.50% unsecured bond due 2024[(b)]	29.3	-
7.50% unsecured bond due 2024[(b)]	21.0	-
6.75% notes due 2024	14.3	14.5
Bank loans & other funding instruments	43.4	36.0
Total	643.9	632.5

(a) On May 26, 2023, these facilities carrying annual interest rates of 6.5% and 5.75%, and with original issue date of September 16, 2019 were refinanced and extended per (b) below.

(b) The newly extended facilities remain in two Tranches, with Tranche A up to J$4,490,000 from previous limit of $J4,895,140,000 and Tranche B up to US $20,973,000 from previous limit of US $26,400,000, carrying updated annual interest rates of 10.50% and 7.50% respectively. Interest is payable quarterly and commenced on May 26, 2023. The Tranches mature on June 26, 2024.

For more details on notes and loans payable, refer to note 16 of the Group's 2022 annual financial statements.

G. Liquidity and Capital Resources

The following discussion is qualified by reference to the consolidated statement of cash flows and note 36 of the 2022 audited financial statements.

Liquidity sources immediately available to the Sagicor Group include: (i) existing cash and cash equivalents; (ii) the Group's portfolio of highly rated, highly liquid investments; (iii) cash flow from operating activities which include net premiums receipts, fee income and investment income; and (iv) borrowing facilities. These funds are used primarily to pay current benefits and operating expenses, service the Group's long-term debt, purchase investments to support future benefits and maturing obligations, and for distribution of dividends. Sagicor expects to have sufficient liquidity to fund its operations and to meet its current business plans. However, should the need arise, additional liquidity sources include further bank loans and new issuances of debt or shares in the private or public markets.

On August 2, 2023, Sagicor Financial Company Ltd. entered into a credit agreement for the establishment of a senior unsecured revolving credit facility in an aggregate principal amount of up to US $125 million.

Cash Flows

The following table summarise the Group's cash flows for the three-month and six-month periods ended June 30, 2023, and June 30, 2022, respectively.

(in millions of US $)	**Three months ended June 30**			**Six months ended June 30**		
	2023	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Net cash flows:						
Operating activities	**121.7**	135.6	(10%)	**162.6**	(132.0)	>100%
Investing activities	**(2.9)**	(13.6)	79%	**(5.5)**	(16.7)	67%
Financing activities	**(25.6)**	(46.8)	45%	**(21.3)**	(39.2)	46%
Effect of exchange rate changes	**(3.9)**	(0.3)	(<100%)	**(3.6)**	(0.3)	(<100%)
	89.3	74.9	19%	**132.2**	(188.2)	>100%
Cash and cash equivalents:						
Beginning of period	**635.6**	573.7	11%	**592.7**	836.8	(29%)
End of period	**724.9**	648.6	12%	**724.9**	648.6	12%

Second Quarter (three-month period) - Cash flows analysis

For the second quarter of 2023, Sagicor's net cash inflows associated with operating activities was US $121.7 million compared to inflows of US $135.6 million for the same period in 2022.

Sagicor's net cash outflows for investing activities was US $2.9 million for the three-month period ended June 30, 2023, compared to outflows of US $13.6 million for the same period in 2022, a decrease in outflows of US $10.7 million. In the second quarter of 2022, the Group finalised its purchase of 100% interest in Alliance Financial Services Limited which gave rise to change in subsidiary and associate holdings, net of cash and cash equivalents totalling US $5.2 million. In addition, outflows associated with property, plant and equipment - net and intangibles – net, decreased by US $2.3 million and US $2.8 million, respectively, in the current period.

Sagicor's net cash outflows from financing activities totalled US $25.6 million for the three-month period ended June 30, 2023, compared to outflows of US $46.8 million for the same period in 2022, a decrease in outflows of US $21.2 million. On May 26, 2023, the Group refinanced and extended two loans previously issued on September 16, 2019. The newly extended facilities remain in two Tranches, with Tranche A up to J$4,490,000 from previous limit of $J4,895,140,000 and Tranche B up to US $20,973,000 from previous limit of US $26,400,000, carrying updated annual interest rates of 10.50% and 7.75% respectively. Interest is payable quarterly and commenced on May 26, 2023. The Tranches mature on June 26, 2024. In addition, dividends paid to non-controlling interest declined by US $3.8 million, when compared to the June 2022 quarter and outflows associated with the repurchase of shares also declined quarter on quarter, by US $2.3 million.

For the three-month period ended June 30, 2023, the effect of exchange rate changes was a loss of US $3.9 million compared to a loss of US $0.3 million for the corresponding period in 2022.

Year-to-date Quarter (six-month period) - Cash flows analysis

For the first half of 2023, Sagicor's net cash inflows associated with operating activities was US $162.6 million compared to outflows of US $132.0 million for the same period in 2022, the impact of lower purchases of financial assets particularly in our USA segment, as the current period was impacted by lower sales, when compared to the prior period.

Sagicor's net cash outflows for investing activities was US $5.5 million for the six-month period ended June 30, 2023, compared to outflows of US $16.7 million for the same period in 2022, a decrease in outflows of US $11.2 million. On April 1, 2022, the Group finalized its purchased of 100% interest in Alliance Financial Services Limited which gave rise to change in subsidiary and associate holdings, net of cash and cash equivalents totalling US $5.2 million. In addition, outflows associated with property, plant and equipment- net and intangibles – net, decreased by US $2.3 million and US $3.0 million, respectively, in the current period.

Sagicor's net cash outflows from financing activities totalled US $21.3 million for the six-month period ended June 30, 2023, compared to outflows of US $39.2 million for the same period in 2022, a decrease in outflows of US $17.9 million. During the first quarter of 2023, the Group's financing activities benefited from inflows associated with the issuance of a loan in a subsidiary company. On May 26, 2023, the Group refinanced and extended two loans previously issued on September 16, 2019. The newly extended facilities remain in two Tranches, with Tranche A up to J$4,490,000 from previous limit of $J4,895,140,000 and Tranche B up to US $20,973,000 from previous limit of US $26,400,000, carrying updated annual interest rates of 10.50% and 7.75% respectively. Interest is payable quarterly and commenced on May 26, 2023. The Tranches mature on June 26, 2024. On March 24, 2022, SGJ disposed of 191,913,423 shares of Sagicor Real Estate X-Fund Limited ("X-Fund Limited") representing 4.2% of SFCL's shareholding in the company, for proceeds of US $10.3 million.

For the six-month period ended June 30, 2023, the effect of exchange rate changes was a loss of US $3.6 million compared to a loss of US $0.3 million for the corresponding period in 2022.

8. FINANCIAL INVESTMENTS

As of June 30, 2023, the Sagicor Group held US $9,222.1 million of diversified financial assets, compared to US $8,868.4 million at December 31, 2022, an increase of US $353.7 million. The Group recorded net investment income of US $335.5 million for the six-month period ended June 30, 2023, compared to a loss of US $355.4 million for the same period in 2022. The return on investments[12] was 7.4% compared to a loss of 8.4% for the same period in 2022. During the first half of 2023, the Group benefited from net gains associated with FVTPL financial investments totaling US $225.4 million. During the same period in 2022, the Group was impacted by mark-to-market declines on financial assets, due mainly to rising interest rates which contributed to the US $441.9 million net loss on FVTPL investments. Since becoming a public company in 2002, Sagicor has maintained positive and stable investment portfolio performance. As at June 30, 2023, Sagicor held US $6,784.5 million in debt securities and money market funds (74% of the total financial investments on hand). A summary of net investment income for the three-month and six-month periods ended June 30, 2023 and 2022, is shown below.

Net Investment Income	**Three months ended June 30**			**Six months ended June 30**		
(in millions of US $, unless otherwise noted)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Net investment Income/(Expenses) – Underlying Assets	**54.7**	(189.2)	>100%	**195.9**	(343.9)	>100%
Net investment Income/(Expenses) – Other Assets	**59.9**	(44.1)	>100%	**137.4**	(12.7)	>100%
Net Investment Income/(Expenses) – Other	**1.3**	0.5	>100%	**2.2**	1.2	83%
Net investment income	**115.9**	(233.8)	>100%	**335.5**	(355.4)	>100%
Represented by:						
Gain on derecognition of amortised cost investments	**0.2**	1.2	(83%)	**0.2**	2.2	(91%)
(Loss)/gain on derecognition of assets carried at FVTOCI	**2.0**	3.5	(43%)	**1.4**	4.7	(70%)
Interest income earned from financial assets measured at amortised cost and FVTOCI	**59.2**	29.6	100%	**109.0**	78.9	38%
Credit impairment losses	**(1.9)**	(0.2)	(<100%)	**(2.7)**	(0.5)	(<100%)
Other investment income/(loss)	**56.4**	(267.9)	>100%	**227.6**	(440.7)	>100%
Net investment income/(expenses)	**115.9**	(233.8)	>100%	**335.5**	(355.4)	>100%

Each principal operating entity within the Group has an investment policy that provides a framework of maximizing investment yield subject to the management of the Asset Liability Management (ALM) risks and the investment regulations of each country.

Insurance Finance Expenses	**Three months ended June 30**			**Six months ended June 30**		
(in millions of US $, unless otherwise noted)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Finance income/(expenses) from insurance contracts issued	**9.2**	217.5	(96%)	(136.6)	301.8	(<100%)
Finance income/(expenses) from reinsurance contracts held	**6.3**	(13.9)	>100%	18.3	(25.0)	>100%
	15.5	203.6	(92%)	(118.3)	276.8	(<100%)

[12] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

A. Carrying Values

The table below shows the carrying value of Sagicor's investment portfolio as of June 30, 2023 and December 31, 2022. During the period, management changed its accounting policy with respect to money market fund instruments. These instruments which were previously classified as FVTOCI are now reflected as FVTPL. All comparative period information has been amended accordingly to reflect this change.

	As of		As of	
(in millions of US $, except percentages)	**June 30, 2023**		**December 31, 2022 Restated**	
	Carrying value	**% of Total**	Carrying value	% of Total
Investments at FVTOCI:				
Debt securities	**1,431.1**	**16%**	1,540.4	17%
Equity securities	**0.6**	**-**	0.4	-
	1,431.7	**16%**	1,540.8	17%
Investments at FVTPL:				
Money market funds	**29.8**	**-**	59.5	1%
Debt securities	**5,190.9**	**57%**	4,901.2	55%
Equity securities (1)	**757.3**	**8%**	765.6	9%
Derivative financial instruments	**19.4**	**-**	10.4	-
Mortgage loans	**23.2**	**-**	23.4	-
	6,020.6	**65%**	5,760.1	65%
Investments at amortised cost:				
Debt securities	**132.7**	**2%**	170.3	2%
Mortgage loans	**681.5**	**7%**	593.6	7%
Finance loans	**661.2**	**7%**	654.9	7%
Securities purchased for re-sale	**10.3**	**-**	32.3	1%
Deposits	**284.1**	**3%**	116.4	1%
	1,769.8	**19%**	1,567.5	18%
Total financial investments	**9,222.1**	**100%**	8,868.4	100%

(1) Included in equity securities are exchange-traded funds of US $312.2 million as at June 30, 2023 (US $306.3 million as at December 31, 2022).

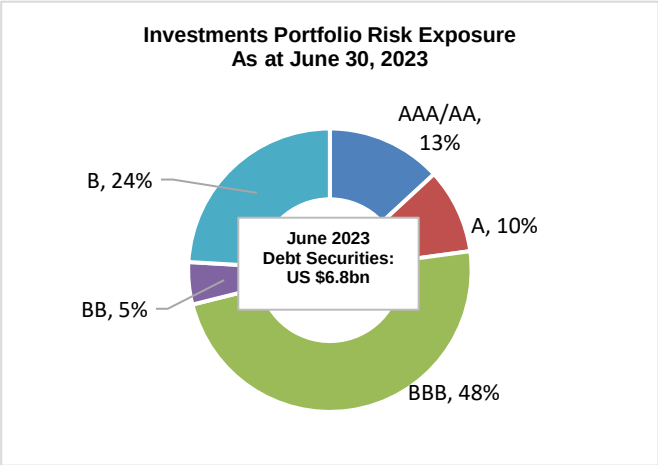
Our equities portfolio comprises the following at June 30, 2023:

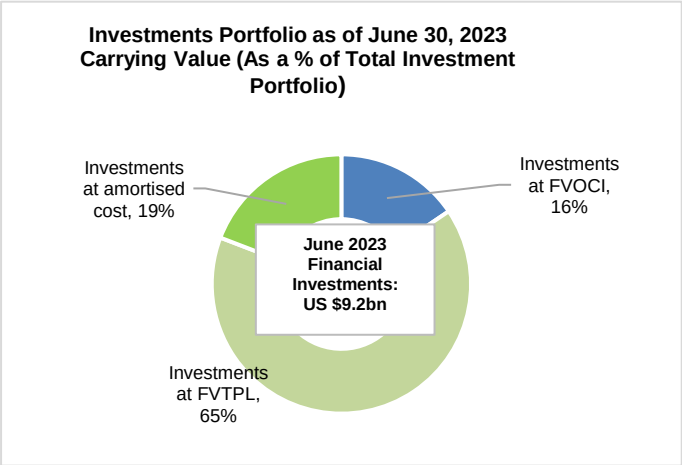
	As of		
(in millions of US $)	**June 30, 2023**	**December 31, 2022 Restated**	**Change**
Equities	**199.9**	186.8	7%
Passthrough equities	**192.6**	205.6	(6%)
Preference shares	**355.9**	341.1	1%
Corporate bond ETFs	**20.5**	32.5	(37%)
Total	**757.9**	766.0	(1%)

Our debt security portfolios constitute the major asset class of the Group and are reflected in the statement of financial position as follows:

(in millions of US $)	As of		
	June 30, 2023	**December 31, 2022 Restated**	**Change**
Debt securities and money market funds			
Measured at fair value through other comprehensive income (FVTOCI)	**1,431.1**	1.540.4	(7%)
Measured at amortised cost	**132.7**	170.3	(22%)
Measured at fair value through profit and loss (FVTPL)	**5,220.7**	4,960.7	5%
Total	**6,784.5**	6,671.4	2%

FVTOCI debt securities are held to collect contractual cash flows and to sell periodically to collect gains. These securities primarily support our business in the USA and in Jamaica, where there is reasonable opportunity to realise investment gains. Amortised cost debt securities are held to collect contractual cash flows and are sold infrequently. These securities primarily support our business in the Southern and Eastern Caribbean. The Group has designated some financial assets which support insurance liabilities as FVTPL to better match the assets and liabilities of the business. Other FVTPL debt securities are classified as such when the Group investment contract-holder is credited with the full return on the underlying asset. Debt securities held for trading are also classified as FVTPL. The pie charts below represent a breakdown of the carrying value and risk exposure of Sagicor's consolidated investments portfolio as of June 30, 2023.





B. NET INVESTMENT INCOME AND INSURANCE FINANCE EXPENSES

	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Investment income						
NET INVESTMENT INCOME / (EXPENSES) – UNDERLYING ASSETS						
Gain on derecognition of amortised cost investments	-	0.8	(100%)	**-**	1.8	(100%)
Gain/(loss) on derecognition of assets carried at FVTOCI	**0.5**	(0.4)	>100%	**-**	(0.3)	100%
Interest income earned from financial assets measured at amortised cost and FVTOCI	**5.4**	4.1	32%	**8.0**	7.0	14%
Net gain/(loss) on FVTPL investments	**49.0**	(192.9)	>100%	**187.8**	(352.3)	>100%
Net credit impairment (loss)/gain	**(0.2)**	(0.8)	75%	**0.1**	(0.1)	>100%
Net investment income/(expenses) – underlying assets	**54.7**	(189.2)	>100%	**195.9**	(343.9)	>100%
NET INVESTMENT INCOME / (EXPENSES) – OTHER INVESTMENTS						
Gain on derecognition of amortised cost investments	**0.2**	0.4	(50%)	**0.2**	0.4	(50%)
Gain on derecognition of assets carried at FVTOCI	**1.5**	3.9	(62%)	**1.4**	5.0	(72%)
Interest income earned from financial assets measured at amortised cost and FVTOCI	**53.8**	25.5	>100%	**101.0**	71.9	40%
Net gain/(loss) on FVTPL investments	**6.1**	(74.5)	>100%	**37.6**	(89.6)	>100%
Net credit impairment (loss)/gain	**(1.7)**	0.6	(<100%)	**(2.8)**	(0.4)	(<100%)
Net investment income/(expenses) – other investments	**59.9**	(44.1)	>100%	**137.4**	(12.7)	>100%
NET INVESTMENT INCOME / (EXPENSES) – OTHER						
Investment property – rental income	**0.6**	0.9	(33%)	**1.0**	1.3	(23%)
Other investment income/(expenses)	**0.7**	(1.4)	>100%	**1.2**	(0.1)	>100%
Net investment income – other	**1.3**	0.5	>100%	**2.2**	1.2	83%
Total net investment income/(expenses)	**115.9**	(233.8)	>100%	**335.5**	(355.4)	>100%
Return on Investments (annualised)[13]	**5.1%**	(10.9%)	16.0 pts	**7.4%**	(8.4%)	15.8 pts

[13] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

	Three months ended June 30			Six months ended June 30		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
FINANCE INCOME/(EXPENSES) FROM INSURANCE CONTRACTS ISSUED						
Changes in fair value of underlying assets of contracts measured under the VFA	**(1.5)**	10.3	(<100%)	**(1.2)**	13.3	(<100%)
Interest accreted	**(65.5)**	(42.8)	(53%)	**(126.4)**	(79.7)	(59%)
Effect of changes in interest rates and other financial assumptions	**76.2**	250.0	(70%)	**(9.0)**	368.2	(<100%)
Finance (expense)/ income from insurance contracts issued	**9.2**	217.5	(96%)	**(136.6)**	301.8	(<100%)
FINANCE INCOME /(EXPENSES) FROM REINSURANCE CONTRACTS HELD						
Interest accreted	**4.5**	7.1	(37%)	**9.7**	10.1	(4%)
Effect of changes in interest rates and other financial assumptions	**1.8**	(21.0)	>100%	**8.6**	(35.1)	>100%
Finance income / (expense) from reinsurance contracts held	**6.3**	(13.9)	>100%	**18.3**	(25.0)	>100%
NET INSURANCE FINANCE INCOME/(EXPENSES)	**15.5**	203.6	(92%)	**(118.3)**	276.8	(<100%)

C. INSURANCE AND INVESTMENT CONTRACT LIABILITIES

The amount of liabilities held in respect of long-term or recurring insurance or investment contracts is a measure of the quantum of business held from such contracts. The liabilities of such contracts are summarised in the following table.

(in millions of US $)	**June 30, 2023**	**December 31, 2022 Restated**	**Change**
Principal insurance and investment contract liabilities			
Insurance contract liabilities	**6,595.3**	6,248.6	6%
Investment contract liabilities	**465.0**	472.3	(2%)
Customer deposits	**1,027.2**	981.6	5%
Securities sold for repurchase	**670.1**	654.7	2%
Other funding instruments	**484.4**	539.9	(10%)
Structured product contracts	**-**	4.4	(100%)
Total	**9,242.0**	8,901.5	4%

9. RISK MANAGEMENT

As a diversified financial services company operating in the U.S. and the Caribbean, Sagicor is exposed to several risks that are inherent in our business activities. Effectively managing the risks that we take, by optimizing the relationship between risk and reward, is integral to our overall profitability and long-term financial viability.

Sagicor's Enterprise Risk Management (ERM) framework sets forth clear responsibilities for identifying, assessing, measuring, mitigating, monitoring, and reporting risks across our organization. Our framework, which is based on the ERM guidance developed by the Committee of Sponsorship Organizations of the Treadway Commission, consists of the following five interrelated elements:

The Group defines risk as an uncertain event, or series of events, that should it occur, could have a negative impact on the value of our organization, including among others the inability to meet or achieve our objectives and the occurrence of losses or interruption of our services.

Risk is also viewed holistically recognizing that one risk event may cause downside deviations in several business segments but also simultaneously causes upside deviations in one or more other business segments or may also be highly correlated with a second risk event.

Identified risks are categorized as illustrated in the table below and further classified as key risks or non-key risks.

Financial	Insurance	Operational	Strategic
Economic	Pricing	Business Continuity	Strategy
Market	Reserving	Physical Resources	Competitor
Credit	Underwriting	Fraud / Wrongdoing	Legislation
Liquidity		Human Resources	Governance
Capital		Technology / Cybersecurity	Strategic / External Relations
		Litigation	International
		Compliance	
		Process / Execution	
		Model	
		Third Party	

Non-key risks are monitored for any changes in likelihood and/or severity and, if warranted, elevated to key risk status.

Risks are assessed both qualitatively and quantitatively. Credit risk exposures are tracked for our investment, securities, lending, revolving credit, and reinsurance portfolios. Credit concentration risk is also tracked by the

ultimate parent of each counterparty. Liquidity risk exposures are tracked by both asset-liability maturity profile and cashflow projections. Interest rate risk exposures are tracked using asset and liability durations for each major yield curve exposure. Currency risk exposures are tracked by stress testing net currency positions for major currency exposure.

Risk information is regularly communicated to external stakeholders including regulators, rating agencies, and the public. The Group files an Own Risk Solvency Assessment (ORSA) Summary Report with the Texas Department of Insurance. It also meets regularly with rating agencies (S&P, Fitch, and A.M. Best) to provide updates on our risk exposures, strategy, and other relevant developments. Sagicor also provides extensive risk disclosures in its Notes to the Financial Statements and our Annual Information Form.

10. ADDITIONAL INFORMATION

A. ECONOMIC ENVIRONMENT

During the second quarter of 2023, a restrictive monetary policy stance remained the focus of many Central Banks across developed nations – albeit to varying degrees. However, the economies of developed nations have proven to be resilient. The most recent information from the Bureau of Economic Analysis indicates its advance estimate of GDP in the USA grew by an annual rate of 2.4% during the second quarter of 2023. The US Labor Department reported the United States' unemployment rate remained relatively strong at 3.6% as at June 30, 2023 as nonfarm payroll employment increased by 209,000 during the month of June. The Consumer Price Index for All Urban Consumers increased by 3.0% for the 12-month period ended June 2023 – the smallest 12-month appreciation since March 2021. During the second quarter of 2023, the Federal Open Market Committee implemented one 25 basis points rate hike. At the end of June 2023, the target range for the federal fund rates stood at 5.00% to 5.25%. At the end of the second quarter of 2023, the S&P 500 Index and Nasdaq Composite Index were up approximately 8.74% and 13.05% respectively. In addition, the MSCI Emerging Market Index returned 90 basis points during the quarter under review. At the end of the second quarter of 2023, the 10-year US Treasury yield stood at 3.81%, up from 3.48% as of March 31, 2023. Similarly, the short end of the US yield curve also steepened as the 2-year US Treasury yield stood at 4.87% as of June 30, 2023, up from 4.06% as of March 31, 2023 – deepening the inversion of the US yield curve.

While economic headwinds have not dissipated, economic activity in the Eastern Caribbean Currency Union is expected to be modest. The International Monetary Fund in its April 2023 release of the World Economic Outlook projects real GDP in the Eastern Caribbean Currency Union to grow by 4.5% in 2023 and 4.0% in 2024. According to the Central Bank of Barbados Economic Review for the period January to June 2023, Barbados' economy grew by 3.9% during the first six months of 2023. According to this publication, economic growth in Barbados is expected to expand within a range of 4% and 5% during 2023. In addition, Barbados' 12-month moving average inflation rate was 5.9% for the 12-month period ending May 2023. At the end of June 2023, Barbados' Gross International Reserve stood at approximately US $1,554.4 million or 33.0 weeks of import coverage. Based on the International Monetary Fund's most recent Article IV consultation with Trinidad and Tobago, the twin island's real GDP is expected to grow by 3.2% in 2023. According to the Central Statistical Office, the change in Trinidad and Tobago's consumer price index at June 2023 compared to June 2022, reflects a 5.8% increase. In June 2023, Trinidad and Tobago's Monetary Policy Committee maintained its Repo Rate at 3.5% - where it has stood since March 2020. At the end of June 2023, the country's Net Official Reserve stood at US $6.6 billion or approximately 8.2 months of import cover. The Statistical Institute of Jamaica estimated the Jamaican economy grew by 4.2% in the first quarter of 2023 compared to the similar period in 2022. Jamaica's point-to-point inflation rate for the twelve months ending June 2023 stood at 6.3 per cent. At the end of the second quarter of 2023, the Monetary Policy Committee in Jamaica maintained the Bank of Jamaica's policy rate at 7.00%.

B. QUARTERLY FINANCIAL DISCLOSURES

The following table provides a summary of Sagicor's results from continuing operations for the three-month periods ended June 30, 2023, March 31, 2023, June 30, 2022 and March 31, 2022. A more complete discussion of our historical quarterly results can be found in our interim and annual MD&A for the relevant periods.

(in millions of US $, unless otherwise noted)	**Q2 2023**	**Q1 2023**	**Restated Q2 2022**	**Restated Q1 2022**
Net insurance service result	**25.2**	2.3	33.7	12.0
Net investment income/(expenses)	**115.9**	219.6	(233.9)	(121.5)
Net insurance finance income/(expense)	**15.5**	(133.7)	203.6	73.2
Total insurance and investment result	**156.6**	88.2	3.4	(36.3)
Fees and other income	**31.1**	32.5	39.3	36.6
Share of income of associates and joint ventures	**2.6**	0.5	1.9	2.3
Other operating expenses	**(73.9)**	(74.1)	(83.4)	(71.6)
Other interest and finance costs	**(34.7)**	(30.1)	(24.9)	(21.8)
Income/(loss) before taxes	**81.7**	17.0	(63.7)	(90.8)
Income taxes	**(21.4)**	(7.8)	(4.3)	8.5
Net income/(loss)	**60.3**	9.2	(68.0)	(82.3)
Income/(loss) attributable to shareholders	**48.8**	1.4	(81.2)	(81.0)
Basic EPS $	**0.342**	0.010	0.569	0.566
Diluted EPS $	**0.339**	0.010	0.569	0.566
Return on shareholders' equity (annualised)[14]	**43.9%**	1.3%	(64.7%)	(53.0%)
Dividends declared per share $	**0.05625**	0.05625	0.05625	0.05625
Dividends paid per share $	**0.113**	-	0.113	-
Total assets	**11,040.5**	10,775.0	10,455.2	10,435.5
Total equity attributable to shareholders	**462.5**	428.3	443.8	559.7
Income/(loss) attributable to shareholders by operating segment:				
Sagicor Life	**8.7**	6.0	(0.4)	0.5
Sagicor Jamaica	**10.8**	7.3	13.3	(2.4)
Sagicor Life USA	**54.6**	4.4	(35.5)	(75.3)
Head office, other & inter-segment eliminations	**(25.3)**	(16.3)	(58.6)	(3.8)
Total	**48.8**	1.4	(81.2)	(81.0)

[14] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

C. KEY FACTORS AFFECTING RESULTS

A variety of factors affect Sagicor's results, including:

(i) sales of core products and services;
(ii) life insurance and annuity policy lapse experience;
(iii) insurance claims experience;
(iv) investment yields;
(v) asset default;
(vi) country inflation and taxes;
(vii) sensitivity arising from the measurement of contract assets and liabilities;
(viii) Sagicor's expansion into new geographic markets (in the United States) and product markets (in Jamaica) through portfolio and / or company acquisitions; and
(ix) the continuing availability of appropriately priced reinsurance treaties for life, health and property and casualty insurance.

Sales of core products and services

Growth in sales enables Sagicor to allocate its fixed operating expenses over larger revenues and subsequently increases its profitability. The impact is very significant for the Sagicor Life and Sagicor Jamaica operating segments which sell significant amounts of periodic premium life insurance and annuity policies. The pricing of such products is either fixed at the issue of each policy or may limit the extent of cost recovery over the duration of the policy which can extend over decades. Growth in sales enables Sagicor to contain the growth in unit policy operating expenses.

Lapse experience

With respect to periodic premium life insurance and annuity policies, lapse experience is a factor of profitability. Many of these polices have up-front commission, policy issue and medical underwriting costs which are only recovered in full if the policy is premium paying for the initial years of its duration. If the policy lapses during the initial years, Sagicor will not fully recover its up-front costs and incur a loss on that policy.

For the same reasons that the quantum of sales of insurance policies is an important factor in maintaining insurance policy unit costs of administration, the rates of lapse or termination of inforce policies impacts the policy unit costs incurred. The lower the lapse or termination rate, the more policies are inforce, enabling Sagicor to contain growth in unit policy administrative costs.

Insurance claims experience

Across all lines of insurance, claims experience is a factor in profitability. In establishing rates of premium, Sagicor provides for appropriate levels of claims experience, be it rates of mortality for life insurance, rates of longevity for annuities, rates of morbidity for disability and health insurance, or rates of contingent losses for property and casualty insurance. Claims rates incurred in excess of pricing have adverse consequences for profitability, and conversely, claims rates incurred at levels below pricing impact profitability positively.

Investment yields

Across applicable lines of insurance and across financial contracts issued by Sagicor, investment yield is important to the profitability of the Group. Higher investment yields enable Sagicor to achieve higher interest margins (defined as the difference between interest earned and payable) on applicable insurance contracts and financial contracts. With lower investment yields, the interest margins are generally lower and may be eliminated if Sagicor is not able to earn a guaranteed rate of interest which is payable under the insurance or financial contract.

For long-term life insurance and annuity contracts, the Appointed Actuaries within the Group determine each segment's actuarial liabilities at December 31 by discounting the cash flows using the relevant yield. These rates, including the ultimate rates of return, affect the quantum of actuarial liability determined.

Asset default

The recognition of an un-anticipated default from an invested asset, may have immediate negative consequences for profitability. Sagicor maintains certain invested assets for which the full return (of capital and of interest) is borne by insurance and /or financial contract-holders. In such instances, Sagicor is generally not exposed to asset default risk. However, for other invested assets, for which Sagicor is exposed to default risk, the default risk may be entirely borne by Sagicor's shareholders, or the risk is shared by Sagicor's shareholders and insurance and /or financial contract-holders. In such instances, the impact on profitability will be negative.

For long-term life insurance and annuity contracts, the Appointed Actuaries within the Group determine each segment's actuarial liabilities at December 31 after factoring in the expected rates of asset default. Should asset default rates over time be lower than expected, profitability is impacted positively. Conversely, if asset default rates over time are higher than expected, profitability is impacted negatively.

Country inflation and taxes

As with other key factors affecting profitability, changes in the level of country inflation and taxes impact the operating costs of the Sagicor Group, immediately and in the longer term.

Actuaries within the Group determine each segment's actuarial liabilities as of December 31 after factoring in expected levels of operating expenses. Higher inflation and taxation levels result is adverse consequences for profitability and lower inflation and taxation levels result in positive consequences for profitability.

Sensitivity arising from the measurement of contract assets and liabilities

The measurement of contract assets and liabilities is sensitive to the assumptions made. Changes in those assumptions could have a significant effect on the measurement of contract assets and liabilities which are discussed below.

The measurement of contract assets and liabilities of life insurance and annuity contracts is sensitive to:

- insurance risk, (mortality, morbidity, longevity, expense and policyholder decision risk),
- impact of possible movements in key assumptions, and
- Risk adjustment for non-financial risk.

Expansion into new markets and company acquisitions

While Sagicor has endured for over 180 years, its product offerings and geographic markets have evolved. Markets often have different preferences for certain products and any successful venture into new markets need to adapt to market tastes. Sagicor only ventures into new markets or offers new products after extensive research and appraisal.

Company acquisitions has been a strategy employed by the Sagicor Group over the last twenty years. As a result of these acquisitions, Sagicor's assets include goodwill and other intangibles acquired on company acquisitions.

Reinsurance treaties

In order to offer useful insurance coverages to potential customers, the Group holds reinsurance coverages that allow potential policy benefits to exceed amounts which are prudent for Sagicor to undertake the claims risk. Reinsured amounts may be on a per policy basis, (i.e. in excess of a pre-determined insured amount) or may be based on the aggregation of the insured's coverages (i.e. the insured has several policies and the amount reinsured is the aggregate exceeding a pre-determined amount).

D. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Certain accounting estimates and judgements are recognised as critical because they require us to make particularly subjective or complex judgments about matters that are inherently uncertain and significantly different amounts could be reported under different conditions or using different assumptions.

1. Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The Group disaggregates information to disclose insurance contracts issued and reinsurance contracts issued separately. This disaggregation has been determined based on how the group is managed.

Contracts not measured under PAA

1.1 Areas of Judgement

Areas of judgement which broadly impact the Group's reporting include definition and classification of insurance contracts, the unit of account identified in which insurance contracts are assessed, and the level of aggregation applied for measurement and reporting purposes. Specific areas of judgement and estimates impacting contracts not measured under PAA are described in subsequent notes.

Definition and classification

- Whether contracts are within the scope of IFRS 17 and, for contracts determined to be within the scope of IFRS 17, what measurement model is applicable. The Group was required to determine the classification of contracts issued in Participating product lines as insurance or investment contracts.
- Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk. The Group issues investment contracts with discretionary participation features. In assessing whether these are within the scope of IFRS 17, the Group assessed if the discretionary amount is a significant amount of the total benefits.
- Whether contracts that were determined to be within the scope of IFRS 17 meet the definition of an insurance contract with direct participation features, particularly:
    - whether the pool of underlying items is clearly identified;
    - whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying items; and
    - whether the Group expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.

Unit of account

The Group was required to make judgements involved in combination of insurance contracts and separation of distinct components:

- Combination of insurance contracts - whether the contracts with the same or related counterparty achieve or are designed to achieve, an overall commercial effect and require combination.
- Separation – whether components in are distinct (that is, they meet the separation criteria).
- Separation of contracts with multiple insurance coverage – whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.

Contracts not measured under PAA, continued

1.1 Areas of Judgement, continued

Insurance contracts aggregation

The Group was required to make judgements involved in the identification of portfolios of contracts (that is, having similar risks and being managed together) This included the aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts and a similar grouping assessment for reinsurance contracts held.

Contracts not measured under PAA

Areas of judgements include:

- The determination of contract sets within portfolios and whether the Group has reasonable and supportable information to conclude that all contracts within a set would fall into the same group; and
- Judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

For contracts not measured under the PAA, the assessment of the likelihood of adverse changes in assumptions that might result in contracts becoming onerous is an area of judgement.

1.2. The methods used to measure insurance contracts

The Group primarily uses deterministic projections to estimate the present value of future cash flows.

The following assumptions were used when estimating future cash flows:

- Mortality and morbidity rates (life insurance and reinsurance business)

  Assumptions are based on standard industry and national tables, (tables from the Canadian Institute of Actuaries) according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type.

  An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Group.

- Longevity

  Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder gender, underwriting class and contract type. An increase in expected longevity will lead to an increase in expected cost of annuity payments which will reduce future expected profits of the Group.

- Expenses

  Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. Inflation is considered a non-financial assumption and is derived from the long run expense increases based on the Group's experience and management's expectation of the related expense control measures.

Contracts not measured under PAA (continued)

1.2 The methods used to measure insurance contracts (continued)

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational. The overheads are also consistently applied to all costs that have similar characteristics. An increase in the expected level of expenses will reduce future expected profits of the Group.

- Lapse and surrender rates

  Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and sales trends.

  An increase in lapse rates early in the life of the policy would tend to reduce profits of the Group.

1.3. Discount rates

Life insurance contract liabilities are calculated by discounting expected future cash flows. Discount rates are composed of an observable component, an assumed ultimate discount rate and interpolation between the two.

During the observable period, a top down approach was used, where the discount rate is determined as the yield implicit in the fair value of a reference portfolio adjusted for differences between the reference portfolio of assets and respective liability cash flows. Reference portfolios were selected to reflect the currency of the liabilities, the Group's investment strategies and the characteristics of the liabilities and are comprised of a mix of sovereign and corporate bonds available on the markets. The yield from the reference portfolio is adjusted to remove both expected and unexpected credit risk and, where applicable, other asset characteristics that are not related to the insurance contract liabilities. These adjustments are estimated using information from observed historical levels of default for bonds included in the reference portfolio.

Where cash flows vary with an underlying, cash flows are projected assuming returns on the underlying that are consistent with the discount rate.

1.4. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers non-financial risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

The Group has estimated the risk adjustment using a margin approach, calibrated to the cost of capital and target confidence levels. The margin approach involves applying shocks to the insurance assumptions used to project expected cash flows so as to produce an increase in the FCF. Shocks are selected using the projected cost of insurance risk capital such that the resulting risk adjustment falls within the Group's target confidence level range.

The risk adjustment for insurance and reinsurance contracts corresponds to a confidence level between 80% to 85% (2022 - between 80% to 85%).

Contracts not measured under PAA (continued)

1.5. Amortisation of the Contractual Service Margin

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in net income / (loss) as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group;
- Allocating the CSM at the end of the period (before recognising any amounts in net income / (loss) to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future;
- Recognising in net income/(loss) the amount allocated to coverage units provided in the period

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of insurance contracts, the quantity of benefits is the contractually agreed sum insured, maturity benefit or payout over the period of the contracts.

The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum potential loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

1.6. Assets for insurance acquisition cash flows

The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period. Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

Contracts not measured under PAA (continued)

1.7. Determination of IFRS 17 Transition Amount

The Group has adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was mostly applied to insurance contracts in force at the transition date that were originated less than 3-5 years prior to transition. The fair value approach was applied in circumstances where the full retrospective approach was impracticable. The transition approach was determined at the level of group of insurance contracts and affected the approach to calculating the CSM on initial adoption of IFRS 17 as follows:

- Full retrospective approach

  The CSM at initial recognition is based on initial assumption, when groups of contracts were recognised and rolled forward to the date of transition as if IFRS 17 has always been applied.

- Fair value approach

  The CSM (or the loss component) is determined as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at the transition date.

For all contracts measured under the fair value approach, the Group used reasonable and supportable information available at 1 January 2022 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a direct participating contract; and
- how to identify discretionary cash flows for contracts without direct participation features.

A group of contracts for fair value measurement includes contracts from multiple cohorts and years into a single unit for accounting purposes. For these groups, the discount rates on initial recognition were determined at 1 January 2022 instead of at the date of initial recognition.

In determining the fair value, the Group has applied the requirements of IFRS 13, *Fair Value Measurement*. An embedded value approach was used to determine the fair value of groups of insurance contracts for the purposes of applying the fair value approach. The embedded value is defined to be (a) the fulfilment cash flows plus (b) the cost of capital required to support the insurance contracts less (c) the value of the profits expected to emerge as the obligation is satisfied. The fair value for reinsurance contracts held was determined under the presumption that the market participant is the same market participant that would purchase the underlying direct contracts.

For groups of reinsurance contracts covering onerous underlying contracts, the loss-recovery component within the asset for remaining coverage was determined at the transition date by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at that date and the percentage of claims for the underlying insurance contracts the Group expects to recover from the reinsurance contracts held.

Contracts measured under PAA

2. Areas of Judgement

Areas of judgement which broadly impact the Group's reporting include definition and classification of insurance contracts, the unit of account identified in which insurance contracts are assessed, and the level of aggregation applied for measurement and reporting purposes. Specific areas of judgement and estimates impacting contracts measured under PAA are described in subsequent notes.

For insurance contracts with a coverage period of more than one year and for which the entity applies the PAA, the eligibility assessment might involve significant judgement. All contracts measured by the Group under the PAA have a coverage period of one year or less. Thus, no assessment for the PAA is separately required and no judgement was involved. For contracts measured under the PAA, the assessment of the likelihood of adverse changes in applicable facts and circumstances is an area of judgement.

Contracts measured under PAA, (continued)

2. Areas of Judgement, (continued)

For insurance contracts issued measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

The determination of whether laws or regulations constrain the Group's practical ability to set a different price or level of benefits for policyholders with different risk profiles, so that the Group might include such contracts in the same group, disregarding the aggregation requirements, is an area of judgement.

All contracts measured by the Group were determined to be non-onerous on initial recognition.

3. Insurance and reinsurance contracts

The Group applies the PAA to simplify the measurement of insurance contracts in its general insurance and group life and health insurance portfolios. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group has elected not to discount the cash flows within the LIC for certain groups of contracts where the cash flows are expected to be paid within a year of the date on which the claim is incurred. For all groups of contracts, the Group includes an explicit risk adjustment for non-financial risk.

3.1 Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim counts based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

3.2 Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally require to remove the uncertainty that future cash flows will exceed the expected value amount.

The Group has estimated the risk adjustment by using the margin approach. Risk adjustment percentages were determined according to a confidence level range of 70% to 75%.

Contracts measured under PAA (continued)

3. Insurance and reinsurance contracts, (continued)

3.3 Assets for insurance acquisition cash flows

The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the Group revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

E. CHANGES TO ACCOUNTING POLICIES IN 2023

The Group's June 2023 condensed consolidated financial statements have been prepared using the same accounting policies and methods used in preparation of the audited 2022 annual consolidated financial statements, except for changes introduced by the adoption of IFRS 17 - 'Insurance Contracts' ("IFRS 17"), as this standard became effective January 1, 2023. On the implementation of IFRS 17 - Insurance Contracts, the Group elected to amend its policies on IFRS 9 - Financial Instruments.

Amendments to new and existing IFRS standards effective January 1, 2023, applicable to the Group

IFRS 17 - Insurance Contracts

The Group has initially applied IFRS 17, including any consequential amendments to other standards, from January 1, 2023, for the first time. The standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts. With the adoption of IFRS 17, the Group has elected to designate some financial assets, which are currently held at amortised cost and fair value through OCI (FVTOCI) which support insurance liabilities, at fair value through profit and loss (FVTPL). Refer to the IFRS 9 – Financial instruments ("IFRS 9") section for further details of amendments to this standard which was previously implemented by the Group on January 1, 2018.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Except for the changes below, the Group has consistently applied the accounting policies as set out in Note 2 to the 2022 consolidated annual financial statements. The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of IFRS 17 are summarised below.

i. Recognition, measurement and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM unless the contract is onerous.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

The Group no longer applies shadow accounting to insurance-related assets and liabilities. As stated previously the Group has elected to designate some financial assets, which were previously held at amortised cost and fair value through OCI (FVTOCI) which support insurance liabilities, at fair value through profit and loss (FVTPL).

Insurance finance income and expenses are presented separately from insurance revenue and insurance service expenses in the statement of income.

PAA will mainly be applied to short duration contracts where the policy's contract boundary is one year or less. This includes contracts, such as group life and health and general insurance business. Under PAA, insurance contracts are measured based on unearned premiums and the accounting is broadly similar to the Group's historical approach under IFRS 4.

Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in net income / (loss). Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

For an explanation of how the Group accounts for insurance and reinsurance contracts under IFRS 17, see Note 2.1 to the Group's June 2023 interim financial statements.

ii. Changes to presentation and disclosure

For presentation in the statement of financial position, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are assets
- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line-item descriptions in the statement of income and other comprehensive income have been changed when compared with last year. Previously, the Group reported the following line items:

- Premium revenue
- Reinsurance premium expense
- Net premium revenue
- Policy benefits and change in actuarial liabilities
- Policy benefits and net change in actuarial liabilities reinsured
- Net policy benefits and net change in actuarial liabilities

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Finance income/ expense from insurance contracts issued
- Finance income/ expense from reinsurance contracts held

The Group provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

iii. Transition

The Group adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was mostly applied to the insurance contracts in force at the transition date that were originated less than 3-5 years prior to transition. Where the full retrospective approach was determined to be impracticable, the fair value approach was applied.

The Group identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied and any resulting net difference was recognised in equity.

The Group has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item and EPS. The effects of adopting IFRS 17 on the consolidated financial statements at January 1, 2022 are presented in the statement of changes in equity.

Insurance and reinsurance contracts

The Group applied the full retrospective approach or the fair value approach in IFRS 17 to identify, recognise and measure certain groups of contracts at January 1, 2022. The full retrospective approach was mostly applied to the insurance contracts in force at the transition date that were originated less than 3-5 years prior to transition.

The Group considers the full retrospective approach impracticable for some contracts under the following circumstance:

- The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons.

The full retrospective approach required assumptions about what Group management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight.

IFRS 9 Financial Instruments

With the adoption of IFRS 17, the Group has elected to designate some financial assets, which were previously held at amortised cost and fair value through OCI (FVTOCI) which support insurance liabilities, at fair value through profit and loss (FVTPL). IFRS 9 – Financial instruments ("IFRS 9") was previously implemented by the Group on January 1, 2018. The Group has restated prior periods to reflect changes in designation or classification of its financial assets held in respect of activities connected with contracts within the scope of IFRS 17 effective January 1, 2022. The group recognised the difference between the previous carrying amount of those financial assets and the carrying amounts of those financial assets at the transition date in retained earnings.

The principal IFRS 9 accounting policies are described in note 2.9 of the 2022 annual consolidated financial statements.

F. LITIGATION OR OTHER MATTERS

The Group is subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated. In respect to claims asserted against the Group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended, cannot be reasonably estimated or will result in exposure to the Group which is immaterial to both the financial position and the results of operations. Details of significant matters have been disclosed in the Group's 2022 audited financial statements.

G. SHARE BUYBACK PROGRAMME

During the six-month period ended June 30, 2023, the Company repurchased 552,468 shares at a total cost of US $2.0 million (1,064,372 shares at a total cost of US $5.5 million for the six-month period ended June 30, 2022), which were subsequently cancelled. Share capital and share premium in equity have been reduced by the cost of the shares repurchased and commission paid on the transactions. The premium or discount paid on the repurchase of shares has been recorded directly in retained earnings.

The cost of shares totaling US $0.4 million, which were repurchased at the period end date but not cancelled, (US $0.01 million as at June 30, 2022), has been reflected in treasury shares.

H. RELATED PARTY TRANSACTIONS

Note 47 of the 2022 audited financial statements provides additional information on related party transactions.

I. BOARD OF DIRECTORS

Mr. Stephen McNamara ceased to be a director on June 16, 2023, as he did not seek re-election as a director at the shareholders' meeting held on that date, having attained the maximum age for a director of 72 years. This brings the total number of directors to fourteen.

J. ACQUISITION/DISPOSAL OF INTERESTS IN SUBSIDIARIES

ivari

On August 24, 2022, Sagicor entered into a definitive agreement to indirectly acquire ivari, a leading middle-market individual life insurer in Canada and a subsidiary of Wilton Re Ltd., subject to various customary conditions, including receipt of required regulatory approvals.

The expected consideration, to be paid in cash at closing of the transaction is estimated to be CDN$375 million, subject to certain adjustments.

The transaction is expected to be financed mainly through new debt and cash on hand. The Group has entered into a commitment for up to US $320 million of new debt financing in the form of a five-year senior secured loan facility. Certain terms, conditions and covenants come into effect when the loan is drawn down and the agreement finalised.

As at June 2023, fees totalling US $13 million have been paid to date in relation to the financing commitment entered into for the acquisition of ivari.

K. DISPOSAL OF INSURANCE OPERATIONS

Curacao and St. Maarten

On October 5, 2022, the Group entered into an agreement for the sale of its operations in Curacao and St. Maarten. The sale is subject to receipt of regulatory approval. The effective date of disposal shall be the last business day of the month in which all regulatory approvals are obtained. The agreement may be terminated by either party if regulatory approval is not received within nine months of the signing date.

The purchaser is expected to assume the insurance and other liabilities of the Group's operations in Curacao and St. Maarten as at the effective date, in exchange for assets which shall exceed the value of the liabilities transferred by US $3.0 million.

Panama

On May 30, 2023, the Group entered into an agreement for the sale of its wholly owned subsidiary, Sagicor Panama S.A., to Sagicor - Capital & Advice Spain S.L, a subsidiary of Sagicor Costa Rica, in which the Group holds a 24.56% ownership interest. The sale is subject to receipt of regulatory approval. The effective date of the disposal shall be ten calendar days after the receipt of regulatory approval. The agreed purchase price shall be the book value of the company as at the effective date of approval.

L. SUBSEQUENT EVENTS

I. On August 2, 2023, Sagicor Financial Company Ltd. entered into a credit agreement for the establishment of a senior unsecured revolving credit facility in an aggregate principal amount of up to US $125 million.

II. On August 10, 2023, the Board of Directors of Sagicor Financial Company Ltd. approved and declared a quarterly dividend of US $0.05625 per common share payable on September 13, 2023, to the shareholders of record at the close of business on August 23, 2023.

11. NON-IFRS FINANCIAL MEASURES

Return on Shareholders' Equity: IFRS does not prescribe the calculation of return on shareholders' equity and therefore a comparable measure under IFRS is not available. To determine this measure, reported net income/(loss) attributable to shareholders is divided by the average of the opening and closing common shareholders' equity for the period. The quarterly return on shareholders' equity is annualised. This measure provides an indication of overall profitability of the company.

Return on Total Equity: IFRS does not prescribe the calculation of return on total equity and therefore a comparable measure under IFRS is not available. To determine this measure, reported group net income/(loss) is divided by average of the opening and closing total equity for the period. The quarterly return on total equity is annualised.

Return on Investments: IFRS does not prescribe the calculation of return on Investments therefore a comparable measure under IFRS is not available. Return on investments measures the return on the investments relative to the value of the investments for a period. To determine this measure, investment income is divided by the average of opening and closing financial investments.

Book value per share: To determine the book value per share, shareholders' equity is divided by the number of shares outstanding at the period end, net of any treasury shares. All components of this measure are IFRS measures.

Minimum Continuing Capital and Surplus Requirements (MCCSR): Sagicor voluntarily adopted the Canadian Minimum Continuing Capital and Surplus Requirement ("MCCSR") standard as its risk-based assessment measure to provide a consolidated view of capital adequacy. The MCCSR was a standard used by Canadian regulators from 1992 until 2018, when it was superseded by the Life Insurance Capital Adequacy Test (LICAT). When it was in place, the minimum standard recommended by the Canadian regulators was an MCCSR of 150.0%. Canadian practices for calculation of the MCCSR evolved and changed from inception through its replacement. In jurisdictions where the MCCSR is currently prescribed, such as Jamaica, the MCCSR guidance is not consistent with the most recent Canadian MCCSR guidelines or with current Canadian capital standards under LICAT. Sagicor has made certain interpretations in our calculation of the MCCSR, in consultation with our appointed actuary, which are believed appropriately reflect the risk-based assessment of our capital position, including accounting for CSM in MCCSR. As the MCCSR is no longer prescribed by Canadian regulators and is interpreted in different ways by our local regulators, there can be no assurance that Sagicor's MCCSR figures are comparable to current reporting by Canadian life insurers or that of Canadian life insurers at any single point in time since the implementation of the MCCSR. IFRS does not prescribe the calculation for the MCCSR, therefore a comparable measure under IFRS is not available.

Debt-to-capital ratio: The debt-to-capital ratio is the ratio of notes and loans payable (refer to note 16 to the 2022 audited annual financial statements) to total capital, where capital is defined as the sum of notes and loans payable, contractual service margin and total equity. This ratio measures the proportion of debt a company uses to finance its operations as compared with its capital.

Debt-to-equity ratio: The debt-to-equity ratio is the ratio of notes and loans payable (refer to note 16 to the 2022 audited annual financial statements) to total equity, including accounting for CSM in equity. This ratio measures the proportion of debt a company uses to finance its operations as compared with its equity. IFRS does not prescribe the calculation of debt-to-equity ratio, therefore a comparable measure under IFRS is not available.

Dividend pay-out ratio: This is the ratio of dividends paid per share to basic earnings per common share. IFRS does not prescribe the calculation of dividend pay-out ratio, therefore a comparable measure under IFRS is not available.

Total capital: This measure provides an indicator for evaluating the Company's performance. Total capital is the sum of shareholder's equity, notes and loans payable, contractual service margin and non-controlling interest. This measure is the sum of several IFRS measures.

Market capitalisation: Market capitalisation is the value a company is traded on the stock market. It is calculated by multiplying the total number of shares by the present share price, at a given date. IFRS does not prescribe the calculation of market capitalization, therefore a comparable measure under IFRS is not available.

Capital base to risk-weighted assets: This capital adequacy measure is based on the guidelines developed by the Financial Services Commission (FSC), the Bank of Jamaica (BOJ), Basel II and the Risk Management and Compliance Unit. The required information is filed with the respective Regulatory Authorities at stipulated intervals. The BOJ and

the FSC require each regulated entity to hold the minimum level of regulatory capital, and to maintain a minimum ratio of total regulatory capital to the risk-weighted assets. The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of each asset and counterparty, taking into account any eligible collateral or guarantees. IFRS does not prescribe the calculation for Capital base to risk-weighted assets, therefore a comparable measure under IFRS is not available.

CSM balance growth: This ratio measures the growth in expected future profits year on year. IFRS does not prescribe the calculation of CSM balance growth, therefore a comparable measure under IFRS is not available.

Revenues: Revenues is the sum of three IFRS measures: insurance revenue, net investment income, and fees and other income.

New business CSM: This measure is the amount of the contractual service margin added from contracts initially recognised in the period.

Total net CSM: This measure is the balance of the direct contractual service margin net of reinsurance contractual service margin.

Net CSM to shareholders: This measure is the amount of the Total net CSM attributable to shareholders.

Shareholders' equity and net CSM to shareholders: This measure is the sum of common shareholders' equity and net CSM to shareholders and is an important measure for monitoring growth and measuring insurance businesses' value.

Estimated Core Earnings

Core earnings is intended to remove from reported earnings or loss the impacts of the following items that create volatility in Sagicor's results under IFRS, or that are not representative of its underlying operating performance. Each of these items is classified as a supplementary financial measure and has no directly comparable IFRS financial measure disclosed in Sagicor's financial statements to which the measure relates, nor are reconciliations available, including among others unexpected market-related impacts, changes in assumptions, management actions, certain acquisition or disposition related amounts and others such as one-time costs, amortization of intangibles, and tax effects of the aforementioned items. The estimated core earnings to shareholders for Q2 2023 can be reconciled to net income to shareholders as follows:

Reported Earnings and Estimated Core Earnings Reconciliation (US$ millions)	
Net income to shareholders	**48.8**
Market experience gains and losses	(52.7)
Changes in actuarial methods and assumptions	0.4
Other (includes tax, one-time costs, amortization of intangibles)	16.6
Estimated core earnings to shareholders	**13.0**

12. CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This forward-looking information and these assumptions include, but are not limited to, statements about the Company's objectives and strategies to achieve those objectives, and about its beliefs, plans, expectations, anticipations, estimates, or intentions. Information included in this MD&A that is not a statement of historical fact is forward-looking information. When used in this MD&A, words such as "believes," "may," "will," "estimate," "would," "should," "shall," "plans," "assumes," "continue," "outlook," "could," "anticipates," "intends," "expects," and words of similar import, are intended to identify statements containing forward-looking statements. These statements appear throughout this MD&A. Such forward-looking statements are based on Sagicor's estimates, assumptions, strategies and projections and subject to known and unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond its control and which may cause actual results, events or developments to be significantly different from any future results, events or developments expressed or implied by such forward-looking statements.

Risk factors include, but are not limited to, the following: fluctuations in the fixed income markets may adversely affect Sagicor's profitability and financial condition; the success of Sagicor's operations in the United States depends on Sagicor's ability to grow its business; Sagicor's financial targets may prove materially inaccurate or incorrect; Sagicor's exposure to the credit risk of its counterparties could adversely affect its profitability; differences between actual claims experience and estimated claims at the time the product was priced may result in increased losses, and so Sagicor's policy reserves may be insufficient to cover actual policy benefits; Sagicor could be forced to sell investments at a loss to cover policyholder withdrawals; Sagicor's risk management policies and procedures could leave Sagicor exposed to unidentified or unanticipated risks, which could negatively affect Sagicor's business or result in losses; illiquidity of certain investment assets may prevent Sagicor from selling investments at fair prices in a timely manner; Sagicor's fiduciary relationship with certain counterparties could adversely affect its profitability; a prolonged labour dispute could hurt Sagicor's business; disease outbreaks may negatively impact the performance of Sagicor and its subsidiaries; a failure to successfully integrate Sagicor's acquisitions could adversely affect Sagicor's operations and profitability; a failure to successfully execute current and future strategic acquisitions could adversely affect Sagicor's profitability; Sagicor's business is highly regulated and subject to numerous laws and regulations; litigation and regulatory proceedings outcomes could adversely affect Sagicor's business; companies in the financial services industry are sometimes the target of law enforcement investigations and the focus of increased regulatory scrutiny; there may be adverse consequences if the status of Sagicor's independent contractors is successfully challenged; failures to implement or comply with legally required anti-money laundering practices could subject Sagicor to sanctions and/or criminal and civil penalties; the amount of statutory capital that Sagicor's insurance subsidiaries have and the amount of statutory capital that they must hold to maintain their financial strength and credit ratings and meet other requirements can vary significantly from time to time and are sensitive to factors outside of Sagicor's control; a failure to maintain adequate levels of surplus capital may result in increased regulatory scrutiny or a downgrade by the private rating agencies; Sagicor's financial condition may be adversely affected by geopolitical events; Sagicor operates in a highly competitive industry; Sagicor faces significant competition mainly from national and regional insurance companies and from self-insurance, and Sagicor also faces competition from global companies – this competition could limit Sagicor's ability to gain or maintain its position in the industry and could materially adversely affect its business, financial condition and results of operations; brokers that sell Sagicor's products may sell insurance products of Sagicor's competitors and such brokers may choose not to sell Sagicor's products; computer viruses, network security breaches, disasters or other unanticipated events could affect Sagicor's data processing systems or those of its business partners and could damage Sagicor's business and adversely affect its financial condition and results of operations; a financial strength downgrade in Sagicor's A.M. Best ratings or any other negative action by a rating agency may increase policy surrenders and withdrawals, adversely affect relationships with advisors and negatively affect Sagicor's financial condition and results of operations; the unpredictable nature of the property and casualty insurance industry may cause fluctuations in Sagicor's results; Sagicor may be unable to reinsure risks on terms that are commercially reasonable or satisfactory to Sagicor, or Sagicor's reinsurers may fail to meet assumed obligations, increase rates, or be subject to adverse developments, negatively affecting Sagicor's business, financial condition and result of operations; Sagicor's business model depends on the performance of various third parties including actuarial consultants and other service providers; negative publicity in the insurance industry could adversely affect Sagicor; Sagicor depends on key personnel, and if they were to leave Sagicor, Sagicor might have an insufficient number of qualified employees; Sagicor is highly dependent upon economic, political and other conditions and developments in Barbados, Jamaica, Trinidad and Tobago, the United States and the other jurisdictions in which it operates; Sagicor's financial condition and operating results may be adversely affected by foreign exchange fluctuations; foreign exchange controls may restrict Sagicor's ability to receive distributions from its subsidiaries and any such distributions may be subject to foreign withholding taxes; catastrophes and weather-related events, such as hurricanes, may adversely affect Sagicor; disease outbreaks may negatively impact the performance of Sagicor and its subsidiaries; the performance of Sagicor's group life insurance may be adversely affected by the characteristics of the employees insured or through unexpected

catastrophic events such as natural disasters; Sagicor's credit ratings may be reduced, which may adversely affect Sagicor; Sagicor may be subject to Bermuda tax; Bermuda's compliance with the Organization for Economic Cooperation and Development international tax standards could subject Sagicor to additional taxes; legislation enacted in Bermuda in response to the European Union's review of harmful tax competition could adversely affect Sagicor's operations and financial condition; any additional taxes resulting from changes to tax regulations or the interpretation thereof in countries in which it does business could negatively impact Sagicor's financial condition; Sagicor Financial Company Ltd. is a holding company and is dependent upon distributions from subsidiaries to pay taxes and other expenses.

Additional information about material risk factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in this MD&A under "Risk Management", "Key Factors Affecting Results," and "Critical Accounting Estimates and Judgements" and in the "Financial Risk" and "Insurance Risk" notes to the consolidated financial statements. The forward-looking statements in this document are, unless otherwise indicated, stated as of the date hereof and are presented for the purpose of assisting investors and others in understanding our financial position and results of operations, our future operations, as well as our objectives and strategic priorities, and may not be appropriate for other purposes. We do not undertake to update any forward-looking statements, except as required by law.