SAGICOR FINANCIAL COMPANY LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the three-month and twelve-month periods ended December 31, 2023 and December 31, 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 investment and administration, property and casualty insurance, and a suite of ancillary non-insurance financial products and services, including banking and investment management, which are provided to two client segments, individuals and groups/corporations. Sagicor operates across 20 countries across the Caribbean, the United States of America ("USA"), and Canada.

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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
EAD	Exposure At Default
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
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFRS IC	International Financial Reporting Standards Interpretation Committee
LGD	Loss Given Default
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
PD	Probability of Default
POCI	Purchase or Originated Credit-Impaired
SICR	Significant Increase in Credit Risk
SOFR	Secured Overnight Financing Rate
SPPI	Solely Payments of Principal and Interest
VFA	Variable Fee Approach

1. TRANSITION TO IFRS 17 – INSURANCE CONTRACTS

Sagicor Financial Company Ltd and its subsidiaries ("Sagicor", the "Group", or the "Company") 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 2023 Annual 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

Sagicor recorded net income of US $503.5 million for the three-month period ended December 31, 2023, compared to a loss of US $103.4 million for the corresponding period in 2022. Net income attributable to common shareholders was US $485.3 million compared to US $71.9 million for the same period in the prior year.

Net income and net income attributable to shareholders benefitted from a favourable performance from our Sagicor Canada segment of US $122.1 million in the three-month period ended December 31, 2023. The Group experienced positive mark-to-market movements on financial assets carried at FVTPL. In the prior year, Sagicor reported mark-to-market declines on financial assets resulting from increasing interest rates.

For the year ended December 31, 2023, Sagicor recorded net income of US $584.2 million, compared to a loss of US $133.1 million for the corresponding period in 2022. Net income attributable to common shareholders was US $532.1 million compared to a loss of US $164.4 million for the same period in the prior year. Absent the gain on business acquisition, Group net income and net income attributable to shareholders would have been US $135.9 million and US $83.8 million, respectively for the year ended December 31, 2023. The Return on Equity[1] (annualised) for the year ended December 31, 2023, was 94.5%, (18.5% excluding the gain on business acquisition), compared to a loss of 30.0% 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.

Total assets grew to US $22,384.9 million at December 31, 2023, from the US $10,621.4 million at December 31, 2022, and reflects the addition of US $9,660.2 million in assets acquired in the business acquisition mentioned above, coupled with positive mark-to-market movements on financial instruments, also mentioned previously. The Group's book value per share[1] closed at US $6.88 per share, compared to US $3.01 per share at December 31, 2022.

Sagicor's capital remains strong, with the Group closing the period with a Minimum Continuing Capital and Surplus Requirement (MCCSR)[1] of 301%, compared to 276% at December 31, 2022 (restated), well above our target capital standards. As of December 31, 2023, Sagicor's LICAT[1] ratio was 136%.

[1] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

3. FINANCIAL SUMMARY

	Three months ended December 31			Year ended December 31		
(in millions of US $, unless otherwise noted)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Profitability						
Group net income/(loss)	**503.5**	103.4	>100%	**584.2**	(133.1)	>100%
Group net income/(loss)[2]	**55.2**	103.4	(47%)	**135.9**	(133.1)	>100%
Net income/ (loss) attributable to common shareholders	**485.3**	71.9	>100%	**532.1**	(164.4)	>100%
Net income/ (loss) attributable to common shareholders[2]	**37.0**	71.9	(49%)	**83.8**	(164.4)	>100%
Earnings per share:						
Basic earnings	**$3.43**	$0.50	>100%	**$3.74**	($1.15)	>100%
Basic earnings [2]	**$0.26**	N/A	-	**$0.60**	N/A	-
Fully diluted	**$3.37**	$0.50	>100%	**$3.67**	($1.15)	>100%
Fully diluted [2]	**$0.26**	N/A	-	**$0.58**	N/A	-
Return on shareholders' equity (annualised)[3]	**211.0%**	73.6%	137.4 pts	**94.5%**	(30.0%)	124.6 pts
Return on shareholders' equity (annualised) [2, 3]	**30.8%**	N/A	-	**18.5%**	N/A	-
Net Insurance and Investment Result						
Sagicor Life	**14.0**	57.5	(76%)	**65.4**	89.3	(27%)
Sagicor Jamaica	**77.4**	99.8	(22%)	**253.8**	176.7	44%
Sagicor Life USA	**(7.4)**	32.8	(<100%)	**121.9**	(99.2)	>100%
Sagicor Canada	**181.8**	-	-	**181.8**	-	-
Head office, Other and adjustments	**(3.5)**	0.4	(<100%)	**(17.8)**	(36.0)	51%
Total net insurance and investment result	**262.3**	190.5	38%	**605.1**	130.8	>100%
Financial Position						
Total assets	**22,384.9**	10,621.4	>100%	**22,384.9**	10,621.4	>100%
Operating liabilities	**20,110.2**	9,252.4	>100%	**20,110.2**	9,252.4	>100%
Notes and loans payable	**945.7**	632.5	50%	**945.7**	632.5	50%
Book value per common share [3]	**6.88**	3.01	>100%	**6.88**	3.01	>100%
Financial Strength						
Debt to capital ratio [3]	**26.6%**	31.0%	(4.3) pts	**26.6%**	31.0%	(4.3) pts
Dividends declared per common share	**0.05625**	0.05625	-	**0.22500**	0.22500	-
Total capital [3]	**3,553.3**	2,043.6	74%	**3,553.3**	2,043.6	74%
CSM balance growth - net [3]	**332.0%**	10.4%	321.6 pts	**89.5%**	16.4%	73.2 pts
CSM balance growth net [3] - excluding growth on ivari acquisition	**9.2%**	N/A	-	**5.9%**	N/A	-
Average common shares outstanding (000's)	**142,246.2**	142,905.5	-	**142,246.2**	142,905.5	-
Outstanding shares, at end of period (000's)	**141,065.2**	142,768.6	(1%)	**141,065.2**	142,768.6	(1%)
MCCSR[3], at end of period	**301%**	276%	25 pts	**301%**	276%	25 pts
LICAT[3] at end of period	**136%**	N/A	-	**136%**	N/A	-

[2] Excluding gain on ivari acquisition

[3] Represents a non-IFRS measure: refer to Section 11 - 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 twelve-month periods ended December 31, 2023 with comparative analysis for the corresponding periods ended December 31, 2022. This MD&A should be read in conjunction with the Company's annual financial statements, prepared in accordance with IFRS Accounting Standards (IFRS) 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. (TSX: SFC) is a leading financial services provider with over 180 years of history which operates across the Caribbean, in the USA, and Canada. 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 2023 consolidated financial statements.

Following the demutualisation of The Barbados Mutual Life Assurance Society in November 2002 and the list of Sagicor 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, SFCL 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.

Sagicor Financial Company Ltd. now trades on the Toronto Stock Exchange under the symbols "SFC" (shares) and "SFC.WT" (warrants). With a listing on the Toronto Stock Exchange, SFCL'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 four reporting operating segments, namely Sagicor Life, Sagicor Jamaica, Sagicor Life USA and Sagicor Canada.

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 and Tobago),
- Sagicor Life Jamaica Limited (Jamaica),
- Sagicor Bank Jamaica Limited (Jamaica),
- Sagicor Life Insurance Company (USA).
- ivari (Canada)

The Group also underwrites property and casualty insurance in the Caribbean.

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 our business in the markets in which we operate and actively supporting the communities.

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 Judgements; 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 March 26, 2024.

5. CONSOLIDATED GROUP RESULTS

A. Profitability

Group net income/(loss	Three months ended December 31			Year ended December 31		
(in millions of US $)	2023	2022 Restated	Change	2023	2022 Restated	Change
Net income/(loss) is attributable to:						
Common shareholders	**485.3**	71.9	>100%	**532.1**	(164.4)	>100%
Non-controlling interest	**18.2**	31.5	(42%)	**52.1**	31.3	66%
Group net income/(loss)	**503.5**	103.4	>100%	**584.2**	(133.1)	>100%
Net income/(loss) attributable to Common shareholders by operating segment						
Sagicor Life	**(30.7)**	46.7	(<100%)	**(13.3)**	37.0	(<100%)
Sagicor Jamaica	**17.3**	30.5	(43%)	**49.6**	28.8	72%
Sagicor Life USA	**(23.0)**	14.6	(<100%)	**41.1**	(122.8)	>100%
Sagicor Canada	**122.1**	-	-	**122.1**	-	-
Head office, Other and adjustments	**399.6**	(19.9)	>100%	**332.6**	(107.4)	>100%
Net income / (loss)	**485.3**	71.9	>100%	**532.1**	(164.4)	>100%
Earnings per common share (EPS):						
Basic earnings	**$3.43**	$0.50	>100%	**$3.74**	($1.15)	>100%
Basic earnings[4]	**$0.26**	N/A	-	**$0.60**	N/A	-
Fully diluted	**$3.37**	$0.50	>100%	**$3.67**	($1.15)	>100%
Fully diluted[4]	**$0.26**	N/A	-	**$0.58**	N/A	-
Return on shareholders' equity (ROE)[5]	**211.0%**	73.6%	137.4 pts	**94.5%**	(30.0%)	124.6 pts
Return on shareholders' equity (ROE)[4, 5]	**30.8%**	N/A	-	**18.5%**	N/A	-

For the three-month period ended December 31, 2023, the Group reported net income of US $503.5 million compared to US $103.4 million for the corresponding period in 2022, an increase of US $400.1 million. Net income attributable to common shareholders totaled US $485.3 million compared to US $71.9 million for the corresponding period in 2022, an improvement of US $413.4 million. Absent the gain on business acquisition previously mentioned, net income was US $55.2 million and net income attributable to common shareholders was US $37.0 million. The Return on Shareholders' equity[5] (annualised), for the quarter was 211.0%, 30.8% excluding the gain on business acquisition, compared to 73.6% (annualised) for the same period in 2022.

For the year ended December 31, 2023, the Group reported net income of US $584.2 million, compared to a loss of US $133.1 million for the corresponding period in 2022. Net income attributable to common shareholders for the year was US $532.1 million, compared to a loss of US $164.4 million reported for the corresponding period in the prior year. Absent the gain on business acquisition previously mentioned, Group net income was US $135.9 million and net income attributable to common shareholders was US $83.8 million. The Return on Shareholders' equity[5] for the year was 94.5%, (18.5% excluding the gain on business acquisition) compared to a loss of 30.0% for the same period in 2022.

The results for the three-month period and year ended December 31, 2023, reflected the gain arising on the business acquisition (US $448.3 million), following the ivari acquisition for cash consideration of US $271.2 million. This acquisition led to the establishment of the Sagicor Canada segment. The results include the post-acquisition financial performance of the Sagicor Canada segment which has net income of US $122.1 million in the quarter, as well as the positive impact of mark-to-market movements on financial assets across the Group. The prior year results included mark-to-market declines due to increasing interest rates.

[4] Excluding gain on ivari acquisition

[5] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

The Earnings per Share (EPS - basic) for the year ended December 31, 2023 was US $3.74 per share, US $0.60 excluding the gain on business acquisition, compared to a loss of US $1.15 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 December 31, 2023.

B. Business Growth

Net insurance and investment result	**Three months ended December 31**			**Year ended December 31**		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance revenue	**349.1**	164.0	>100%	**862.5**	614.7	40%
Insurance service expenses	**(276.6)**	(119.7)	(<100%)	**(696.0)**	(493.0)	(41%)
Net expenses from reinsurance contracts held	**(52.4)**	(10.9)	(<100%)	**(95.2)**	(37.2)	(<100%)
INSURANCE SERVICE RESULT	**20.1**	33.4	(40%)	**71.3**	84.5	(16%)
(Loss)/ gain on derecognition of amortised cost investments	**(0.3)**	4.2	(<100%)	**-**	4.3	(100%)
(Loss)/gain on derecognition of financial assets carried at FVTOCI	**(0.4)**	(5.2)	92%	**2.3**	(0.7)	>100%
Interest income earned from financial assets measured at amortised cost and FVTOCI	**60.5**	54.5	11%	**224.0**	178.7	25%
Credit impairment loss	**(0.8)**	(2.3)	65%	**(3.9)**	(4.1)	5%
Other investment income/(loss)	**1,076.4**	113.2	>100%	**1,331.3**	(454.2)	>100%
NET INVESTMENT INCOME/(EXPENSES)	**1,135.4**	164.4	>100%	**1,553.7**	(276.0)	>100%
Finance income/(expenses) from insurance contracts issued	**(1,214.9)**	(16.0)	(<100%)	**(1,366.7)**	343.9	(<100%)
Finance income/(expenses) from reinsurance contracts held	**321.8**	8.7	>100%	**346.8**	(21.6)	>100%
Net insurance finance income/(expenses)	**(893.1)**	(7.3)	(<100%)	**(1,019.9)**	322.3	(<100%)
Net insurance and investment result	**262.4**	190.5	38%	**605.1**	130.8	>100%
Total Net insurance and investment result by Operating Segment						
Sagicor Life	**14.0**	57.5	(76%)	**65.4**	89.3	(27%)
Sagicor Jamaica	**77.4**	99.8	(22%)	**253.8**	176.7	44%
Sagicor Life USA	**(7.4)**	32.8	(<100%)	**121.9**	(99.2)	>100%
Sagicor Canada	**181.9**	-	-	**181.8**	-	-
Head office, Other and Adjustments	**(3.5)**	0.4	(<100%)	**(17.8)**	(36.0)	51%
Net insurance and investment result	**262.4**	190.5	38%	**605.1**	130.8	>100%

Net insurance and investment result totalled US $262.3 million for the three-month period ended December 31, 2023, an increase of US $71.8 million, compared to US $190.5 million reported for the same period in 2022. For the year ended December 31, 2023, net insurance and investment result totalled US $605.1 million, compared to US $130.8 million for the corresponding period in 2022. The results for the three-month period and year ended December 2023 reflected results of the recently established Sagicor Canada segment (US $181.8 million), following the ivari acquisition, coupled with the positive impact of mark-to-market movements on financial assets across the Group. The prior year results included mark-to-market declines due to increasing interest rates during the period.

B. Business Growth, continued

NET INSURANCE AND INVESTMENT RESULT

An analysis of insurance service result for the three-month and twelve-month periods ended December 31, 2023 and 2022, is included in the following tables.

Insurance service result	Three months ended December 31			Year ended December 31		
(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	**157.0**	32.6	>100%	**275.0**	141.4	94%
Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	**24.6**	6.8	>100%	**45.9**	25.9	77%
CSM recognised in net income for the services provided	**56.4**	27.1	>100%	**129.9**	83.7	55%
Insurance acquisition cash flows recovery	**9.0**	3.2	>100%	**25.4**	8.6	>100%
Insurance revenue for contracts not measured under the PAA	**247.0**	69.7	>100%	**476.2**	259.6	83%
Insurance revenue from contracts measured under the PAA	**102.1**	94.3	8%	**386.3**	355.1	9%
Total insurance revenue	**349.1**	164.0	>100%	**862.5**	614.7	40%
Insurance service expenses						
Incurred claims and other directly attributable expenses	**(228.4)**	(99.2)	(<100%)	**(555.5)**	(405.3)	(37%)
Losses on onerous contracts and reversal of those losses	**(24.7)**	(4.2)	(<100%)	**(60.5)**	(28.3)	(<100%)
Insurance acquisition cash flows amortisation	**(23.5)**	(16.3)	(44%)	**(80.0)**	(59.4)	(35%)
Total insurance service expenses	**(276.6)**	(119.7)	(<100%)	**(696.0)**	(493.0)	(41%)
Total net expense from reinsurance contracts held	**(52.4)**	(10.9)	(<100%)	**(95.2)**	(37.2)	(<100%)
Total insurance service result	**20.1**	33.4	(40%)	**71.3**	84.5	(16%)
Total insurance service result by Operating Segment						
Sagicor Life	**(8.1)**	(1.0)	(<100%)	**15.2**	26.4	(42%)
Sagicor Jamaica	**19.0**	29.8	(36%)	**52.5**	46.7	12%
Sagicor Life USA	**(14.6)**	3.3	(<100%)	**(20.0)**	11.6	(<100%)
Sagicor Canada	**23.8**	-	-	**23.8**	-	-
Head office, Other and Adjustments	**-**	1.3	(100%)	**(0.2)**	(0.2)	-
Total insurance service result	**20.1**	33.4	(40%)	**71.3**	84.5	(16%)

B. Business Growth, continued

NET INSURANCE AND INVESTMENT RESULT, continued

Quarterly (three-month period) results

Insurance revenue for the three-month period totalled US $349.1 million, compared to US $164.0 million for the same period in 2022, an increase of US $185.1 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 $177.3 million, with the recently established Sagicor Canada contributing US $167.9 million to the overall growth. Expected incurred claims and other attributable expenses added US $124.4 million (Sagicor Canada – US $116.7 million). Insurance acquisition cash flows recovery also increased by US $5.8 million.

Insurance revenue from contracts measured under the PAA (short-term life and health and property and casualty business) grew by US $7.8 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 $156.9 million (Sagicor Canada segment - US $106.5 million) during the December 2023 quarter to close at US $276.6 million. The increase was fuelled by higher incurred claims and other directly attributable expenses (US $129.2 million) due to business growth associated with our Sagicor Canada segment (US $105.2 million) as well as increased short-term health and property & casualty businesses in our Jamaica segment and the impact of changes in actuarial assumptions in our Sagicor Life segment. Our Sagicor Life USA segment was impacted by a one-time change in the current allocation of insurance expenses of US $5.9 million. The amortisation of insurance acquisition cash flows resulting from higher growing new business in our Sagicor Life and Sagicor Life USA segments, also increased, quarter on quarter, by US $7.2 million, while losses associated with onerous contracts increased by US $20.5 million, due to the impact of our review of actuarial assumptions mainly in our USA segment (US $9.8 million).

Net expenses from reinsurance held contracts totalled US $52.4 million for the three-month period ended December 31, 2023, compared to US $10.9 million for the corresponding period in 2022, an increase of US $41.5 million, fuelled by business growth associated with our Sagicor Canada segment (US $37.6 million).

The above factors contributed to total insurance service result of US $20.1 million for the fourth quarter of 2023, compared to US $33.4 million reported for the same period in 2022.

Net investment income/(expenses) totalled US $1,135.3 million for the fourth quarter of 2023, an increase of US $970.9 million, when compared to US $164.4 million reported in the prior year. Interest income earned by the Group on financial assets measured at amortised cost and FVTOCI totalled US $60.5 million, an increase of US $6.0 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 segment. For the current period, other investment income included net gains on FVTPL investments of US $1,076.1 million, with a significant contribution made by our Sagicor Canada segment (US $796.0 million). In the prior period, the Group reported lower net gains on FVTPL investments of US $115.8 million arising from mark-to-market declines associated with rising interest rates, across all segments.

Net insurance finance expenses totalled US $893.1 million for the three-month period ended December 31, 2023, an increase in expenses of US $885.8 million from US $7.3 million reported for the same period in 2022, with our Sagicor Canada segment contributing US $637.8 million to the variance. The overall increase in net insurance finance expense is driven by the impact of interest rates and was observed across all operating segments.

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

Insurance revenue for the year 2023 totalled US $862.5 million, compared to US $614.7 million for the same period in 2022, an increase of US $247.8 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 $216.6 million to close at US $476.2 million, with the recently established Sagicor Canada contributing US $167.9 million to the overall increase. Expected incurred claims and other attributable expenses added US $133.6 million (Sagicor Canada – US $116.7 million), representing portfolio growth. The increase in CSM recognised in net income for services provided for the year, was US $46.2 million (Sagicor Canada US $33.3 million) also contributed to the top line. Insurance acquisition cash flows recovery also increased by US $16.8 million.

Insurance revenue from contracts measured under the PAA (short-term life and health and property and casualty business) improved by US $31.2 million, year on year, was primarily due to growth in our Jamaica segment (US $25.0 million) from associated premium rate increases as well as continued growth in the employee benefits and property and casualty lines of business in our Sagicor Life segment (US $6.2 million).

Insurance service expenses increased by US $203.0 million (Sagicor Canada segment - US $106.5 million) during the year ended December 31, 2023, to close at US $696.0 million. The increase was fuelled by higher incurred claims and other directly attributable expenses (US $150.2 million) due to business growth associated with our Sagicor Canada segment (US $105.2 million) as well as increased short-term health and property & casualty businesses in our Jamaica segment and impact of changes in actuarial assumptions in our Sagicor Life segment. The amortisation of insurance acquisition cash flows as a result of higher new business particularly in our Sagicor Life and Sagicor Jamaica segments, also increased, year on year, by US $20.6 million, while losses associated with onerous contracts increased by US $32.2 million, and includes the effect of our review of actuarial assumptions in our Sagicor Life USA segment (US $13.3 million).

Net expenses from reinsurance held contracts totalled US $95.2 million for the year ended December 31, 2023, compared to US $37.2 million for the corresponding period in 2022, an increase of US $58.0 million, was driven primarily by business growth associated with our Sagicor Canada segment (US $37.5 million).

The above factors contributed to an overall total insurance service result which was revenue of US $71.3 million for the year ended December 31, 2023, and was below the revenue of US $84.5 million reported for the corresponding period in 2022.

Net investment income/(expenses) totalled income of US $1,553.7 million for the year ended December 31, 2023, an increase of US $1,829.7million, when compared to the loss of US $276.0 million reported in the prior year. Interest income earned by the Group on financial assets measured at amortised cost and FVTOCI totalled US $224.0 million, an increase of US $45.3 million when compared to the corresponding period in the prior year. This increase was due to higher interest rates and growth in our interest-bearing assets in our Sagicor Jamaica and USA segments. For the year ended December 31, 2023, other investment income included net gains on FVTPL investments of US $1,331.3 million, with a significant contribution made by our Sagicor Canada segment (US $796.0 million). Our Jamaica and Sagicor Life USA segments observed an improved performance over the prior year, reporting net gains on FVTPL investments during the year 2023 of US $73.5 million and US $356.3 million, respectively, due to more favorable market conditions. In the prior year, the Group reported net losses on FVTPL investments of US $456.2 million arising from mark-to-market declines associated with rising interest rates, particularly in our Sagicor Jamaica (US $82.9 million) and Sagicor Life USA (US $388.7 million) segments.

Net insurance finance (expenses)/income was a loss of US $1,019.9 million for the year ended December 31, 2023, down US $1,342.2 million from income of US $322.3 million reported for the same period in 2022, with our Sagicor Canada segment contributing US $637.9 million to the variance. This change was also observed in our Sagicor Jamaica (US $115.3 million) and Sagicor Life USA (US $515.9 million) segments. The significant increases in interest rates experienced in 2022, contributed to higher net insurance finance income being generated in the prior year.

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 twelve-month periods ended December 31, 2023, and December 31, 2022. The movement includes components which flow directly into the insurance service result reported in the consolidated statement of income.

	Three months ended December 31			Year ended December 31		
(in millions of US $)	2023	2022 Restated	Change	2023	2022 Restated	Change
CSM, beginning of period – Insurance contracts issued	**716.2**	683.9	5%	**713.5**	595.3	20%
Changes that relate to current service						
CSM recognised in net (income)/loss for the services provided	**(56.4)**	(27.1)	(<100%)	**(129.9)**	(83.6)	(55%)
Changes that relate to future service						
Changes in estimates that adjust the CSM	**(5.9)**	9.6	(<100%)	**(49.7)**	(11.2)	(<100%)
Contracts initially recognised in the period	**1,186.8**	40.1	>100%	**1,289.1**	187.4	>100%
	1,124.5	22.6	>100%	**1,109.5**	92.6	>100%
Finance expense from insurance contracts issued	**23.2**	6.0	>100%	**46.2**	22.1	>100%
Effect of exchange rate changes	**37.8**	1.0	>100%	**32.5**	3.5	>100%
Total amounts recognised in total comprehensive income	**1,185.5**	29.6	>100%	**1,188.2**	118.2	>100%
CSM, end of period – Insurance contracts issued	**1,901.7**	713.5	>100%	**1,901.7**	713.5	>100%
CSM, end of period – Reinsurance contracts held	**(623.1)**	(38.8)	(<100%)	**(623.1)**	(38.8)	(<100%)
CSM, end of period – Net[6]	**1,278.6**	674.7	90%	**1,278.6**	674.7	90%
CSM, end of period – Net, attributable to shareholders[6]	**1,135.0**	551.2	>100%	1,135.0	551.2	>100%
CSM balance (net) growth [6]	**332.0%**	10.4%	321.6 pts	**89.5%**	16.4%	73.2 pts
CSM balance (net) growth [6]- excluding growth on ivari acquisition	**9.2%**	N/A	-	**5.9%**	N/A	-

Quarterly (three-month period) results

The Group reported an increase in the CSM for insurance contracts issued, which closed at US $1,901.7 million at December 31, 2023, up from US $716.2 million at September 30, 2023. During the December 2023 quarter, the Group recognised US $56.4 million in income (of which US $33.3 million related to Sagicor Canada) compared to US $27.1 million recorded in the same period in 2022. Changes in estimates that adjust the CSM was an expense of US $5.9 million for the current quarter (of which an expense of US $20.3 million relates to Sagicor Canada), compared to income of US $9.6 million in the prior year, due mainly to the impact of actuarial basis changes. The impact of new business on the CSM quarter on quarter, saw an increase of US $1,146.7 million, with US $1,186.8 million being reported in the fourth quarter of 2023 compared to US $40.1 million in the same quarter in 2022. As a result of the Ivari acquisition, contracts initially recognized for the current quarter includes US $1,152.1 million relating to the contracts acquired on October 3, 2023.

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

The Group reported growth in the CSM for insurance contracts issued was US $1,188.2 million. CSM for insurance contracts closed at US $1,901.7 million at December 31, 2023 (December 31, 2022 – US $713.5 million). During the year ended December 31, 2023, the Group recognised US $129.9 million in income compared to US $83.6 million

[6] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

recorded in the same period in 2022. Changes in estimates that adjust the CSM was a loss of US $49.7 million for the current period (of which US $20.3 million relates to Sagicor Canada), compared to a loss of US $11.2 million in 2022, due mainly to the impact of actuarial basis changes. The impact of new business on the CSM year on year, an increase of US $1,101.7 million, with US $1,289.1 million being reported during the year ended December 31, 2023, compared to US $187.4 million in the same period in 2022. Our Sagicor Canada segment contributed US $1,152.1 million to this increase, for those contracts acquired on October 3, 2023.

D. Fees and Other Revenue

	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Fees and other revenue	**27.1**	36.4	(25%)	**117.6**	147.8	(20%)

Quarterly (three-month period) results

The Group generated fees and other revenues of US $27.1 million for the three-month period ended December 31, 2023, US $9.2 million below that reported for the same period in 2022.

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

The Group generated fees and other revenues of US $117.6 million for the year ended December 31, 2023, US $30.1 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. During the year ended December 31, 2022, the Group generated US $30.4 million in hotel revenues through the Sagicor Real Estate X-Fund.

E. Other Income

Other Income	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Gain arising on business combinations, acquisitions and divestures	**448.3**	-	-	**448.3**	-	>100%
Share of income of associates and joint ventures	**3.1**	0.8	>100%	**7.6**	7.8	25%
	451.4	0.8	>100%	**455.9**	7.8	>100%

Quarterly (three-month period) results

Earnings from other sources totalled US $451.4 million, representing the previously mentioned gain on business acquisition of US $448.3 million (December quarter 2022 – nil). The Group's share of income of associates and joint ventures totalled US $3.1 million for the quarter ended December 31, 2023, compared to US $0.8 million for the corresponding period in 2022, with improved performance observed in our Sagicor Life and Sagicor Jamaica segments.

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

Earnings from other sources totalled US $455.9 million, mainly representing the previously mentioned gain on business acquisition of US $448.3 million. During the third quarter of 2022, the Group also disposed of its investment in Sagicor Real Estate X Fund which gave rise to a gain of US $1.7 million. The Group's share of income of associates and joint ventures totalled US $7.6 million for the year ended December 31, 2023, compared to US $6.1 million for the corresponding period in 2022. The improved performance reported by our Sagicor Life segment (US $2.9 million) was reduced by lower income reported in our Sagicor Jamaica segment of US $1.6 million, which was due to a higher loss ratio reported by the Costa Rica joint venture in the first quarter of 2023.

F. Other Operating Expenses

Other Operating Expenses	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Administrative expenses	**101.3**	70.2	(44%)	**295.9**	263.2	(12%)
Commissions and related compensation	**1.5**	0.9	(67%)	**3.4**	2.7	(26%)
Asset taxes	**(1.0)**	0.7	>100%	**6.9**	8.4	18%
Depreciation, amortisation and impairment	**29.4**	5.3	(<100%)	**43.9**	23.6	(86%)
Total other operating expenses	**131.2**	77.1	(70%)	**350.1**	297.9	(18%)

Quarterly (three-month period) results

The Group reported other operating expenses for the three-month period ended December 31, 2023, totalling US $131.2 million, compared to US $77.1 million for the same period in 2022, an increase of US $54.1 million. Other operating expenses for the December 2023 quarter includes US $4.1 million relating to the Sagicor Canada segment which was established on October 3, 2023 following the ivari acquisition. Other operating expenses also includes one-off expenses associated with IFRS 17 and the ivari acquisition (US$ 16.5 million, combined).

Depreciation, amortisation and impairment expenses totalled US $29.4 million for the quarter ended December 31, 2023, US $24.1 million above the US $5.3 million reported for the same period in 2022. The increase is driven by the impairment of intangible assets (goodwill) totalling US $29.3 million, in our Sagicor Life segment.

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

The Group reported other operating expenses for the year ended December 31, 2023, totalling US $350.1 million, compared to US $297.9 million for the same period in 2022. Administrative expenses for 2022 include hotel expenses of US $22.0 million which are no longer incurred following the disposal of our investment in Sagicor Real Estate X-Fund in the third quarter of 2022. Excluding the hotel expenses incurred in 2022, the adjusted operating expenses for 2022 would have been US $241.2 million, which gives rise to an increase in administrative expenses of US $54.7 million, year on year. The increase in other operating expenses was due to higher communication and technology costs due to increases in software licenses, maintenance fees and data security charges and higher electronic channel charges in our Sagicor Jamaica segment (US $25.3 million). In addition, operating expenses include one-off costs associated with IFRS 17 and the ivari acquisition. Administrative expenses also include operational expenses associated with our subsidiary company Sagicor Bank (Barbados) Limited (US $9.8 million), which opened during the third quarter of 2022 and hence would not have incurred such levels of expenses during the prior year.

Depreciation, amortisation and impairment expenses totalled US $43.9 million for the year ended December 31, 2023, US $20.3 million above the US $23.6 million reported for the same period in 2022. The increase is driven by the impairment of intangible assets (goodwill) totalling US $29.3 million, in our Sagicor Life segment, net of the impact of the absence of depreciation expenses associated with our investment in Sagicor Real Estate X Fund. As mentioned previously, during the third quarter of 2022, the Group disposed of its investment in Sagicor Real Estate X Fund. During 2022, Sagicor Real Estate X-Fund reported US $3.8 million in depreciation and amortisation expenses.

G. Other Interest and Finance costs

	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Other interest and finance costs	**56.8**	28.3	(100%)	**155.3**	100.9	(54%)

Quarterly (three-month period) results

The Group incurred other interest and finance costs to the tune of US $56.8 million for the three-month period ended December 31, 2023, up US $28.5 million from the US $28.3 million reported for the three-month period ended December 31, 2022. Our new Sagicor Canada segment contributed US $13.9 million to the increase, while our Sagicor Jamaica segment reported an increase of US $2.4 million, quarter on quarter, due mainly to the effects of interest rates increases and growth in deposit and securities liabilities. In addition, our Sagicor Life segment contributed US $2.7 million to the increase observed, due to increased interest charges on other funding instruments due to higher short-term borrowing rates impacting those funding instruments. Finance costs also includes US $10.4 million associated with the revolving credit facility acquired in August 2023 and the floating rate term loan facility acquired on October 3, 2023 (US $9.9 million).

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

The Group incurred other interest and finance costs to the tune of US $155.3 million for the year ended December 31, 2023, up US $54.9 million from the US $100.9 million reported for the year ended December 31, 2022. Increased interest cost in our Sagicor Jamaica segment (US $15.7. million) was due to the impact of interest rate increases on funding with the investment and commercial banking business. An increase in the interest costs was also observed for other funding instruments in our USA segment (US $12.4 million) and was due to the impact of higher short-term borrowing rates on other funding instruments. Our Canadian segment also contributed US $13.9 million which represents interest and finance costs on other funding instruments, incurred for the post-ivari acquisition period. Finance costs also includes US $10.4 million associated with the revolving credit facility acquired in August 2023 (US $0.5 million) and the floating rate term loan facility acquired on October 3, 2023 (US $9.9 million).

H. Income taxes

Income taxes	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Income Taxes	**49.5**	18.9	(<100%)	**89.2**	20.7	(<100%)

Quarterly (three-month period) results

Income taxes was US $49.5 million for the three-month period ended December 31, 2023, compared to US $18.9 million for the same period in 2022, an increase of US $30.6 million. Our Sagicor Canada segment contributed US $42.0 million, the impact of which was reduced by lower income taxes reported in our Sagicor Life, Sagicor Jamaica and Sagicor Life USA segments.

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

Income taxes was US $89.2 million for the year ended December 31, 2023, compared to US $20.7 million for the same period in 2022, an increase of US $68.5 million, observed mainly in our Sagicor Life USA (US $35.9 million) segment which recorded improved performance over the prior year and our new Sagicor Canada segment contributed US $42.0 million.

I. Total Comprehensive Income

	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Net Income/(loss)	**503.5**	103.4	>100%	**584.2**	(133.1)	>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	**22.0**	10.2	>100%	**21.8**	(81.9)	>100%
Loss/(gain) transferred to income	**0.5**	4.2	(88%)	**(2.8)**	0.4	(<100%)
Retranslation of foreign currency operations	**30.7**	4.3	>100%	**17.4**	9.2	89%
	53.2	18.7	>100%	**36.4**	(72.3)	>100%
Items net of tax that will not be reclassified subsequently to income:						
Gain/(loss) on revaluation of owner-occupied and owner-managed property	**2.2**	(1.9)	>100%	**5.3**	13.4	(60%)
(Loss)/gain on defined benefit plans	**(4.4)**	(2.4)	(83%)	**(3.8)**	8.8	(<100%)
	(2.2)	(4.3)	49%	**1.5**	22.2	(93%)
Other comprehensive income/(loss)	**51.0**	14.4	>100%	**37.9**	(50.1)	>100%
Total Comprehensive Income/(loss)	**554.5**	117.8	>100%	**622.1**	(183.2)	>100%

Total comprehensive income	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Total comprehensive income/(loss) attributable to:						
Common shareholders	**527.8**	75.7	>100%	**566.8**	(211.4)	>100%
Non-controlling interests	**26.7**	42.1	(37%)	**55.3**	28.2	96%
Total Comprehensive Income/(loss)	**554.5**	117.8	>100%	**622.1**	(183.2)	>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 December 31, 2023, the Group reported net mark-to-market gains on financial assets measured at FVTOCI totalling US $22.0 million compared to gains of US $10.2 million for the same quarter in the prior year. Other comprehensive income for the current period also included retranslation gains of US $30.7 million of which US $27.5 million related to the impact of the appreciation of the Canadian dollar against the United States dollar and the remainder of the gain largely related to net impact of the appreciation of the Jamaican dollar against the United States dollar during the quarter.

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

During the year ended December 31, 2023, the Group reported net mark-to-market gains on financial assets measured at FVTOCI totalling US $21.8 million compared to losses of US $81.9 million for the same period in the prior year. The prior year was impacted negatively by rising interest rates. Other comprehensive income for the current period reported a retranslation gain of US $17.4 million. Included in the retranslation gain is the amount of US $27.5 million related to the impact of the appreciation of the Canadian dollar against the United States dollar. This translation gain was reduced by the net impact of a 2% depreciation of the Jamaican dollar against the United States dollar during the year.

6. RESULTS BY SEGMENT

Sagicor operates its business primarily through four reporting operating segments. These segments are: Sagicor Life, Sagicor Jamaica, Sagicor Life USA and Sagicor Canada. During the year, management made certain reorganizational changes moving its subsidiary, Sagicor General, to be 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. The Statement of Income by operating segment is presented on a three-month and twelve-month period basis for 2023 and 2022 as follows:

Fourth Quarter (three-month period) – December 31

(in millions of US $)	Sagicor Life		Sagicor Jamaica		Sagicor Life USA		Sagicor Canada		Head office & other		Adjustments		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Insurance service result	**(8.1)**	(1.0)	**19.0**	29.8	**(14.6)**	3.3	**23.8**	-	**-**	-	**-**	1.3	**20.1**	33.4
Net investment income/(expenses)	**46.6**	16.3	**85.3**	62.4	**211.1**	86.7	**795.9**	-	**11.3**	28.5	**(14.8)**	(29.5)	**1,135.4**	164.4
Net insurance finance (expenses)/income	**(24.5)**	42.2	**(26.9)**	7.6	**(203.9)**	(57.2)	**(637.8)**	-	**-**	-	**-**	0.1	**(893.1)**	(7.3)
Net insurance and investment result	**14.0**	57.5	**77.4**	99.8	**(7.4)**	32.8	**181.9**	-	**11.3**	28.5	**(14.8)**	(28.1)	**262.4**	190.5
Inter-segment other income and (expenses)	**(0.2)**	(0.1)	**(0.5)**	(0.2)	**(3.3)**	(2.9)	**-**	-	**(5.1)**	(4.9)	**9.1**	8.1	**-**	-
Fees and other income	**1.4**	1.8	**31.8**	33.2	**-**	-	**0.2**	-	**(6.3)**	2.0	**-**	(0.6)	**27.1**	36.4
Gain arising on business combinations, acquisitions and divestures	**-**	-	**-**	-	**-**	-	**-**	-	**448.3**	-	**-**	-	**448.3**	-
Share of income of associates and joint ventures	**2.1**	0.2	**1.0**	0.6	**-**	-	**-**	-	**-**	-	**-**	-	**3.1**	0.8
Other operating expenses	**(41.3)**	(7.6)	**(49.8)**	(48.2)	**(10.6)**	(5.9)	**(4.1)**	-	**(22.9)**	(14.7)	**(2.5)**	(0.7)	**(131.2)**	(77.1)
Other interest and finance costs	**(5.7)**	(3.0)	**(14.0)**	(11.6)	**(5.3)**	(4.3)	**(13.9)**	-	**(17.9)**	(9.4)	**-**	-	**(56.8)**	(28.3)
Segment income / (loss) before taxes	**(29.7)**	48.8	**45.9**	73.6	**(26.6)**	19.7	**164.1**	-	**407.4**	1.5	**(8.2)**	(21.3)	**552.9**	122.3
Income taxes	**(1.0)**	(2.1)	**(10.4)**	(11.7)	**3.6**	(5.1)	**(42.0)**	-	**0.3**	-	**-**	-	**(49.5)**	(18.9)
Segment net income / (loss)	**(30.7)**	46.7	**35.5**	61.9	**(23.0)**	14.6	**122.1**	-	**407.7**	1.5	**(8.2)**	(21.3)	**503.4**	103.4
Net income/(loss) attributable to shareholders	**(30.7)**	46.7	**17.3**	30.5	**(23.0)**	14.6	**122.1**	-	**407.8**	1.4	**(8.2)**	(21.3)	**485.3**	71.9

Year-to-Date (year ended) – December 31

(in millions of US $)	Sagicor Life		Sagicor Jamaica		Sagicor Life USA		Sagicor Canada		Head office & other		Adjustments		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Insurance service result	**15.2**	26.4	**52.5**	46.7	**(20.0)**	11.6	**23.8**	-	**-**	-	**(0.2)**	(0.2)	**71.3**	84.5
Net investment income/(expenses)	**142.2**	78.5	**228.3**	41.8	**405.0**	(360.4)	**795.8**	-	**41.5**	31.8	**(59.1)**	(67.7)	**1,553.7**	(276.0)
Net insurance finance (expenses)/income	**(92.0)**	(15.6)	**(27.0)**	88.2	**(263.1)**	249.6	**(637.8)**	-	**-**	-	**-**	0.1	**(1,019.9)**	322.3
Net insurance and investment result	**65.4**	89.3	**253.8**	176.7	**121.9**	(99.2)	**181.8**	-	**41.5**	31.8	**(59.3)**	(67.8)	**605.1**	130.8
Inter-segment other income and expenses	**(0.7)**	(0.6)	**(1.7)**	(1.2)	**(12.8)**	(10.5)	**-**	-	**(20.5)**	(21.6)	**35.7**	33.9	**-**	-
Fees and other income	**8.7**	4.7	**113.6**	138.2	**0.1**	0.1	**0.2**	-	**(5.0)**	4.7	**-**	0.1	**117.6**	147.8
Gain arising on business combinations, acquisitions and divestures	**-**	-	**-**	1.7	**-**	-	**-**	-	**448.3**	-	**-**	-	**448.3**	1.7
Share of income of associates and joint ventures	**6.1**	3.2	**1.6**	2.9	**-**	-		-	**-**	-	**-**	-	**7.7**	6.1
Other operating expenses	**(69.2)**	(33.3)	**(179.7)**	(185.7)	**(34.4)**	(27.9)	**(4.1)**	-	**(57.5)**	(50.3)	**(5.1)**	(0.7)	**(350.1)**	(297.9)
Other interest and finance costs	**(16.7)**	(12.9)	**(56.1)**	(40.4)	**(22.3)**	(9.9)	**(13.9)**	-	**(46.3)**	(37.7)	**-**	-	**(155.3)**	(100.9)
Segment income / (loss) before taxes	**(6.4)**	50.4	**131.5**	92.2	**52.5**	(147.4)	**164.1**	-	**360.5**	(73.1)	**(28.7)**	(34.5)	**673.3**	(112.4)
Income taxes	**(6.9)**	(13.4)	**(29.2)**	(31.9)	**(11.4)**	24.6	**(42.0)**	-	**0.3**	-	**-**	-	**(89.2)**	(20.7)
Segment net income / (loss)	**(13.3)**	37.0	**102.3**	60.3	**41.1**	(122.8)	**122.1**	-	**360.8**	(73.1)	**(28.7)**	(34.5)	**584.1**	(133.1)
Net income/(loss) attributable to shareholders	**(13.3)**	37.0	**49.6**	28.8	**41.1**	(122.8)	**122.1**	-	**361.3**	(72.9)	**(28.7)**	(34.5)	**532.1**	(164.4)

The performance of these reporting segments for the three-month and twelve-month periods ended December 31, 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 and Trinidad and 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 December 31			Year ended December 31		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance service result	**(8.1)**	(1.0)	(<100%)	**15.2**	26.4	(42%)
Gain on derecognition of amortised cost investments	**-**	-	-	**-**	0.6	(100%)
(Loss)/gain on derecognition of assets carried at FVTOCI	**-**	(0.4)	100%	**0.5**	(0.1)	>100%
Interest income earned from financial assets measured at amortised cost and FVTOCI	**8.6**	6.3	37%	**21.7**	20.4	6%
Credit impairment recovery	**(1.2)**	(0.6)	(100%)	**(0.3)**	0.4	(<100%)
Other investment income	**33.9**	6.0	>100%	**99.1**	34.9	>100%
Inter-segment investment income	**5.3**	5.0	6%	**21.2**	22.3	(5%)
Net investment income	**46.6**	16.3	>100%	**142.2**	78.5	81%
Net insurance finance expenses	**(24.5)**	42.2	(<100%)	**(92.0)**	(15.6)	(<100%)
Net insurance and investment result	**14.0**	57.5	(76%)	**65.4**	89.3	(27%)
Inter-segment expenses	**(0.2)**	(0.1)	(100%)	**(0.7)**	(0.6)	(17%)
Fees and other income	**1.4**	1.8	(22%)	**8.7**	4.7	85%
Share of income of associates and joint ventures	**2.1**	0.2	>100%	**6.1**	3.2	91%
Other operating expenses	**(41.3)**	(7.6)	(<100%)	**(69.2)**	(33.3)	(<100%)
Other interest and finance costs	**(5.7)**	(3.0)	(90%)	**(16.7)**	(12.9)	(29%)
Segment income before taxes	**(29.7)**	48.8	(<100%)	**(6.4)**	50.4	(<100%)
Income taxes	**(1.0)**	(2.1)	52%	**(6.9)**	(13.4)	49%
Segment net income/(loss)	**(30.7)**	46.7	(<100%)	**(13.3)**	37.0	(<100%)
Net income/(loss) attributable to shareholders	**(30.7)**	46.7	(<100%)	**(13.3)**	37.0	(<100%)
Return on Investments (annualised)[7]	**9.6%**	2.8%	6.8 pts	**7.1%**	3.5%	3.6 pts
Return on Equity (annualised)[7]	**(22.7%)**	34.8%	(57.5) pts	**(2.5%)**	6.9%	(9.4) pts
Return on Shareholder's Equity (annualised)[7]	**(22.7%)**	34.8%	(57.5) pts	**(2.5%)**	6.9%	(9.4) pts

<u>Quarterly (three-month period) results</u>

The Sagicor Life segment generated a net loss attributable to shareholders of US $30.7 million for the three-month period ended December 31, 2023, which was US $77.4 million below that reported for the corresponding period in 2022. The Sagicor Life segment impaired goodwill amounting to US $29.3 million during the quarter, as reported in other operating expenses.

[7] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Insurance Service Result

The segment reported insurance service result for the three-month period was a loss of US $8.1 million, compared to a loss of US $1.0 million for the same period in 2022. An analysis of the insurance service result is shown in the table below.

Insurance service result	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance revenue						
Insurance revenue for contracts not measured under the PAA	**26.9**	24.9	8%	**104.3**	96.3	8%
Insurance revenue from contracts measured under the PAA	**49.8**	47.0	6%	**195.6**	189.4	3%
Total insurance revenue	**76.7**	71.9	7%	**299.9**	285.7	5%
Total insurance service expenses	**(78.7)**	(66.4)	(19%)	**(257.7)**	(232.2)	(11%)
Total net income/(expenses) from reinsurance contracts held	**(5.9)**	(6.6)	11%	**(26.3)**	(26.6)	1%
Inter-segment insurance service result	**(0.2)**	0.1	(<100%)	**(0.7)**	(0.5)	(40%)
Total insurance service result	**(8.1)**	(1.0)	(<100%)	**15.2**	26.4	(42%)

Total insurance revenue grew by 7%, quarter on quarter, to close at US $76.7 million for the fourth quarter of 2023, compared to US $71.9 million for the same period in the prior year, an increase of US $4.8 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 $2.0 million and US $2.8 million, respectively.

Total insurance service expenses were US $78.7 million compared to US $66.4 million for the same period in the prior year, an increase of US $12.3 million, driven by the impact of changes in actuarial assumptions, 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 $46.6 million compared to US $16.3 million for the same period in the prior year, an increase of US $30.3 million. This increase was fuelled by higher positive mark-to-market movements on financial assets categorised as FVTPL in 2023. Overall, net gains reported for FVTPL investments totalled US $34.1 million for the December 2023 quarter (December 2022 quarter – US $7.6 million).

Net Insurance Finance Income/(Expenses)

Net insurance finance expenses were US $24.5 million compared to income of US $42.2 million for the same period in the prior year, an increase in expenses of US $66.7 million, and was due to the net impact of changes in interest rates and other financial assumptions with the prior period benefiting from rising interest rates while interest rates have remained relatively stable in the current period.

Fees and other income closed the period at US $1.4 million which was slightly below the US $1.8 million reported in the prior period. The decrease of US $0.4 million and was due mainly to higher foreign exchange losses reported during the current period.

Other operating expenses increased by US $33.7 million when compared to that reported for the fourth quarter of 2022 and totalled US $41.3 million. The increase is driven by the impairment of intangible assets (goodwill), amounting to US $29.3 million. Additionally operating expenses also includes one off cost relating to IFRS 17.

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

The Sagicor Life segment generated a net loss attributable to shareholders of US $13.3 million for the year ended December 31, 2023, which was US $50.3 million below the net income reported for the corresponding period in 2022. This result included the impairment of goodwill amounting to US $29.3 million.

Insurance Service Result

The segment reported total insurance service result for the current year of US $15.2 million, compared to US $26.4 million of the same period, a decline of US $11.2 million or 42%.

Total insurance revenue grew by 5% over the prior year to close at US $299.9 million for the year ended December 31, 2023, compared to US $285.7 million for the same period in the prior year, an increase of US $14.2 million. 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 $8.0 million and US $6.2 million, respectively. The increase in insurance revenue from contracts not measured under the PAA reflects the continued portfolio growth driven by new business sales with annualised premium income (API) of US $27.8 million being generated in the year (December 2022 – US $24.9 million) while the increase 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 $257.7 million compared to US $232.2 million for the same period in the prior year, an increase of US $25.5 million. This increase was driven by the impact of changes in actuarial assumptions, general growth in the portfolio, higher claims in our property & 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 $142.2 million compared US $78.5 million for the same period in the prior year, an increase of US $63.7 million (81%). This increase was driven by higher positive mark-to-market movements on financial assets categorised as FVTPL in 2023. Overall, net gains reported for FVTPL investments totalled US $97.8 million for the year ended December 31, 2023 (2022 – US $35.3 million). The value of fixed income securities was negatively impacted in the prior period by rising interest rates, while the current period experienced a relatively stable interest rate environment allowing for recovery of asset values.

Net Insurance Finance Income/(Expenses)

Net insurance finance expenses were US $92.0 million compared to US $15.6 million for the same period in the prior year, an increase of US $76.4 million, and was due mainly to the net impact of changes in interest rates with the prior period benefiting from rising interest rates, while interest rates have remained relatively stable in the current period.

Fees and other income closed the period at US $8.7 million compared to US $4.7 million in the prior period, an increase of US $4.0 million, due mainly to higher foreign exchange gains (US $2.2 million) reported during the current period coupled with higher miscellaneous income.

Other operating expenses increased by US $35.9 million when compared to that reported for the year ended December 31, 2022, and totalled US $69.2 million for the year ended December 31, 2023. The increase is driven by the impairment of intangible assets (goodwill), amounting to US $29.3 million. Additionally operating expenses also includes one off cost relating to IFRS 17.

Statement of Financial Position	As of		
(in millions of US $)	**December 31, 2023**	**December 31, 2022 Restated**	**Change**
Financial investments	**1,783.4**	1,613.2	11%
Reinsurance contract assets	**21.6**	23.8	(9%)
Insurance contract assets	**0.1**	3.6	(97%)
Other external assets	**342.1**	391.5	(13%)
Inter-segment assets	**509.0**	471.0	8%
Total assets	**2,656.2**	2,503.1	6%
Insurance contract liabilities	**1,520.9**	1,417.9	7%
Reinsurance contract liabilities	**10.9**	31.4	(65%)
Investment contract liabilities	**271.1**	272.3	-
Other external liabilities	**175.0**	94.2	86%
Inter-segment liabilities	**161.3**	142.5	13%
Total liabilities	**2,139.2**	1,958.3	9%
Net assets	**517.0**	544.8	(5%)

Financial investments totaled US $1,783.4 million (December 31, 2022 - US $1,613.2 million) and comprised 67% (December 31, 2022 - 64%) of the segment's total assets, and insurance contract liabilities totaled US $1,520.9 million (December 31, 2022 - US $1,417.9 million) and comprised 71% (December 31, 2022 - 72%) of the segment's total liabilities at the end of December 2023. Net assets include contractual service margin (net) of US $229.9 million as at December 31, 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 in the table below.

Contractual Service Margin	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
CSM, beginning of period – Insurance contracts issued	**249.3**	219.6	14%	**230.8**	202.8	14%
Changes that relate to current service						
CSM recognised in net (income)/loss for the services provided	**(6.6)**	(11.1)	41%	**(25.9)**	(27.3)	5%
Changes that relate to future service						
Changes in estimates that adjust the CSM	**(4.1)**	3.7	(<100%)	**(11.9)**	(1.8)	(<100%)
Contracts initially recognised in the year	**10.5**	17.1	(39%)	**48.5**	50.1	(3%)
Finance expense from insurance contracts issued	**2.5**	1.8	39%	**10.2**	7.1	46%
Effect of exchange rate changes	**0.2**	(0.4)	>100%	**0.1**	(0.1)	>100%
Total amounts recognised in total comprehensive income	**2.5**	11.1	(77%)	**21.0**	28.0	(25%)
CSM, end of period – Insurance contracts issued	**251.8**	230.7	9%	**251.8**	230.8	9%
CSM, end of period – Reinsurance contracts held	**(21.9)**	(12.0)	(83%)	**(21.9)**	(12.0)	(83%)
CSM, end of period – Net	**229.9**	218.7	5%	**229.9**	218.8	5%
CSM, end of period – Net, attributable to shareholders	**229.9**	218.7	5%	**229.9**	218.8	5%

Overall, the segment reported a 9% growth in the CSM for insurance contracts moving from US $230.8 million at December 31, 2022 to US $251.8 million as at December 31, 2023. During the current year, US $25.9 million (December quarter 2023 – US $6.6 million) was recognised in income compared to US $27.3 million (December quarter

2022 – US $11.1 million) recorded in the same period in 2022. The impact of new business on the CSM period on period, declined slightly, with US $48.5 million being reported during the year ended December 31, 2023 (December quarter 2023 – US $10.5 million) compared to US $50.1 million (December quarter 2022 – US $17.1 million) for the same period in 2022.

Overall, the net assets of the segment declined by 5% due to the net loss reported for the year ended December 31, 2023, coupled with dividends paid during the period.

B. Sagicor Jamaica

The Sagicor Jamaica segment offers life, health, annuity, property and casualty insurance, pension administration services, retail and commercial banking, investment banking, 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 December 31			Year ended December 31		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance service result	**19.0**	29.8	(36%)	**52.5**	46.7	12%
(Loss)/gain on derecognition of amortised cost investments	**(0.3)**	4.1	(<100%)	**-**	3.8	(100%)
Gain/(loss) on derecognition of assets carried at FVTOCI	**1.2**	(2.3)	>100%	**3.5**	0.3	>100%
Interest income earned from financial assets measured at amortised cost and FVTOCI	**41.1**	34.6	19%	**150.5**	122.5	23%
Credit impairment loss	**0.6**	(1.5)	>100%	**(2.9)**	(3.7)	22%
Other investment (loss)/income	**42.0**	27.5	53%	**74.8**	(81.1)	>100%
Inter-segment investment income	**0.7**	-	-	**2.4**	-	-
Net investment income/(expenses)	**85.3**	62.4	37%	**228.3**	41.8	>100%
Net insurance finance (expenses)/ income	**(26.9)**	7.6	(<100%)	**(27.0)**	88.2	(<100%)
Net insurance and investment result	**77.4**	99.8	(22%)	**253.8**	176.7	44%
Inter-segment other income and expenses	**(0.5)**	(0.2)	(<100%)	**(1.7)**	(1.2)	(42%)
Fees and other income	**31.8**	33.2	4%	**113.6**	138.2	(18%)
Gain arising on business combinations, acquisitions and divestures	**-**	-	-	**-**	1.7	(100%)
Share of income of associates and joint ventures	**1.0**	0.6	67%	**1.6**	2.9	(65%)
Other operating expenses	**(49.8)**	(48.2)	(3%)	**(179.7)**	(185.7)	3%
Other interest and finance costs	**(14.0)**	(11.6)	(21%)	**(56.1)**	(40.4)	(39%)
Segment income before taxes	**45.9**	73.6	(38%)	**131.5**	92.2	43%
Income taxes	**(10.4)**	(11.7)	11%	**(29.2)**	(31.9)	8%
Segment net income	**35.5**	61.9	(43%)	**102.3**	60.3	69%
Net income attributable to shareholders	**17.3**	30.5	(43%)	**49.6**	28.8	72%
Return on Investments (annualised)[8]	**11.5%**	8.9%	2.5 pts	**7.7%**	1.5%	6.3 pts
Return on Equity (annualised)[8]	**21.7%**	43.8%	(22.1 pts)	**15.8%**	9.1%	6.7 pts
Return on Shareholder's Equity (annualised)[8]	**21.0%**	41.7%	(20.7 pts)	**15.1%**	9.3%	5.8 pts

Quarterly (three-month period) results

The Sagicor Jamaica segment reported net income of US $35.5 million for the three-month period ended December 31, 2023, compared to US $61.9 million for the corresponding period in the prior year.

Net income attributable to shareholders was US $17.3 million, for the three-month period ended December 31, 2023, compared to US $30.5 million, for the fourth quarter of 2022. Net income and net income attributable to shareholders both benefited from an improved performance on the financial investment portfolio, the impact of which was lessened by increased operating, interest and finance costs.

[8] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Insurance Service Result

The Insurance service result for the period ended December 31, 2023, was US $19.0 million, compared to US $29.8 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 December 31			Year ended December 31		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance revenue						
Insurance revenue for contracts not measured under the PAA	**31.0**	25.8	20%	**117.2**	96.7	21%
Insurance revenue from contracts measured under the PAA	**52.3**	47.2	11%	**190.7**	165.7	15%
Total insurance revenue	**83.3**	73.0	14%	**307.9**	262.4	17%
Total insurance service expenses	**(57.2)**	(36.4)	(57%)	**(231.8)**	(196.3)	(20%)
Total net income / (expenses) from reinsurance contracts held	**(7.1)**	(6.8)	(4%)	**(23.6)**	(19.4)	(22%)
Total insurance service result	**19.0**	29.8	(36%)	**52.5**	46.7	12%

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 December 31, 2023, was US $31.0 million compared to US $25.8 million, an increase of US $5.2 million due mainly to continued positive experiences for expected claims and expenses (US $4.4 million). 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 $52.3 million compared to US $47.2 million, an increase of US $5.1 million or 11% largely as a result of increased premium rates.

Insurance service expenses totalled US $57.2 million for the fourth quarter of 2023 (December quarter 2022 – US $36.4 million), an increase of US $20.8 million or 57%, mainly due to an increase in incurred claims and other expenses (US $22.2 million) associated with short term health and property & casualty business net of lower losses on onerous contracts (US $3.6 million). Insurance acquisition cash flows amortised also increased quarter on quarter, by US $2.4 million.

Net expense from reinsurance contracts held was US $7.1 million for the three-month period ended December 31, 2023, compared to US $6.8 million reported for the same period in the prior year, an increase of US $0.3 million.

Net Investment Income/(Expenses)

Net investment income for the three-month period ended December 31, 2023, totalled US $85.3 million, compared to US $62.4 million, for the three-month period ended December 31, 2022. Interest income earned from financial assets measured at amortised cost and FVTOCI during the fourth quarter of 2023 was US $41.1 million, an increase of US $6.5 million, when compared to that reported for the three-month period ended December 31, 2022 (US $34.6 million), due to higher interest rates and growth in interest bearing assets.

Other investment income totalled US $42.0 million for the fourth quarter of 2023, compared to US $27.5 million reported for the same period in 2022. The movement was mainly as a result of fair value gains and interest income recognised on FVTPL securities in the current quarter (US $42.1 million), while net fair value gains and interest income on FVTPL securities recognised in the comparative quarter for 2022 was $28.8 million.

Net Insurance Finance Income/(Expenses)

Net insurance finance income was US $26.9 million for the three-month period ended December 31, 2023, compared to insurance finance income of US $7.6 million for the same period in 2022, an increase in expenses of US $34.5 million, and was mainly driven by the impact of changes in interest rates.

Fees and other income totalled US $31.8 million for the three-month period ended December 31, 2023, compared to US $33.2 million reported in the corresponding period of the prior year, a decrease of US $1.4 million. The Commercial Banking business loans and cards payment portfolios contributed positively to the results in current period.

The Sagicor Jamaica segment's share of income from associates and joint ventures totaled US $1.0 million for the three-month period ended December 31, 2023, compared to the US $0.6 million reported for the same period in 2022.

Other operating expenses for the Sagicor Jamaica segment totaled US $49.8 million for the fourth quarter of 2023, US $1.6 million above the US $48.2 million reported for the fourth quarter of 2022.

Other interest and finance costs for the December 2023 quarter was US $14.0 million, compared to US $11.6 million for the corresponding period in 2022, an increase of US $2.4 million due mainly to the effects of interest rates increases and growth in deposit and securities liabilities, particularly repurchase agreements and customer deposits.

Income taxes decreased by US $1.3 million to close at US $10.4 million for the December 2023 quarter.

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

The Sagicor Jamaica segment reported net income of US $102.3 million for the year ended December 31, 2023, compared to US $60.3 million, reported for the corresponding period in the prior year, an improvement of US $42.0 million.

Net income attributable to shareholders was US $49.6 million, for the year ended December 31, 2023, compared to US $28.8 million reported for the year ended December 31, 2022. Net income and net income attributable to shareholders were both impacted by growth in the insurance service result coupled with positive mark-to-market movements reported on FVTPL investments during the current period.

Insurance Service Result

The Insurance service result for the year 2023, was US $52.5 million, up US $5.8 million from the US $46.7 million reported 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 year ended December 31, 2023, was US $117.2 million compared to US $96.7 million, an increase of US $20.5 million. This increase was due to higher CSM recognised in the profit and loss for services provided during the period (US $5.7 million) coupled with lower expected incurred claims and other expenses (US $11.0 million). Insurance acquisition cash flow recoveries, also improved by US $3.1 million, period on period. 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 $190.7 million compared to US $165.7 million, an increase of US $25.0 million or 15% largely due to premium rate increases.

Insurance service expenses totalled US $231.8 million for the year ended December 31, 2023, compared to US $196.3 million reported for the same period in 2022, an increase of US $35.5 million or 20%, mainly due to an increase in incurred claims and other expenses (US $32.9 million) associated with short term health and property & casualty business coupled with higher insurance acquisition cash flows amortisation associated with business growth (US $5.9 million) net of a lower losses on onerous contracts of US $3.2 million, year on year.

Net expense from reinsurance contracts held was US $23.6 million for the year ended December 31, 2023, compared to US $19.4 million reported for the same period in the prior year, an increase of US $4.2 million. This increase is associated with reinsurance expenses associated with contracts measured under PAA.

Net Investment Income/(Expenses)

Net investment income for the year ended December 31, 2023, totalled US $228.3 million, compared to US $41.8 million, reported for the corresponding period in 2022. Interest income earned from financial assets measured at amortised cost and FVTOCI during the year ended December 31, 2023, was US $150.5 million, an increase of US $28.0 million (23%), when compared to that reported for the year ended December 31, 2022 (US $122.5 million), due to higher interest rates and growth in interest bearing assets.

Other investment income totalled US $74.8 million for the year ended December 31, 2023, compared to a loss of US $81.1 million reported for the same period in 2022. During 2022, the segment reported net losses on FVTPL investments of US $82.9 million driven by mark-to-market declines on financial assets due mainly to increasing interest rates, whilst during the year ended December 31, 2023, the segment benefitted from net gains of US $73.5 million.

Net Insurance Finance Income/(Expenses)

Net insurance finance expense was US $27.0 million for the year ended December 31, 2023, compared to insurance finance income of US $88.2 million for the same period in 2022. In 2022, the segment benefitted from income of US $76.8 million, as a result of the impact of increasing interest rates compared to expenses of US $26.9 million in the current period.

Fees and other income totalled US $113.6 million for the year ended December 31, 2023, compared to US $138.2 million reported in the corresponding period of the prior year, a decline of US $24.6 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 2022, the Jamaica segment generated US $30.4 million in hotel revenues, through the Sagicor Real Estate X-Fund.

Gain arising on business combinations, acquisitions and divestures was nil for the year ended December 31, 2023, compared to US $1.7 million for the corresponding period in the prior year. During the third quarter of 2022, the segment disposed of its investment in Sagicor Real Estate X Fund which gave rise to a gain of US $1.7 million.

Share of income from associates and joint ventures was US $1.6 million for the year ended December 31, 2023, compared to income of US $2.9 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 $179.7 million for the year ended December 31, 2023, US $6.0 million below the US $185.7 million reported for the corresponding period in 2022. During the year 2023 the segment reported increased other operating expenses due to increases in staff costs primarily due to inflation adjustments, higher communication and technology costs due to increases in software licenses, maintenance fees and data security charges, higher electronic channel charges and one-off costs associated with IFRS 17. During the year ended December 31, 2022, the Sagicor Jamaica segment incurred US $22.0 million in hotel expenses, through the Sagicor Real Estate X-Fund.

Other interest and finance costs for the year ended December 31, 2023, was US $56.1 million, compared to US $40.4 million for the corresponding period in 2022, an increase of US $15.7 million primarily due to interest rates increases on funding with the investment and commercial banking businesses.

Income taxes decreased by US $2.7 million to close at US $29.2 million for the year ended December 31, 2023.

Statement of Financial Position	**As of**		
(in millions of US $)	**December 31, 2023**	**December 31, 2022 Restated**	**Change**
Financial investments	**2,989.0**	2,855.1	5%
Reinsurance contract assets	**18.1**	10.9	66%
Insurance contract assets	**1.1**	-	-
Other external assets	**607.6**	549.6	11%
Inter-segment assets	**46.7**	26.1	79%
Total assets	**3,662.5**	3,441.7	6%
Insurance contract liabilities	**939.8**	900.3	4%
Reinsurance contract liabilities	**3.9**	-	-
Investment contract liabilities	**135.4**	133.5	1%
Other external liabilities	**1,887.4**	1,801.7	5%
Inter-segment liabilities	**3.5**	2.3	52%
Total liabilities	**2,970.0**	2,837.8	5%
Net assets	**692.5**	603.9	15%

Financial investments totaled US $2,989.0 million (December 31, 2022 - US $2,855.1 million) and comprised 82% (December 31, 2022 - 83%) of the segment's total assets, and insurance contract liabilities totaled US $939.8 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 December 2023. Net assets include contractual service margin (net) of US $292.0 million as at December 31, 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 December 31**			**Year ended December 31**		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
CSM, beginning of period – Insurance contracts issued	**279.5**	225.3	24%	**245.5**	198.3	24%
Changes that relate to current service						
CSM recognised in net (income)/ loss for the services provided	**(7.7)**	(8.1)	(5%)	**(34.4)**	(28.7)	(20%)
Changes that relate to future service						
Changes in estimates that adjust the CSM	**(0.6)**	14.7	(>100%)	**32.7**	29.6	10%
Contracts initially recognised in the year	**11.7**	10.1	16%	**36.3**	34.9	4%
Finance expense from insurance contracts issued	**3.0**	2.2	36%	**11.0**	7.9	39%
Effect of exchange rate changes	**1.0**	1.4	(29%)	**(4.2)**	3.5	(<100%)
Total amounts recognised in total comprehensive income	**7.4**	20.3	(64%)	**41.4**	47.2	(12%)
CSM, end of period – Insurance contracts issued	**286.9**	245.6	17%	**286.9**	245.5	17%
CSM, end of period – Reinsurance contracts held	(5.0)	(3.2)	(56%)	(5.0)	(3.2)	(56%)
CSM, end of period – Net	**281.9**	242.4	16%	**281.9**	242.3	16%
CSM, end of period – Net, attributable to shareholders	**138.4**	119.0	16%	**138.4**	119.0	16%

Overall, the segment reported growth in the CSM for insurance contracts issued for the year ended December 31, 2023, moving from US $245.5 million at December 31, 2022 to US $286.9 million as at December 31, 2023. During 2023, US $34.4 million (December quarter 2023 – US $7.7 million) was recognised in profit and loss for services provided, compared to US $28.7 million (December quarter 2022 – US $8.1 million) recorded in the same period in 2022. The impact of new business on the CSM for insurance contracts, was slightly higher than prior year's levels, totalling US $36.3 million for the year ended December 31, 2023 (December quarter 2023 – US $11.7 million versus US $10.1 million for December quarter 2022). The movement in the CSM includes adjustments which totalled US $42.9 million, compared to US $29.6 million, relating to the update of morbidity and mortality assumptions.

Overall net assets for the Sagicor Jamaica segment increased by 15% (US $88.6 million) moving from US $603.9 million as at December 31, 2022 (restated) to US $692.5 million at the end of December 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.

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 December 31			Year ended December 31		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance service result	**(14.6)**	3.3	(<100%)	**(20.0)**	11.6	(<100%)
Loss on derecognition of assets carried at FVTOCI	**-**	-	-	**-**	(0.1)	100%
Loss on derecognition of assets carried at FVTOCI	**(1.6)**	(2.5)	36%	**(1.8)**	(0.8)	(<100%)
Interest income earned from financial assets measured at amortised cost and FVTOCI	**12.9**	12.1	7%	**48.8**	29.1	68%
Credit impairment loss	**(0.2)**	(0.2)	-	**(0.5)**	(0.7)	(29%)
Other investment income/(loss)	**200.0**	77.3	>100%	**358.5**	(387.9)	>100%
Net investment income/(expenses)	**211.1**	86.7	>100%	**405.0**	(360.4)	>100%
Net insurance finance income /(expenses)	**(203.9)**	(57.2)	(<100%)	**(263.1)**	249.6	(<100%)
Net insurance and investment result	**(7.4)**	32.8	(<100%)	**121.9**	(99.2)	>100%
Inter-segment other income and expenses	**(3.3)**	(2.9)	(14%)	**(12.8)**	(10.5)	(22%)
Fees and other income	**-**	-	-	**0.1**	0.1	-
Other operating expenses	**(10.6)**	(5.9)	(80%)	**(34.4)**	(27.9)	(23%)
Other interest and finance costs	**(5.3)**	(4.3)	(23%)	**(22.3)**	(9.9)	(<100%)
Segment income / (loss) before taxes	**(26.6)**	19.7	(<100%)	**52.5**	(147.4)	>100%
Income taxes	**3.6**	(5.1)	>100%	**(11.4)**	24.6	(<100%)
Segment net income / (loss)	**(23.0)**	14.6	(<100%)	**41.1**	(122.8)	>100%
Net income/(loss) attributable to shareholders	**(23.0)**	14.6	(<100%)	**41.1**	(122.8)	>100%
Return on Investments (annualised)[9]	**18.2%**	8.4%	9.8 pts	**9.1%**	(9.3%)	18.4 pts
Return on Equity (annualised)[9]	**(36.4%)**	30.4%	(66.8 pts)	**18.5%**	(15.5%)	34.0 pts
Return on Shareholder's Equity (annualised) [9]	**(36.4%)**	30.4%	(66.8 pts)	**18.5%**	(15.5%)	34.0 pts

Quarterly (three-month period) results

The Sagicor Life USA segment reported a net loss of US $23.0 million for the three-month period ended December 31, 2023, compared to income of US $14.6 million for the corresponding period in the prior year, a decline of US $37.6 million. Despite positive mark-to-market movements in FVTPL financial assets and interest income earned from other financial assets, net income for the period was adversely affected by higher operating expenses and other interest and finance costs, and to a lesser extent, insurance service result losses.

[9] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Included in the quarter is US $18.4 million of finance expenses from insurance contracts issued related to actuarial assumption changes that were made in the prior quarter. These adjustments were made in the fourth quarter to ensure consistent application of policy throughout the year.

Insurance Service Result

Insurance service result for the three-month period ended December 31, 2023, was a loss of US $14.6 million, compared to income of US $3.3 million for the corresponding period in 2022, a decrease of US $17.9 million. An analysis of the insurance service result is shown in the table below.

Insurance service result	**Three months ended December 31**			**Year ended December 31**		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Insurance revenue						
Insurance revenue for contracts not measured under the PAA	**21.2**	19.0	12%	**86.8**	66.6	30%
Total insurance revenue	**21.2**	19.0	12%	**86.8**	66.6	30%
Total insurance service expenses	**(34.2)**	(17.0)	(<100%)	**(100.1)**	(64.6)	(55%)
Total net income / (expenses) from reinsurance contracts held	**(1.8)**	2.7	(<100%)	**(7.6)**	8.9	(<100%)
Inter-segment insurance service result	**0.2**	(1.4)	>100%	**0.9**	0.7	29%
Total insurance service result	**(14.6)**	3.3	(<100%)	**(20.0)**	11.6	(<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 December 31, 2023, increased by 12% (US $2.2 million) over that reported for the corresponding period, to close at US $21.2 million, as a result of an increased insurance book of business.

Insurance service expenses totalled US $34.2 million for the fourth quarter of 2023 (December quarter 2022 – US $17.0 million), an increase of US $17.2 million. This was primarily driven by the net impact of future financial (i.e., expense) assumption changes (US $9.8 million), and one time change in current allocation of insurance expenses (US $5.9 million).

Net income from reinsurance contracts held was an expense of US $1.8 million for the fourth quarter of 2023 compared to income of US $2.7 million for the fourth quarter of 2022, an increase in expenses of US $4.5 million.

Net Investment Income/(Expenses)

Net investment income for the three-month period ended December 31, 2023, totalled US $211.1 million, compared to US $86.7 million, for the three-month period ended December 31, 2022. Interest income earned on assets measured at amortised costs and FVTOCI during the fourth quarter of 2023 totalled US $12.9 million which was on par with that reported for the same period in 2022. Other investment income totalled US $200.0 million for the fourth quarter of 2023, compared US $77.3 million reported for the same period in 2022. During the fourth quarter of 2023 the segment benefitted from net gains on FVTPL investments of US $199.3 million (December quarter 2022 - gain of US $77.0 million) due to an increase in the fair value of FVTPL debt and equity securities.

Insurance Finance Income

Net insurance finance expenses totalled US $203.9 million for the three-month period ended December 31, 2023, compared to income of US $57.2 million reported for the fourth quarter of 2022, an increase in expenses of US $146.7 million and was mainly driven by the impact of changes in interest rates.

Overall, net insurance and investment result declined, quarter on quarter to close with a loss of US $7.4 million for the three-month period ended December 31, 2023, compared to income of US $32.8 million, reported for the corresponding period in the prior year.

Operating expenses for the fourth quarter of 2023 were US $10.6 million, US $4.7 million above the US $5.9 million reported for the fourth quarter of 2022. Operating expenses include non-recurring cost associated with the implementation of IFRS 17.

Other interest and finance cost totalled US $5.3 million for the three-month period ended December 31, 2023, compared to US $4.3 million for the fourth quarter of 2022, an increase of US $1.0 million and relates to increased interest charges on other funding instruments due to higher short-term borrowing rates impacting those funding.

Income taxes decreased by US $8.1 million, quarter on quarter, closing with an income tax credit of US $3.6 million for the three-month period ended December 31, 2023. This was due to the decline in the segment's performance when compared to the corresponding quarter in the prior year.

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

Sagicor Life USA segment reported net income of US $41.1 million for the year ended December 31, 2023, compared to a loss of US $122.8 million, for the corresponding period in the prior year, an improvement of US $163.9 million. Net income for 2023 was primarily driven by positive mark-to-market movements in FVTPL financial assets and interest income earned from other financial assets which were partially offset by other operating expenses as well as other interest and finance costs. Sagicor Life USA segment was also impacted by assumption changes offset by changes in the methodology used to determine discount rate, in total reducing net income by US $13.3 million.

In 2023, an adjustment was made to actuarial model inputs used at December 31, 2022. If the adjustment had been made in 2022, the impact would have been to reduce net income after tax by US $18.4 million in 2022 with a corresponding increase in net income after tax in 2023 by the same amount.

Insurance Service Result

Insurance service result for the year ended December 31, 2023, was a loss US $20.0 million, compared to income of US $11.6 million for the corresponding period in 2022, a decrease in income of US $31.6 million.

Insurance revenue from contracts not measured under the PAA (which relates to the segment's life and annuity business), for the year ended December 31, 2023, increased by 30% (US $20.2 million) over that reported for the corresponding period, to close at US $86.8 million (2022 – US $66.6 million), as a result of an increased insurance book of business.

Insurance service expenses totalled US $100.1 million for the year ended December 31, 2023, (2022 – US $64.6 million), an increase in expenses of US $35.5 million (55%). This was due to the effect of our review of actuarial assumptions changes (US $13.3 million) and higher amortisation of insurance acquisition cashflows ($9.5 million).

Net expenses from reinsurance contracts held, of US $7.6 million for the year ended December 31, 2023, increased by US $16.5 million over the amount reported in the prior year, driven primarily by data refinements and lower claim recoveries from reinsurers.

Net Investment Income/(Expenses)

Net investment income for the year ended December 31, 2023, totalled US $405.0 million, compared to a loss of US $360.4 million, for the corresponding period in the prior year. Interest income earned on assets measured at amortised costs and FVTOCI during the year ended December 31, 2023, totalled US $48.8 million, an increase of US $19.7 million, when compared to that reported for the year ended December 31, 2022 (US $29.1 million), due to higher interest rates coupled with the business growth and related increase of financial assets. Other investment income totalled US $358.5 million for the year ended December 31, 2023, compared to a loss of US $387.9 million reported for the same period in 2022. During 2022 the segment was impacted by net losses on FVTPL investments of US $388.7 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 $356.3 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 $263.1 million for the year period ended December 31, 2023, compared to income of US $249.6 reported for the year ended December 31, 2022, an increase in expenses of US $512.7 million and was mainly driven by the impacts of changes in interest rates and business growth.

Overall, net insurance and investment result improved, year on year, to close with a positive result of US $121.9 million for the year ended December 31, 2023, compared to a loss of US $99.2 million, reported for the corresponding period in the prior year.

Operating expenses for the year 2023, increased by US $6.5 million when compared to that reported for the same period in 2022, to close at US $34.4 million. Operating expenses include the impact of the cost of IFRS 17 implementation.

Other interest and finance cost totalled US $22.3 million for the year ended December 31, 2023, compared to US $9.9 million for the corresponding period in 2022, an increase of US $12.4 million and relates to increased interest charges on other funding instruments due to higher short-term borrowing rates impacting those funding instruments coupled with higher interest credited to investment contracts.

Income taxes increased by US $36.0 million, year on year, closing at US $11.4 million for the year ended December 31, 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 $)	**December 31, 2023**	**December 31, 2022 Restated**	**Change**
Financial investments	**4,722.2**	4,200.9	12%
Reinsurance contract assets	**332.5**	481.9	(31%)
Other external assets	**221.1**	128.4	72%
Inter-segment assets	**22.5**	33.6	(33%)
Total assets	**5,298.3**	4,844.8	9%
Insurance contract liabilities	**4,405.0**	3,930.4	12%
Investment contract liabilities	**62.2**	66.5	(6%)
Other external liabilities	**415.5**	469.4	(11%)
Inter-segment liabilities	**173.1**	177.5	(2%)
Total liabilities	**5,055.8**	4,643.8	9%
Net assets	**242.5**	201.0	21%

Overall, the increase in net assets from December 31, 2022, to December 31, 2023, of US $41.5 million (21%) 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; 87% of total liabilities as of December 31, 2023 (December 31, 2022 – 85%) and the financial investments that support those liabilities (89% of total assets as of December 31, 2023 and 87% of total assets as of December 31, 2022).

Insurance contract liabilities and the supporting financial investments both grew by 12% for the year ended December 31, 2023, while reinsurance contract assets declined by 31%, primarily due to the run-off of closed blocks of business. Net assets include contractual service margin (net) of US $202.9 million as at December 31, 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 in the table below.

Contractual Service Margin	**Three months ended December 31**			**Year ended December 31**		
(in millions of US $)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
CSM, beginning of period – Insurance contracts issued	**187.2**	238.8	(22%)	**237.2**	194.2	22%
Changes that relate to current service						
CSM recognised in net (income) / loss for the services provided	**(8.8)**	(7.8)	(13%)	**(36.3)**	(27.6)	(32%)
Changes that relate to future service						
Changes in estimates that adjust the CSM	**19.2**	(8.7)	>100%	**(50.2)**	(39.0)	(29%)
Contracts initially recognised in the year	**5.9**	12.9	(54%)	**45.5**	102.4	(56%)
Finance expense from insurance contracts issued	**2.1**	2.0	5%	**9.4**	7.2	31%
Total amounts recognised in total comprehensive income	**18.4**	(1.6)	>100%	**(31.6)**	43.0	(<100%)
CSM, end of period – Insurance contracts issued	**205.6**	237.2	(13%)	**205.6**	237.2	(13%)
CSM, end of period – Reinsurance contracts held	**(2.7)**	(23.7)	89%	**(2.7)**	(23.7)	89%
CSM, end of period – Net	**202.9**	213.5	(5%)	**202.9**	213.5	(5%)
CSM, end of period – Net, attributable to shareholders	**202.9**	213.5	(5%)	**202.9**	213.5	(5%)

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 $202.9 million as at December 31, 2023. During the year 2023, US $36.3 million (December quarter 2023 – US $8.8 million) was recognised in profit and loss for services provided compared to US $27.6 million (December quarter 2022 – US $7.8 million) recorded in the same period in 2022. The impact of new business on the CSM, period on period, declined, with US $45.5 million being reported in 2023 (December quarter 2023 – US $5.9 million) compared to US $102.4 million in the year 2022 (December quarter 2022 – US $12.9 million), due to lower planned annuity sales and the negative impact of increased discount rates. In addition, the segment was adversely impacted by changes in the actuarial assumptions, reducing CSM by US $0.6 million for the year ended December 31, 2023 (December quarter 2023 - positive US $29.0 million), compared to US $39.0 million for the same period in 2022 (December quarter 2022 – US $8.7 million).

D. Sagicor Canada

Effective October 3, 2023, Sagicor Financial Company Ltd. purchased 100% of the shares of Proj Fox Acquisition Inc. which holds ivari through its holding in Wilton Re (Canada) Limited, leading to the establishment of the Sagicor Canada segment. ivari, has operated in the Canadian marketplace for over 90 years. With a national network of thousands of independent advisors, the segment offers life insurance and annuities, health and casualty insurance in Canada.

	Three months ended December 31	Year ended December 31
(in millions of US $)	**2023**	**2023**
Insurance service result	**23.8**	**23.8**
Other investment income/(loss)	**795.9**	**795.9**
Net investment income/(expenses)	**795.9**	**795.9**
Net insurance finance income /(expenses)	**(637.8)**	**(637.8)**
Investment income for segregated funds	**35.0**	**35.0**
Insurance finance (expenses) for segregated funds	**(35.0)**	**(35.0)**
Investment income (loss) for segregated funds	**-**	**-**
Net insurance and investment result	**181.9**	**181.9**
Inter-segment other income and expenses	**-**	**-**
Fees and other income	**0.2**	**0.2**
Other operating expenses	**(4.1)**	**(4.1)**
Other interest and finance costs	**(13.9)**	**(13.9)**
Segment income / (loss) before taxes	**164.1**	**164.1**
Income taxes	**(42.0)**	**(42.0)**
Segment net income / (loss)	**122.1**	**122.1**
Net income/(loss) attributable to shareholders	**122.1**	**122.1**
Return on Investments (annualised)[10]	**46.7%**	**46.7%**
Return on Equity (annualised)[10]	**62.4%**	**62.4%**
Return on Shareholder's Equity (annualised)[10]	**62.4%**	**62.4%**

<u>Post-acquisition (three-month period) results</u>

The Sagicor Canada segment reported net income of US $122.1 million for the three-month period ended December 31, 2023. Net income for the current quarter was primarily driven by positive mark-to-market movements in FVTPL financial assets which were partially offset by operating expenses as well as other interest and finance costs.

Insurance Service Result

Insurance service result for the three-month period ended December 31, 2023, was US $23.8 million. An analysis of the insurance service result is shown in the table below.

Insurance service result	Three months ended December 31	Year ended December 31
(in millions of US $)	**2023**	**2023**
Insurance revenue		
Insurance revenue for contracts not measured under the PAA	**167.9**	**167.9**
Total insurance revenue	**167.9**	**167.9**
Total insurance service expenses	**(106.5)**	**(106.5)**
Total net income / (expenses) from reinsurance contracts held	**(37.6)**	**(37.6)**
Inter-segment insurance service result	**-**	**-**
Total insurance service result	**23.8**	**23.8**

Insurance revenue from contracts not measured under the PAA (which relates to the segment's life and health business), for the three-month period ended December 31, 2023, totalled US $167.9 million, and was associated with a positive impact from expected incurred claims and other expenses as well as risk adjustment release and CSM recognition in net income for the current period.

[10] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Insurance service expenses totalled US $106.5 million, and primarily relates to incurred claims and other expenses (US $105.2 million).

Net expense from reinsurance contracts held was US $37.6 million for the fourth quarter of 2023.

Net Investment Income/(Expenses)

Other investment income totalled US $795.9 million for the current period, as the segment benefitted from net gains on FVTPL investments of US $795.9 million due to an increase in the fair value of FVTPL debt and equity securities.

Net Insurance Finance Income

Net insurance finance expenses totalled US $637.8 million for the three-month period ended December 31, 2023, and was mainly driven by the impact of changes in interest rates, offset by changes in financial assumptions.

Overall, net insurance and investment result totalled US $181.9 million for the current period.

Other interest and finance cost totalled US $13.9 million for the three-month period ended December 31, 2023, representing interest charges on other funding instruments.

Statement of Financial Position	**As of**		
(in millions of US $)	**December 31, 2023**	**October 3, 2023**	**Change**
Financial investments	**7,428.4**	6,389.9	16%
Reinsurance contract assets	**2,840.7**	2,491.8	14%
Other external assets	**799.6**	778.5	3%
Total assets	**11,068.7**	9,660.2	15%
Insurance contract liabilities	**8,866.5**	7,673.8	16%
Investment contract liabilities	**9.1**	9.4	(3%)
Other external liabilities	**1,323.6**	1,259.4	5%
Total liabilities	**10,199.2**	8,942.6	14%
Net assets	**869.5**	717.6	21%

Overall, the increase in net assets from October 3, 2023, to December 31, 2023, of US $151.9 million (21%) was primarily the result of profitability for the period.

Sagicor Canada's financial position is dominated by the liabilities it recognizes on its in force life and annuity policy obligations; 87% of total liabilities as of December 31, 2023 (October 3, 2023 – 86%) and the financial investments that support those liabilities (67% of total assets as of December 31, 2023 and 66% of total assets as of October 3, 2023).

Insurance contract liabilities and the supporting financial investments both grew by 16% for the period ended December 31, 2023. Net assets include contractual service margin (net) of US $563.7 million as at December 31, 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 December 31**	**Year ended December 31**
(in millions of US $)	**2023**	**2023**
Changes that relate to current service		
CSM recognised in net (income) / loss for the services provided	**(33.3)**	**(33.3)**
Changes that relate to future service		
Changes in estimates that adjust the CSM	**(20.3)**	**(20.3)**
Contracts initially recognised in the period	**1,158.8**	**1,158.8**
Finance expense from insurance contracts issued	**15.5**	**15.5**
Effect of exchange rate changes	**36.6**	**36.6**
Total amounts recognised in total comprehensive income	**1,157.3**	**1,157.3**
CSM, end of period – Insurance contracts issued	**1,157.3**	**1,157.3**
CSM, end of period – Reinsurance contracts held	**(593.6)**	**(593.6)**
CSM, end of period – Net	**563.7**	**563.7**
CSM, end of period – Net, attributable to shareholders	**563.7**	**563.7**

The segment reported CSM for insurance contracts issued of US $1,157.3 million as at December 31, 2023. During the period ended December 31, 2023, US $33.3 million was recognised in profit and loss for services provided. The impact of new business on the CSM was US $1,158.8 million being reported in 2023, which includes CSM on contracts acquired of US $1,152.1 million. In addition, the segment was adversely impacted by changes in the estimates that adjust the CSM, in the amount of US $20.3 million for the period ended December 31, 2023. This was primarily due to financial results on segregated funds.

7. FINANCIAL POSITION

A. Capital Adequacy

	December 31, 2023	December 31, 2022
Sagicor Consolidated MCCSR[11] (December 2022 – restated)	301%	276%
Sagicor Life Jamaica Limited (JA-LICAT)[11]	155%	N/A
Sagicor Investments capital base to risk weighted assets[11]	17%	15%
Sagicor Bank capital base to risk weighted assets[11]	13%	13%
Sagicor Life USA (RBC) [11]	334%	330%
Sagicor Canada (LICAT) [11]	131%	N/A

Sagicor Consolidated Capital Adequacy

Capital adequacy is managed at both the operating segment 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, 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[11] for the life insurers of the Group as of December 31, 2023, has been estimated as 301% (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 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

Capital adequacy is calculated monthly by the Appointed Actuary and reviewed by Executive Management and the Board of Directors. Sagicor Life Jamaica Limited seeks to maintain internal capital adequacy at levels higher than the regulatory requirements. To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is one of the core measures of financial performance. The risk-based assessment measure is the Jamaican Life Insurance Capital Adequacy Test[11] (JA-LICAT) which became effective January 1, 2023, as per the Insurance Regulations, 2001 amended 2023. Minimum Continuing Surplus and Capital Requirement (MCCSR) was in effect prior to 2023. The minimum standard requirement for LICAT and MCCSR ratio is 100% and 150% respectively. Sagicor Life Jamaica Limited exceeded the standard requirement at year-end.

[11] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

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) 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 December 31, 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 December 31, 2023 and December 31, 2022.

Sagicor Canada

The Office of the Superintendent of Financial Institutions in Canada (OSFI) requires federally regulated life insurance companies to apply its Life Insurance Capital Adequacy Test ("LICAT) as the capital adequacy guideline. Companies are required, at a minimum, to maintain a Total Ratio of 90% and OSFI has established a supervisory target ratio level of 100% for Total Capital. Sagicor Canada has exceed all minimum regulatory capital level ratios as of December 31, 2023.

B. Capital

(in millions of US $)	**December 31, 2023**	**December 31, 2022 Restated**	**Change**
Total Capital[12]			
Shareholders' equity	**970.9**	429.7	>100%
Non-controlling interest	**358.1**	306.7	17%
Notes and loans payable	**945.7**	632.5	50%
Net contractual service margin[12]	**1,278.5**	674.7	89%
Total capital	**3,553.2**	2,043.6	74%

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.

[12] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

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 December 31, 2023, the Group's capital[12] totalled US $3,553.2 million, US $1,509.6 million above the December 31, 2022 restated position (US $2,043.6 million). Shareholders' equity grew by US $541.2 million, year on year and was impacted by total comprehensive income of US $584.2 million net of impact of dividends paid during the period (US $32.0 million). Non-controlling interest increased by US $51.4 million during the year, while notes and loans payable increased by US $313.2 million. 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. In addition, On October 3, 2023, the Company entered into a credit and guarantee agreement to establish a floating rate loan facility in the amount of US $320 million. Net contractual service margin increased by US $603.8 million and includes US $579.6 million net contractual service margin assumed on the ivari acquisition on October 3, 2023.

C. Financial Leverage

	December 31, 2023	December 31, 2022 Restated	Change
Debt / capital[13]	**26.6%**	31.0%	4.3 pts

The Debt to Capital ratio[13] was 26.6% at December 31, 2023, compared to that reported at December 31, 2022 (restated) (31.0%). This decline in the debt to capital ratio is due to the significant increase in capital reported which was fuelled by the gain on business acquisition reported during the period (US $448.3 million) coupled with the net contractual service margin assumed on the ivari acquisition on October 3, 2023 (US $579.6 million).

[13] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

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. On October 5, 2023, Sagicor announced that S&P Global Ratings ("S&P") upgraded its Issuer Credit Rating (ICR) on the Company to 'BBB' from 'BB+'. S&P also raised the issue-level rating on Sagicor's senior unsecured notes to 'BBB' from 'BB+'. As well, the Group Credit Profile (GCP) was revised upward to 'a-' from 'bbb'. The outlook is stable. Also, Fitch Ratings ("Fitch") upgraded the Issuer Default Rating (IDR) on the Company to 'BBB-' from 'BB'. Fitch also upgraded the senior unsecured debt to 'BB+' from 'BB-'. The rating outlook is stable. 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[(c)]
Sagicor Life Inc			
Financial Strength	A- (Excellent)		
Issuer Credit Rating	a- (Excellent)		
Sagicor Life Jamaica Limited			
Financial Strength	B++ (Good)		
Issuer Credit Rating	bbb+ (Good)		
Sagicor Life Insurance Company (USA)			
Financial Strength	A- (Excellent)		
Issuer Credit Rating	a- (Excellent)		
Sagicor Financial Company Ltd			
Issuer Credit Rating	Bbb- (Good)	BBB (Stable)	BBB- (Stable)
Senior Unsecured	Bbb (Good)	BBB (Stable)	BB+ (Stable)
Sagicor General Insurance Inc			
Financial Strength	A- (Excellent)		
Issuer Credit Rating	a- (Excellent)		
Sagicor Reinsurance `Bermuda Ltd			
Financial Strength	A- (Excellent)		
Issuer Credit Rating	a- (Excellent)		
ivari			
Financial Strength	A- (Excellent)		A- (Stable)
Issuer Credit Rating	a- (Excellent)		

(a) *Updated October 20, 2023; (b) Affirmed December 29, 2023; (c) Affirmed November 7, 2023.*

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.

E. Common Shares, Book Value and Market Capitalization

	December 31, 2023	December 31, 2022 Restated	Change
Number of common shares outstanding (million)	**141.1**	142.8	(1%)
Share price	**US $4.52**	US $4.06	11%
Market Capitalization (million)[14]	**US $637.8**	US $579.6	10%
Book value per common share[14]	**US $6.88**	US $3.01	>100%

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 December 31, 2023 was 141,065,216. During the year ended December 31, 2023, the Company repurchased 2,438,427 shares at a total cost of US $9.2 million (1,183,572 shares at a total cost of US $6.0 million for the year ended December 31, 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 on the repurchase of shares has been recorded directly in retained earnings.

The cost of shares totalling US $0.06 million, which were repurchased at the period end date but not cancelled, (US $0.01 million as at December 31, 2022), has been reflected in treasury shares.

Securities convertible, exercisable or exchangeable into common shares

The number of issued and outstanding options at December 31, 2023 was 1,040,000.

The number of issued and outstanding warrants at December 31, 2023 was 34,774,993.

Dividends

	December 31, 2023	December 31, 2022	Change
Dividends declared during the period, per common share	**US $0.225**	US $0.225	-

The Group declared four dividends to common shareholders during the year ended December 31, 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.

On August 10, 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 August 23, 2023. This dividend was paid on September 13, 2023.

On November 9, 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 November 22, 2023. This dividend was paid on December 13, 2023.

[14] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

F. Notes and Loans Payable

As of December 31, 2023, Sagicor had US $945.6 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 December 31, 2023, and December 31, 2022, respectively are set out in the following table.

(in millions of US $)	Carrying Value	
	December 31, 2023	December 31, 2022
Notes and loans payable		
5.30% senior notes due 2028	539.1	535.4
6.50% unsecured bond due 2023[(a)]	-	20.0
5.75% unsecured bond due 2023[(a)]	-	26.6
7.50% unsecured bond due 2024[(b)]	21.1	-
10.50% unsecured bond due 2024[(b)]	29.3	-
6.75% notes due 2024	14.2	14.5
SOFR+200 bps Revolving Credit Facility[(c)]	4.0	-
SOFR+500 bps Term Loan Amortizing[(d)]	301.8	-
Bank loans & other funding instruments	36.1	36.0
Total	945.6	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. At December 31, 2022, Sagicor Investments Jamaica Limited held an investment of US $12.8 million in Tranche A.

(b) The newly extended facilities remain in two Tranches, with Tranche A up to J$4,490,000,000 from previous limit of J$4,895,140,000 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.

(c) On August 2, 2023, Sagicor Financial Company Limited entered into a credit agreement to establish a revolving credit facility in the principal amount of up to US$125 million. Interest is payable monthly and based on SOFR+200 bps. The facility is subject to certain covenants and matures on August 2, 2026, or such date to which the facility may be extended. As at December 31, 2023, US$4 million was drawn down from the facility and subsequently repaid in January 2024.

(d) On October 3, 2023, Sagicor Financial Company Ltd. entered into a credit and guarantee agreement to establish a floating rate loan facility in the amount of US $320 million. Interest is payable monthly and based on the SOFR+500 bps. Principal repayments of US$29.714 million are due semi-annually in April and October of each year. This facility is subject to certain covenants and matures on August 24, 2027.

For more details on notes and loans payable, refer to note 17 of the Group's 2023 annual financial statements.

G. Liquidity and Capital Resources

The following discussion is qualified by reference to the consolidated statement of cash flows and note 32 of the 2023 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 twelve-month periods ended December 31, 2023, and December 31, 2022, respectively.

(in millions of US $)	**Three months ended December 31**			**Year ended December 31**		
	2023	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Net cash flows:						
Operating activities	**(127.2)**	105.7	(<100%)	**(39.5)**	(154.5)	69%
Investing activities	**14.4**	(17.4)	>100%	**6.5**	(26.6)	>100%
Financing activities	**277.4**	(15.5)	>100%	**239.5**	(65.3)	>100%
Effect of exchange rate changes	**6.1**	3.2	91%	**2.2**	2.3	-
	170.7	76.0	>100%	**208.7**	(244.1)	>100%
Cash and cash equivalents:						
Beginning of period	**630.7**	516.7	22%	**592.7**	836.8	(29%)
End of period	**801.4**	592.7	35%	**801.4**	592.7	35%

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

For the fourth quarter of 2023, Sagicor's net cash outflows associated with operating activities was US $127.2 million compared to inflows of US $105.7 million for the same period in 2022, an increase in outflows of US $232.9 million. Our Sagicor Canada segment, contributed US $158.2 million in cash outflows.

Sagicor's net cash inflows for investing activities was US $14.4 million for the three-month period ended December 31, 2023, compared to outflows of US $17.4 million for the same period in 2022, an increase in inflows of US $31.8 million. Net cash inflows for investing activities was impacted by net cash acquired on the acquisition of ivari. The three months ended December 31, 2023, also include an adjustment to the outflows associated with the acquisition of Alliance Financial Services Limited, following the finalization of the purchase (US $11.9 million).

Sagicor's net cash inflows from financing activities totalled US $277.4 million for the three-month period ended December 31, 2023, compared to outflows of US $15.5 million for the same period in 2022, an increase in inflows of US $292.9 million. On October 3, 2023, the company entered into a credit and guarantee agreement to establish a floating rate loan facility in the amount of US $320 million. Interest is payable monthly and based on the SOFR+500 bps. Principal repayments of US$29.714 million are due semi-annually in April and October of each year. This facility is subject to certain covenants and matures on August 24, 2027. The funds were used to complete the ivari acquisition.

For the three-month period ended December 31, 2023, the effect of exchange rate changes was a gain of US $6.1 million compared to a gain of US $3.2 million for the corresponding period in 2022.

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

For the year ended December 31, 2023, Sagicor’s net cash outflows associated with operating activities was US $39.5 million compared to outflows of US $154.5 million for the same period in 2022. While our Sagicor Canada segment, contributed US $158.2 million in cash outflows from operating activities, the impact of these outflows was reduced by lower purchases of financial assets particularly in our Sagicor Life USA segment, as the current period was impacted by lower sales, when compared to the prior period.

Sagicor’s net cash inflows for investing activities was US $6.5 million for the year ended December 31, 2023, compared to outflows of US $26.6 million for the same period in 2022, an increase in inflows of US $33.1 million. On October 3, 2023, Sagicor Financial Company Ltd completed its ivari acquisition. 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, during the third quarter of 2022, the Group completed the disposal of its investment in Sagicor Real Estate X Fund Limited for a consideration of US $11.3 million (net of cash and cash equivalents).

Sagicor’s net cash inflows from financing activities totalled US $239.5 million for the year ended December 31, 2023, compared to outflows of US $65.3 million for the same period in 2022, an increase of inflows of US $304.8 million. During the first quarter of 2023, the Group’s financing activities benefitted 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 October 27, 2020. Refer to note 17 of the Group’s 2023 consolidated financial statements for more details. 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. On October 3, 2023, the company entered into a credit and guarantee agreement to establish a floating rate loan facility in the amount of US $320 million. The funds were used to complete the ivari acquisition. On March 24, 2022, Sagicor Jamaica disposed of 191,913,423 shares of Sagicor Real Estate X-Fund Limited (“X-Fund Limited”) which represented a shareholding of 4.2% of the company, for proceeds of US $10.3 million.

For the year ended December 31, 2023, the effect of exchange rate changes was a gain of US $2.2 million which was on par with that reported for the corresponding period in 2022.

8. FINANCIAL INVESTMENTS

As of December 31, 2023, the Sagicor Group held US $17,025.1 million of diversified financial assets, compared to US $8,868.4 million at December 31, 2022, an increase of US $8,156.7 million, with our Sagicor Canada segment contributing US $7,428.4 million to the increase, upon closing of the ivari acquisition. The Group recorded net investment income of US $1,553.8 million for the year ended December 31, 2023, compared to a loss of US $276.0 million for the same period in 2022, with our newly established segment, Sagicor Canada, contributing US $796.0 million to total net investment income. The return on investments[15] was 14.1%, compared to a loss of 3.2% for the same period in 2022. During the year ended December 31, 2023, the Group benefitted from net gains associated with FVTPL financial investments totaling US $1,339.7 million (Sagicor Canada – US $809.1 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 $456.2 million net loss on FVTPL investments. As at December 31, 2023, Sagicor held US $12,628.7 million in debt securities and money market funds (75% of the total financial investments on hand). A summary of net investment income for the three-month and twelve-month periods ended December 31, 2023, and 2022, is shown below.

Net Investment Income	**Three months ended December 31**			**Year ended December 31**		
(in millions of US $, unless otherwise noted)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Net investment Income/(Expenses) – Underlying Assets	**1,048.2**	107.8	>100%	**1,280.7**	(335.5)	>100%
Net investment Income/(Expenses) – Other Assets	**86.9**	59.2	>47%	**268.5**	57.5	>100%
Net Investment Income/(Expenses) – Other	**0.3**	(2.6)	>100%	**4.6**	2.0	>100%
Net investment income	**1,135.4**	164.4	>100%	**1,553.8**	(276.0)	>100%
Represented by:						
(Loss)/gain on derecognition of amortised cost investments	**(0.3)**	4.2	(<100%)	**-**	4.3	(100%)
(Loss)/gain on derecognition of assets carried at FVTOCI	**(0.4)**	(5.2)	92%	**2.3**	(0.6)	>100%
Interest income earned from financial assets measured at amortised cost and FVTOCI	**60.5**	54.5	11%	**224.0**	178.6	25%
Credit impairment loss	**(0.8)**	(2.3)	65%	**(3.9)**	(4.1)	5%
Other investment income/(loss)	**1,076.4**	113.2	>100%	**1,331.4**	(454.2)	>100%
Net investment income/(expenses)	**1,135.4**	164.4	>100%	**1,553.8**	(276.0)	>100%

Insurance Finance Expenses	**Three months ended December 31**			**Year ended December 31**		
(in millions of US $, unless otherwise noted)	**2023**	**2022 Restated**	**Change**	**2023**	**2022 Restated**	**Change**
Finance income/(expenses) from insurance contracts issued	**(1,214.9)**	(16.0)	(<100%)	(1,366.7)	343.9	(<100%)
Finance income/(expenses) from reinsurance contracts held	**321.8**	8.7	>100%	346.8	(21.6)	>100%
	(893.1)	(7.3)	(<100%)	(1,019.9)	322.3	(<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.

[15] Represents a non-IFRS measure: refer to Section 11 - 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 December 31, 2023 and December 31, 2022.

(in millions of US $, except percentages)	As of December 31, 2023		As of December 31, 2022 Restated	
	Carrying value	**% of Total**	Carrying value	% of Total
Investments at FVTOCI:				
Debt securities	**1,454.8**	**8%**	1,540.4	17%
Equity securities	**0.6**	**-**	0.4	-
	1,455.4	**8%**	1,540.8	17%
Investments at FVTPL:				
Money market funds	**203.8**	**1%**	59.5	1%
Debt securities	**10,834.9**	**64%**	4,901.2	55%
Equity securities (1)	**2,616.1**	**15%**	765.6	9%
Derivative financial instruments	**17.0**	**-**	10.4	-
Mortgage loans	**22.3**	**-**	23.4	-
	13,694.1	**80%**	5,760.1	65%
Investments at amortised cost:				
Debt securities	**135.2**	**1%**	170.3	2%
Mortgage loans	**775.0**	**5%**	593.6	7%
Finance loans	**682.4**	**4%**	654.9	7%
Securities purchased for re-sale	**13.4**	**-**	32.3	1%
Deposits	**269.6**	**2%**	116.4	1%
	1,875.6	**12%**	1,567.5	18%
Total financial investments	**17,025.1**	**100%**	8,868.4	100%

(1) Included in equity securities are exchange-traded funds of US $903.8 million as at December 31, 2023 (US $306.3 million as at December 31, 2022).

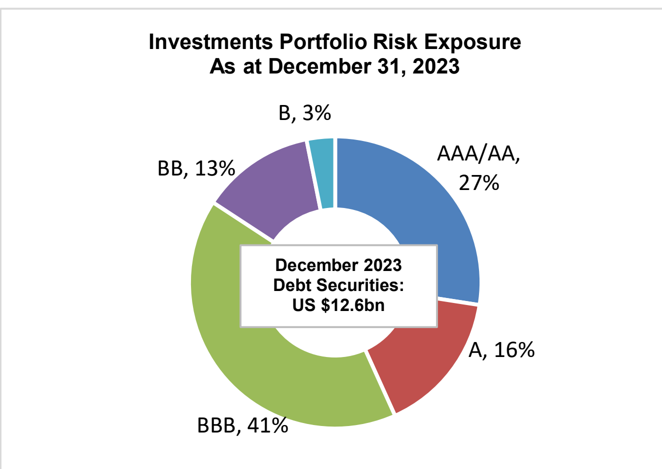
Our equities portfolio comprises the following at December 31, 2023:

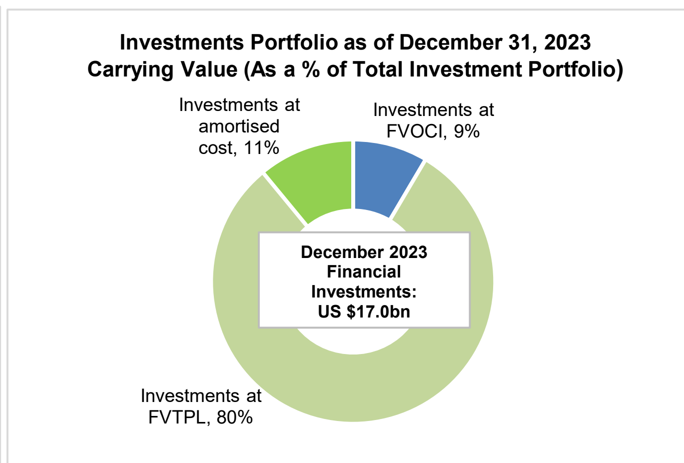
(in millions of US $)	As of December 31, 2023	As of December 31, 2022 Restated	Change
Equities	**206.7**	186.8	11%
Passthrough equities	**2,076.8**	205.6	>100%
Preference shares	**330.6**	341.1	(3%)
Corporate bond ETFs	**-**	32.5	(100%)
Total	**2,614.1**	766.0	>100%

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		
	December 31, 2023	**December 31, 2022 Restated**	**Change**
Debt securities and money market funds			
Measured at fair value through other comprehensive income (FVTOCI)	**1,454.8**	1,540.4	(6%)
Measured at amortised cost	**135.2**	170.3	(21%)
Measured at fair value through profit and loss (FVTPL)	**11,041.3**	4,960.7	>100%
Total	**12,631.3**	6,671.4	89%
Represented by:			
Government and government-guaranteed debt securities	**4,799.8**	2,427.7	98%
Collateralised mortgage obligations	**1,070.7**	798.8	34%
Corporate debt securities	**6,454.7**	3,277.7	97%
Money market funds	**203.8**	59.5	>100%
Other securities	**102.3**	107.7	(5%)
Total	**12,631.3**	6,671.4	89%

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 December 31, 2023.





B. NET INVESTMENT INCOME AND INSURANCE FINANCE EXPENSES

	Three months ended December 31			Year ended December 31		
(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	**-**	3.8	-	**-**	4.3	(100%)
Gain on derecognition of assets carried at FVTOCI	**0.6**	0.4	-	**0.6**	-	-
Interest income earned from financial assets measured at amortised cost and FVTOCI	**3.4**	5.4	(37%)	**16.6**	18.7	(11%)
Net gain/(loss) on FVTPL investments	**1,044.4**	98.0	>100%	**1,263.3**	(358.9)	>100%
Net credit impairment recovery	**(0.2)**	0.2	(<100%)	**0.2**	0.4	(50%)
Net investment income/(expenses) – underlying assets	**1,048.2**	107.8	>100%	**1,280.7**	(335.5)	>100%
NET INVESTMENT INCOME / (EXPENSES) – OTHER INVESTMENTS						
(Loss)/gain on derecognition of amortised cost investments	**(0.3)**	0.4	(<100%)	**-**	-	-
(Loss)/gain on derecognition of assets carried at FVTOCI	**(1.0)**	(5.6)	82%	**1.7**	(0.6)	>100%
Interest income earned from financial assets measured at amortised cost and FVTOCI	**57.1**	49.1	16%	**207.4**	159.9	30%
Net (loss)/gain on FVTPL investments	**31.7**	17.8	78%	**63.5**	(97.3)	>100%
Net credit impairment loss	**(0.6)**	(2.5)	76%	**(4.1)**	(4.5)	9%
Net investment income/(expenses) – other investments	**86.9**	59.2	47%	**268.5**	57.5	>100%
NET INVESTMENT INCOME / (EXPENSES) – OTHER						
Net change in investment contract liabilities	**(0.1)**	-	-	**(0.1)**	-	-
Investment property – rental income	**0.4**	0.4	-	**2.8**	2.4	17%
Other investment income/(expenses)	**-**	(3.0)	100%	**1.9**	(0.4)	>100%
Net investment income – other	**0.3**	(2.6)	>100%	**4.6**	2.0	>100%
Total net investment income/(expenses)	**1,135.4**	164.4	>100%	**1,553.8**	(276.0)	>100%
Return on Investments (annualised)[16]	**28.0%**	7.5%	20.5 pts	**14.0%**	(3.2%)	17.2 pts

[16] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

(in millions of US $)	Three months ended December 31 2023	2022 Restated	Change	Year ended December 31 2023	2022 Restated	Change
FINANCE INCOME/(EXPENSES) FROM INSURANCE CONTRACTS ISSUED						
Changes in fair value of underlying assets of contracts measured under the VFA	**(1.8)**	(0.1)	(<100%)	**(0.1)**	11.4	(<100%)
Interest accreted	**(204.5)**	(53.9)	(<100%)	**(401.1)**	(184.4)	(<100%)
Effect of changes in interest rates and other financial assumptions	**(1,008.6)**	38.0	(<100%)	**(965.5)**	516.9	(<100%)
Finance (expense)/ income from insurance contracts issued	**(1,214.9)**	(16.0)	(<100%)	**(1,366.7)**	343.9	(<100%)
FINANCE INCOME /(EXPENSES) FROM REINSURANCE CONTRACTS HELD						
Interest accreted	**40.2**	6.3	>100%	**54.5**	22.4	>100%
Effect of changes in interest rates and other financial assumptions	**281.7**	2.4	>100%	**292.4**	(44.0)	>100%
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	**(0.1)**	-	-	**(0.1)**	-	-
Finance income / (expense) from reinsurance contracts held	**321.8**	8.7	>100%	**346.8**	(21.6)	>100%
NET INSURANCE FINANCE INCOME/(EXPENSES)	**(893.1)**	(7.3)	(<100%)	**(1,019.9)**	322.3	(<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 $)	December 31, 2023	December 31, 2022 Restated	Change
Principal insurance and investment contract liabilities			
Insurance contract liabilities	**15,732.2**	6,248.6	>100%
Investment contract liabilities	**477.9**	472.3	1%
Customer deposits	**1,066.4**	981.6	9%
Securities sold for repurchase	**660.5**	654.7	1%
Other funding instruments	**1,220.8**	539.9	>100%
Structured product contracts	**0.5**	4.4	(89%)
Total	**19,158.3**	8,901.5	>100%

9. RISK MANAGEMENT

Sagicor is exposed to several risks that are inherent in our business activities. Enterprise Risk Management (ERM) provides the framework under which all risk management activities across Sagicor are coordinated. The ERM sets clear responsibilities for identifying, assessing, measuring, mitigating, monitoring, and reporting risks, and is based on the following elements: i) governance and culture; ii) strategy and objective setting; iii) performance; iv) review and revision; and v) information, communication, and reporting. Our ERM is designed to both challenge and enable our organization to understand the risks we face, selectively take risks by optimizing the relationship between risk and reward, and effectively managing these risks to ensure we achieve our overall profitability goals and sustain our long-term financial viability.

The Group defines risk as an uncertain event, or series of events, that should it occur, could have an adverse 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 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. Non-key risks are monitored for any changes in likelihood and/or severity and, if warranted, elevated to key risk status.

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

Risks are assessed both qualitatively and quantitatively. We employ various approaches to quantifying the risks, including among others, point in time views of our risk exposures as well as sensitivity analyses and stress testing to assess the impact on our financial performance and financial condition.

Risk information is regularly communicated to external stakeholders including regulators, rating agencies, and the public. For example, management prepares Own Risk and Solvency Assessment Reports (ORSA) that are shared with Sagicor's Board (or the relevant subsidiaries Board) and our regulators. Management 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 our Notes to the Financial Statements.

Roles and Responsibilities

Responsibility for ERM permeates throughout our organization, using a three lines of defense governance model. Business and functional units are responsible for monitoring and managing risks within their respective areas. The responsibilities of our ERM teams include but are not limited to: selecting and/or developing adequate ERM tools and techniques; oversight over all key ERM activities; ensuring consistent ERM definitions, concepts, and terminology; acting as a central clearing house for coordinating ERM information; monitoring individual and enterprise risk exposures; and, providing key ERM information to the Board and/or Board Committees (both Group and subsidiary level). The Board is ultimately responsible for the principal risks associated with Sagicor's business and operations, for reviewing management's implementation of appropriate systems to seek to manage these risks, and for reviewing reports by management relating to the operation of, and any material deficiencies in, these systems. The Risk Committee and Audit Committee of the Board facilitate the Board's risk management monitoring as part of their mandates. Risk Committees oversee key risks and exposures and approve key ERM decisions and policies. Internal audit provides independent verification that controls have been established by management and that management is adhering to policies, rules, regulations and laws.

1. *ECONOMIC RISK*

Sagicor's performance is affected by the general business and economic conditions of the regions where we operate. Our financial performance and financial condition could be adversely be affected by unfavourable movements in interest rates and inflation, a decline in economic activity, higher volatility in financial markets, higher funding costs, lower real estate prices, lower employment levels, lower consumer spending and higher debt levels, and the establishments of government, monetary and/or fiscal policies that could result in greater economic risks, such as economic slowdown and recessions, unfavourable currency movements, and/or more elevated sovereign risks, as well as abrupt changes in geopolitical environment, disruptions in trades, pandemic, or other health crisis.

Sagicor actively monitors general business and economy trends, and the potential triggers it could have on consumer disposable income, employment markets, inflation/deflation, market and credit risks, among other factors.

2. *CREDIT RISK*

Sagicor takes on exposure to credit risk, which is the risk associated with an obligor's potential inability or unwillingness to fulfill its contractual obligations on a timely basis and may arise from the risk of default of a primary obligor and indirectly from a secondary obligor. Credit risks are primarily associated with our investments, securities, lending, revolving credit, and reinsurance portfolios.

Sagicor in most, but not all instances, bears the risk for investment performance, i.e., return of principal and interest, as premiums, deposits, and other receivables received are invested to pay for future policyholder and other obligations. Any credit defaults or other reductions in the value of debt securities, loans, deposits, and receivables could have a material adverse effect on the Group's business, financial performance and financial condition.

Sagicor has credit risk policies in place to manage credit risk. Specific limits are set for concentration by asset class and issuer, in addition to minimum standards for asset quality. Sagicor deals only with highly rated reinsurers to contain counterparty risk and we seek to minimise credit risk from financial investments through holding a diversified portfolio of investments, purchasing securities, and advancing loans and revolving credit facilities only after careful assessment of borrowers, and placing deposits with financial institutions that have a strong capital base. We also monitor the financial condition of our counterparties on a regular basis.

Sagicor has significant concentrations of credit risk with respect to its holding of bonds and treasury bills issued by governments or government-backed investments (including state and local governments), in Canada, the United States, Jamaica, Barbados, and Trinidad and Tobago. While we have policies in place to limit our single name exposures, many jurisdictions mandate that our operating companies invest a portion of the assets supporting the policy liabilities in government instruments. Sagicor also has significant exposure to certain reinsurers, including Guggenheim Partners, LLC, Hannover Rück S.E., Heritage Life Insurance Company, Munich Reinsurance Company, Optimum Life Reinsurance (Canada), PartnerRe Ltd., Reinsurance Group of America Inc., SCOR S.E., Swiss Re Ltd., and Washington National Insurance Company.

Through our banking and asset management businesses, Sagicor is exposed to credit risk in both its securities and lending activities. In connection with securities activities, Sagicor established various exposure limits and monitors and reports routinely on those limits to prevent concentration in its portfolios. Trading with its counterparties is done on a "delivery versus payment" policy where securities from the Bank of Jamaica and the Government of Jamaica are accepted on a mark-to-market basis. In our lending activities, Sagicor seeks to adequately collateralise our loans, particularly where they exceed certain thresholds. Applicants undergo a thorough screening and credit analysis process before they can access any credit facility from us. Portfolio limits are set and monitored for all credit products which include loans, mortgages and credit card receivables.

The following tables summarise Sagicor's credit exposure for our financial investments as of December 31, 2023. It shows the gross carrying value, the accumulated loss allowance and the net carrying value, analysed by expected credit loss (ECL) staging (see critical accounting estimates and judgements – *1. impairment of financial assets*).

(in US $millions)	Credit exposure – December 31, 2023				
	ECL Staging				
	Stage 1	Stage 2	Stage 3	POCI [c]	Total
FVOCI [a] debt securities:					
Gross value	1,451.2	17.4	-	10.0	1,478.6
Loss allowance	(0.6)	(0.6)	-	-	(1.2)
Net value	1,450.6	16.8	-	10.0	1,477.4
Debt securities [b]					
Gross value	104.2	21.9	-	9.7	135.8
Loss allowance	(0.2)	(0.3)	-	-	(0.5)
Net value	104.0	21.6	-	9.7	135.3
Mortgage loans[b]					
Gross value	741.9	17.1	21.7	-	780.7
Loss allowance	(2.5)	(0.3)	(2.9)	-	(5.7)
Net value	739.4	16.8	18.8	-	775.0
Finance loans [b]					
Gross value	666.4	17.1	10.1	-	693.6
Loss allowance	(4.7)	(0.7)	(5.7)	-	(11.1)
Net value	661.7	16.4	4.4	-	682.5
Securities purchased for re-sale [b]					
Gross value	13.4	-	-	-	13.4
Loss allowance	-	-	-	-	-
Net value	13.4	-	-	-	13.4
Deposits [b]					
Gross value	272.9	0.4	-	-	273.3
Loss allowance	(3.7)	(0.1)	-	-	(3.8)
Net value	269.2	0.3	-	-	269.5

[a] *FVOCI – fair value through other comprehensive income classification.*

[b] *Financial investments carried at amortised cost.*

[c] *POCI - purchased or originated credit impaired.*

3. MARKET RISK

Sagicor is exposed to market risk, which is defined as the risk that the value or future cash flows of insurance, investment contract liabilities, or financial assets will fluctuate because of changes or volatility in market prices. Market risk includes equity prices, interest rate and credit spread, foreign exchange, inflation risks, and real estate prices, and are managed through policy limits and control activities.

Market risk sensitivities were determined based on the impact of specific changes in market prices and interest rate levels using internal models as at a specific date, and are measured relative to a starting level reflecting Sagicor's assets and liabilities at that date. The market risk sensitivities measure the impact of changing one factor at a time and assume that all other factors remain unchanged. Actual results can differ significantly from these estimates for a variety of reasons, including the interaction among other factors when more than one factor changes; changes in liabilities from updates to non-economic assumptions, changes in business mix, and other market factors; and the general limitations of our internal models. For these reasons, the risk sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined for each risk sensitivities. Given the nature of these calculations, we cannot provide assurance that the actual impact on contractual service margin, net income, and other comprehensive income will be as indicated. The market risk sensitivity results have not changed materially year over year for each operating segment, however, the consolidated market risk sensitivities have changed year over year reflecting the incorporation of ivari's results into our sensitivity results.

a) Equity Risk

Equity risk is the potential adverse impact on Sagicor's earnings or capital due to movements in individual equity prices or general movements in the value of the stock market. Sagicor is exposed to equity risk through the guarantees within our products, and through the impact of policyholder funds invested in accounts which track external equity-related indices such as universal life and segregated funds. We are also exposed to equity risk through our asset management and investment portfolios.

Our equity risk is managed through our investment policies and various internal controls, including among others established concentration limits and performing frequent monitoring. Where possible we use hedging strategies to mitigate our risks.

The following tables set out the potential immediate impacts on, or sensitivity of, our contractual service margin (pre-tax), net income (pre-tax), and other comprehensive income to certain changes in market variable at December 31, 2023. The analysis is based on an instantaneous change in the specific market variable while holding all other assumptions constant. In practice, this is unlikely to occur, as changes in some assumptions might be correlated.

At at December 31, 2023 *(in US $millions, pre-tax)*	**Impact from public equity price movements on:**		
	Contractual Service Margin (Net)	**Net Income**	**Other Comprehensive Income**
20% increase	2.1	98.8	0.0
20% decrease	(1.7)	(99.1)	(0.0)

At at December 31, 2023 *(in US $millions, pre-tax)*	**Impact from other non-fixed income asset price movements on:**		
	Contractual Service Margin (Net)	**Net Income**	**Other Comprehensive Income**
10% increase	-	0.4	0.0
10% decrease	-	(0.4)	(0.0)

Notes:
- All sensitivities are measured as of Q4 2023 reflecting balances as of that date, and do not reflect any second order impacts of the sensitivity over the following period. For non-ivari segments, Q4 2023 insurance contract liability sensitivities were approximated using actual Q3 2023 sensitivities with a scaling adjustment that reflected the movement in liabilities over the quarter. Sagicor Jamaica sensitivity on the insurance contract liabilities are split between public and private equity based on the percentage allocation of public and private equity in the segregated funds. Sagicor USA spread call option sensitivities reflect an average cap rate, rather than the individual cap rate of each option.
- The sensitivities assume all markets/geographies are shocked at the same time and by the same amount, which is unlikely to occur in practice.
- The market sensitivity impacts reflect Sagicor's accounting designation of financial assets and insurance contract liabilities. Most assets and all insurance contracts are measured at FVTPL. Market impacts on VFA insurance contracts impact the CSM, until it is exhausted, at which point, the impacts flow through income.
- For the insurance contract liability sensitivities, it is assumed there is no impact on manual reserves.
- The sensitivities do not reflect any potential management actions.

b) Foreign Exchange Risk

Foreign exchange risk is the result of mismatches in the currency of our assets and liabilities and cash flows. This risk may arise from a variety of sources such as foreign currency transactions and services, investments denominated in foreign currencies, net income from foreign operations, and investments in foreign subsidiaries. Changes or volatility in foreign exchange rates, including a change to currencies that are fixed in value to another currency, could adversely affect our net income, contractual service margin and capital. Additionally, some of the jurisdictions in which Sagicor operates may limit our ability to exchange local currency for US dollars.

Changes in exchange rates can affect our net income when financial results in functional currencies are translated into US dollar. Net income outside of the US is generally not currency hedged and a weakening in the local currency of our foreign operations relative to the US dollar could have a negative impact on our net income reported in US currency. A strengthening in the local currency of our foreign operations relative to the US dollar would have the opposite effect. Our most significant exposure is to the Canadian dollar as a result of our acquisition of ivari. Our other significant exposures are to the Jamaican, Barbadian and Trinidad dollars as a result of our business activities in those markets.

Sagicor operates and issues contracts in the currencies prevailing in the countries where we conduct business. Currencies which are pegged to the US dollar are converted at the pegged rates. Currencies which float are converted to the United States dollar by reference to the average of buying and selling rates quoted by the respective central banks. Exchange rates of the other principal operating currencies to the US dollar are set out in the following table.

Currency exchange rate of US $1.00:	**2023 closing rate**	**2023 average rate**	**2022 closing rate**	**2022 average rate**
Barbados dollar	2.0000	2.0000	2.0000	2.0000
Canadian dollar	1.3226	1.3658	1.3492	1.2923
Eastern Caribbean dollar	2.7000	2.7000	2.7000	2.7000
Jamaica dollar	154.2680	153.5318	151.0082	153.2954
Trinidad and Tobago dollar	6.7158	6.7396	6.7414	6.7402

The following tables shows the Group's significant foreign exchange exposure as of December 31, 2023 and 2022 (restated) by presenting assets and liabilities by the currency in which they are denominated for its continuing operations.

For our Sagicor Canada segment, all non-Canadian financial exposures are reported as Canadian exposure as the foreign currency risk is passthrough to policyholders.

December 31, 2023	**US $million equivalents of balances denominated in**							
(in US $millions)	**Barbados $**	**Jamaica $**	**Trinidad $**	**Eastern Caribbean $**	**US $**	**Canada $**	**Other Currencies**	**Total**
ASSETS								
Total monetary assets	411.4	1,769.3	837.4	141.5	6,503.1	8,995.8	177.7	18,836.2
Non-monetary assets	215.5	524.1	70.7	12.1	639.4	2,082.5	4.4	3,548.7
Total assets of continuing operations	626.9	2,293.4	908.1	153.6	7,142.5	11,078.3	182.1	22,384.9
LIABILITIES								
Total monetary liabilities	784.5	1,771.4	978.7	175.7	6,932	10,189.1	193.8	21,025.2
Non-monetary liabilities	0.8	9.0	1.8	1.4	-	16.6	1.0	30.6
Total liabilities of continuing operations	785.3	1,780.4	980.5	177.1	6,932.0	10,205.7	194.8	21,055.8
Net position	(158.4)	513.0	(72.4)	(23.5)	210.5	872.6	(12.7)	1,329.1

December 31, 2022 (restated) — **US $million equivalents of balances denominated in**

(in US $millions)	Barbados $	Jamaica $	Trinidad $	Eastern Caribbean $	US $	Canada $	Other Currencies	Total
ASSETS								
Total monetary assets	370.6	1,581.8	781.9	147.4	6,072.9	4.7	175.6	9,134.9
Non-monetary assets	238.0	498.9	84.1	16.3	650.1	-	(0.9)	1,486.5
Total assets of continuing operations	608.6	2,080.7	866.0	163.7	6,723.0	4.7	174.7	10,621.4
LIABILITIES								
Total monetary liabilities	704.6	1,624.2	954.1	174.7	6,223.2	1.0	182.3	9,864.1
Non-monetary liabilities	1.5	15.3	1.8	1.4	-	-	1.0	21.0
Total liabilities of continuing operations	706.1	1,639.5	955.9	176.1	6,223.2	1.0	183.3	9,885.1
Net position	(97.5)	441.2	(89.9)	(12.4)	499.8	3.7	(8.6)	736.3

To manage the risk associated with movements in currency exchange rates, Sagicor seeks to maintain investments and cash in each operating currency sufficient to match liabilities denominated in the same currency. Sagicor also invests in US dollar assets, which are held to pay liabilities in operating currencies. Management believes that this strategy adequately meets Sagicor's asset and liability management goals with respect to currencies and in the long-term is likely to either maintain capital value or provide satisfactory returns. We also perform sensitivity analysis to assess the impact of our exposure to foreign exchange risk.

Sensitivity

Sagicor is exposed to currency risk in its operating currencies for which values have noticeably fluctuated against the United States dollar (USD). This analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions might be correlated.

For additional details on Sagicor's foreign exchange risk, refer to notes 2.4, 23, and 36.7 of the 2023 consolidated financial statements.

c) *Interest Rate Risk*

Interest rate risk is the potential for financial loss arising from changes or volatility in interest rates or credit/swap spreads when asset and liability cash flows do not coincide in terms of timing and amount. Sagicor is exposed to interest rate risk when the cash flows from assets and the policyholder obligations they support are mismatched as this may result in the need to either sell assets to meet policy obligations and expenses or reinvest excess asset cash flows in unfavourable interest rate environments. The impact of changes or volatility in interest rates or credit/swap spreads are reflected in the valuation of our financial assets and insurance contract liabilities. For products with interest rate guarantee provisions, we may be required to increase liabilities or capital in respect of these contracts.

Movements in short-term and long-term interest rates affect the level and timing of recognition of gains and losses on securities Sagicor holds, and cause changes in realised and unrealised gains and losses. Generally, Sagicor's investment income will be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are called, mature, or are sold and the proceeds reinvested at lower rates. During periods of rising interest rates, the market value of Sagicor's existing fixed income securities will generally decrease and Sagicor's realised gains on fixed income securities will likely be reduced. Realised losses will be incurred following significant increases in interest rates only if the securities are sold; otherwise, the losses will be unrealised as assets are fairly matched to similar duration liabilities and may be held to maturity. Conversely, declining interest rates result in unrealised gains in the value of fixed income securities Sagicor continues to hold, as well as realised gains to the extent the relevant securities are sold.

Significant changes or volatility in interest rates or spreads could have a negative impact on the sales of certain insurance and annuity products, and adversely impact the expected pattern of redemption (surrenders) on existing policies. Increase in interest rates or widening credit spreads may increase the risk that policyholders will surrender their contracts, potentially forcing us to liquidate assets at a loss. Negative interest rates may additionally result in losses on our cash and short-term deposits and low or negative returns on our fixed income assets impacting our profitability.

A sustained low interest rate environment may additionally adversely impact our net income, contractual service margin, capital, and our ability to implement our business strategy and plans. This may be realized through lower sales, less profitable new business, changes in patterns of redemptions on existing policies, among other impacts.

Sagicor's primary interest rate exposures relate to our long-term insurance and annuities liabilities as well as funds on deposit. We may incur a loss on certain contracts where the investment return does not exceed the interest credited to the policyholder.

The table below summarises the average interest yields on financial assets and liabilities held during the year.

	2023	2022 (restated)
Financial investments carried at FVTOCI and amortised cost:		
Debt securities	6.3%	5.8%
Mortgage loans	6.3%	5.6%
Finance loans	10.8%	10.3%
Securities purchased for resale	3.2%	4.2%
Deposits	3.0%	1.1%
Financial liabilities carried at amortised cost:		
Investment contract liabilities	4.2%	3.1%
Notes and loans payable	7.0%	6.0%
Other funding instruments	5.6%	2.0%
Deposits	1.7%	1.0%
Securities sold for repurchase	4.7%	3.6%

Sensitivity

Sensitivity to interest rate risk is considered by operating subsidiaries. Sagicor's property and casualty operations are not exposed to a significant degree of interest rate risk since the majority of interest-bearing instruments related to these operations have short-term maturities.

The following table sets out the potential immediate impacts on, or sensitivity of, our contractual service margin (pre-tax), net income (pre-tax), and other comprehensive income to certain changes in market variable at December 31, 2023. The analysis is based on an instantaneous change in the specific market variable while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions might be correlated.

At at December 31, 2023 *(in US $millions, pre-tax)*	**Impact from interest rates movements on:**		
	Contractual Service Margin (Net)	**Net Income**	**Other Comprehensive Income**
50 basis point increase	4.5	(29.2)	(31.4)
50 basis point decrease	(5.7)	(23.2)	34.0

Notes:

- All sensitivities are measured as of Q4 2023 reflecting balances as of that date, and do not reflect any second order impacts of the sensitivity over the following. For non-ivari segments, Q4 2023 insurance contract liability sensitivities were approximated using actual Q3 2023 sensitivities with a scaling adjustment that reflected the movement in liabilities over the quarter.
- The sensitivities assume all markets/geographies are shocked at the same time and by the same amount, which is unlikely to occur in practice.
- The interest rate sensitivities assume a parallel shift in the yield curves, however non-parallel movements may be materially different from the estimated impacts.
- The market sensitivity impacts reflect Sagicor's accounting designation of financial assets and insurance contract liabilities. Most assets and all insurance contracts are measured at FVTPL. Market impacts on VFA insurance contracts impact the CSM, until it is exhausted, at which point, the impacts flow through income.
- For the insurance contract liability sensitivities, it is assumed there is no impact on manual reserves.
- The sensitivities do not reflect any potential management actions.

For more details on Sagicor's exposures to interest rates, refer to note 36.6 of the Group's 2023 consolidated financial statements.

4. LIQUIDITY RISK

Liquidity risk is the possibility that we will not be able to fund all our financial obligations and collateral requirements as they fall due. This includes the risk of being forced to sell assets at depressed values resulting in realized losses on sale. This risk also includes restrictions on our ability to efficiently allocate capital among our subsidiaries due to various market and regulatory constraints on the movement of funds or the lack of marketability of portions of our assets, such as mortgage loans and real estate. Our funding obligations arise in connection with the payment of policyholder obligations, expenses, reinsurance settlements, asset purchases, investment commitments, interest on debt, and dividend payments. Sources of available cash flows include general fund premiums and deposits, investment related inflows, proceed generated from financing activities, as well as dividends and interest payments from subsidiaries.

Sagicor is exposed to daily demands on our available cash resources for payment of policyholder obligations, operating expenses and taxes, loan drawdowns, repayment of borrowings, maturing deposit liabilities and other security obligations. We maintain cash resources in each of our operating currencies to meet what we predict will be required to meet our financial obligations. Demands on our cash resources may exceed our projections.

Sagicor limits concentrations of liabilities in each market segment. Where practical, given our operating environment, we seek to match maturities of assets and liabilities while maintaining a portfolio of short-term, highly liquid securities to meet funding gaps. We also monitor our daily, weekly, and monthly liquidity risk and manage our maturing asset and liability portfolios.

Sagicor uses a combination of investments in Exchange Traded Funds, mutual funds, and derivatives to hedge the risks associated with certain of our products. These options are appropriate to reduce or minimise the market risks associated with adverse fluctuations in the equity markets. Certain hedging transactions are accounted market value, others are accounted for as call options and are originally valued at the premium paid, with the statement carrying value being adjusted to fair value. To minimise potential counterparty risk from the purchase of these customised contracts from broker dealers, Sagicor only transacts with banks and brokers carrying an unsecured debt rating of at least A or P-1 by either Standard and Poor's or Moody's.

Sagicor's monetary insurance liabilities mature in periods which are summarised in the following tables for the years ended December 31, 2023 and 2022 (restated). Amounts are stated at their carrying values recognised in the financial statements and are analysed by their expected due periods, which have been estimated by actuarial or other statistical methods.

(a) Insurance and reinsurance contract liabilities

Sagicor's insurance and reinsurance contract assets and liabilities are expected to mature in periods which are summarised in the following table. For the contract assets, amounts are stated at their carrying values recognised in the financial statements. For the contract liabilities, the discounted cash flows, which have been estimated by actuarial or other statistical methods, are analysed by their expected due period

(in US $millions)	Expected discounted cash flows						
	Within 1 year	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**After 5 years**	**Total**
2023							
Insurance contract assets	1.4	-	-	-	-	(1.2)	0.2
Reinsurance contract assets	181.4	86.2	78.6	68.0	66.4	1,548.3	2,028.9
Total	182.8	86.2	78.6	68.0	66.4	1,547.1	2,029.1
Insurance contract liabilities	488.2	397.4	399.0	464.6	604.9	10,133.1	12,487.2
Reinsurance contract liabilities	(0.2)	1.6	1.4	1.1	0.8	28.0	32.7
Total	488.0	399.0	400.4	465.7	605.7	10,161.1	12,519.9
2022							
Insurance contract assets	2.7	3.0	2.8	2.5	2.3	6.4	19.7
Reinsurance contract assets	87.2	64.7	55.5	45.2	38.2	159.3	450.1
Total	89.9	67.7	58.3	47.7	40.5	165.7	469.8
Insurance contract liabilities	620.2	409.0	484.4	390.4	350.5	2,960.1	5,214.6
Reinsurance contract liabilities	(1.6)	1.2	0.6	0.4	0.5	41.6	42.7
Total	618.6	410.2	485.0	390.8	351.0	3,001.7	5,257.3

(b) Financial liabilities and commitments

Sagicor's contractual cash flow obligations in respect to our financial liabilities and commitments are summarised in the following table. Amounts are analysed by their earliest contractual maturity dates and consist of the contractual un-discounted cash flows. Where the interest rate of an instrument for a future period has not been determined as of the date of the financial statements, we assume that the interest rate then prevailing continues until final maturity.

(in US $millions)	**2023 - Contractual un-discounted cash flows**			
	On demand or within 1 year	**1 to 5 years**	**Over 5 years**	**Total**
Financial liabilities:				
Investment contract liabilities	385.2	87.6	21.1	493.9
Notes and loans payable	147.5	801.4	-	948.9
Lease liabilities	10.3	25.7	18.9	54.9
Deposit and security liabilities:				
Other funding instruments	517.3	262.9	1,714.4	2,494.6
Customer deposits	1,080.8	3.3	0.1	1,084.2
Structured products	-	-	-	-
Securities sold for repurchase	625.5	41.1	-	666.6
Derivative financial instruments	0.5	-	-	0.5
Bank overdrafts	2.2	-	-	2.2
Accounts payable and accrued liabilities	285.7	3.2	4.7	293.6
Total financial liabilities	3,055.0	1,225.2	1,759.2	6,039.4
Off financial statement commitments:				
Loan commitments	108.1	12.6	5.9	126.6
Non-cancellable lease and rental payments	0.2	-	-	0.2
Customer guarantees and letters of credit	30.8	-	9.8	40.6
Investment and investment management fees	0.2	-	-	0.2
Total off financial statement commitments	139.3	12.6	15.7	167.6
Total	3,194.3	1,237.8	1,774.9	6,207.0

(in US $millions)	2022 - Contractual un-discounted cash flows			
	On demand or within 1 year	**1 to 5 years**	**Over 5 years**	**Total**
Financial liabilities:				
Investment contract liabilities	390.2	78.5	24.1	492.8
Notes and loans payable	113.8	148.5	564.6	826.9
Lease liabilities	8.5	17.3	23.9	49.7
Deposit and security liabilities:				
Other funding instruments	535.1	13.4	10.1	558.6
Customer deposits	990.6	2.2	-	992.8
Structured products	4.4	-	-	4.4
Securities sold for repurchase	647.4	13.8	-	661.2
Derivative financial instruments	-	-	-	-
Bank overdrafts	1.7	-	-	1.7
Accounts payable and accrued liabilities	197.4	0.4	-	197.8
Total financial liabilities	2,889.1	274.1	622.7	3,785.9
Off financial statement commitments:				
Loan commitments	99.9	16.7	0.6	117.2
Non-cancellable lease and rental payments	0.2	-	-	0.2
Customer guarantees and letters of credit	21.1	5.9	10.0	37.0
Investment and investment management fees	4.4	-	-	4.4
Capital commitments	3.6	-	-	3.6
Total off financial statement commitments	129.2	22.6	10.6	162.4
Total	3,018.3	296.7	633.3	3,948.3

5. INSURANCE RISK

Insurance risk is the risk of loss due to actual experience emerging differently than expected in the areas of mortality, morbidity, and longevity. In addition, policyholder behaviour, product design and pricing, expense and reinsurance risks impact multiple risk categories, including insurance risk.

Sagicor manages insurance risk through specific underwriting and claims standards and controls, robust reserving processes, including periodic review of experience studies against our modelling assumptions, review and approval of any recommended changes in actuarial inputs by our Chief Actuary and Appointed Actuary. We also purchase reinsurance for certain risks underwritten by our various businesses.

a) Insurance Product Design and Pricing Risk

Product design and pricing risk arises when a product does not perform as expected, causing adverse financial consequences. The risk may occur from deviation in realized experience versus assumptions used in the pricing of our products. Risks include uncertainty concerning future investment yields, policyholder behaviour, actual claims experience, sales levels, mix of business, expenses, and taxes.

Risks are priced to achieve an adequate return on capital on the insurer's[17] business. To determine the price of an insurance contract, the insurer considers the nature and amount of the risk assumed, and recent experience and industry statistics of the benefits payable. Pricing inadequacy may arise either from the use of inadequate experience and statistical data in deriving pricing factors, from insurance market softening conditions, or from future changes in the economic environment.

Our underwriting process has established pricing guidelines; and may include specific enquiries which determine the insurer's assessment of the risk. Insurers may also establish deductibles and coverage limits for property, casualty and health risks which will limit the potential claims incurred. The pricing of a contract therefore consists of establishing appropriate premium rates, deductibles, and coverage limits. For long-term insurance contracts, Sagicor assesses the future cash flows attributable to each contract.

Sagicor carries significant underwriting risks concentrated in Canada and certain countries within the Caribbean, namely Antigua, Barbados, Cayman Islands, Jamaica, St. Lucia and Trinidad and Tobago.

b) Policyholder Behaviour Risk

Policyholder behaviour risk if the risk of unfavourable variability in the level, trend or volatility of lapse rates or premium payment pattern compared to the assumptions used in the pricing and valuation of products.

Uncertainty in policyholder behaviour can arise from unexpected events in the policyholder's life circumstances, the general level of economic activity, changes in the financial and capital markets, changes in pricing and availability of current products, the introduction of new products, changes in underwriting approaches, as well as changes in our financial strength or reputation. Uncertainty in future cash flows affected by policyholder behaviour can be further exacerbated by unexpected behaviour during times of economic turbulence or at key option exercise points in the life of an insurance contract.

c) Mortality, Morbidity and Longevity Risk

Mortality and morbidity risk is the risk that future experience could be unfavourable relative to the assumptions used in the pricing and valuation of our products. Mortality and morbidity risk can arise in the normal course of business through random fluctuations in realized experience, through catastrophes, as a result of a pandemic, or in association with other risk factors such as product development and pricing risk. Adverse mortality and morbidity experience could also occur through systemic anti-selection, which could arise due to poor plan design or underwriting process failure among other factors.

Several external factors could adversely affect our life, health, critical illness, disability, and long-term care insurance businesses as well as our annuity businesses. For example, morbidity experience could be unfavourably impacted by external events, such as pandemics, increases in disability claims during economic slowdowns, and increases in medical treatment costs. They can introduce potential for adverse financial results.

[17] Insurer refers to a subsidiary of Sagicor issuing insurance contracts.

Longevity risk is the potential losses arising from adverse changes in mortality rates relative to the assumptions used in the pricing and valuation of our products. The risk could manifest itself slowly over time as socioeconomic conditions improve and medical advances continue, as a result of a prolonged adverse impact of climate change, or more rapidly through medical developments that extend life expectancy. Longevity risk affects contracts where benefits or costs are based upon the likelihood of survival and higher than expected improvements in insured life expectancy could therefore increase the ultimate cost of these benefits.

For long-term contracts in force, Sagicor invests in assets with cash flow characteristics that closely match the cash flow characteristics of the related policy liabilities. The primary purpose of this matching is to seek to ensure that cash flows from these assets are synchronised with the timing and the amounts of our policyholder obligations.

Policyholder obligations payable under long-term contracts may be triggered by an insurable event (such as a death, disability or critical illness claim) a specified time (for example, for an annuity settlement or a policy maturity) or on the exercise of a surrender or withdrawal request by the policyholder. While settlement of these obligations is therefore expected over the remaining lives of the insureds and annuitants, Sagicor remains subject to uncertainty related to the timing of these cash outflows.

For long-term insurance contracts, significant risks arise from mortality and morbidity experience. Worsening mortality and morbidity will increase the incidence of death and disability claims. Improving mortality rates will lengthen the pay-out period of annuities.

Policy benefits payable under short-term contracts are generally triggered by an insurable event (for example, a medical expense or a death claim). Settlement of these benefits is expected generally within a short period.

d) Property & Casualty (P&C) Insurance Risk

P&C insurance risk arises from coverage provided for motor, marine, property, liability, worker's injury and specialty lines of insurance contracts.

Claims payable under P&C contracts are triggered by an insurable event and may be categorised as:

- attritional losses, which are expected to be of reasonable frequency and are less than established threshold amounts;
- large losses, which are expected to be relatively infrequent and are greater than established threshold amounts;
- catastrophic losses (natural or man-made), which are an aggregation of losses arising from one incident or proximate cause, affecting one or more classes of insurance. These losses are infrequent and are generally very substantial.

Claims risk is the risk that incurred claims may exceed expected losses. Claims risk may arise from: invalid or fraudulent claim submissions; the frequency of incurred claims; the severity of incurred claims; and the development of incurred claims.

Claims may be concentrated in geographic locations, altering the risk profile of the insurer. The most significant exposure for this type of risk arises where a single event could result in very many claims. Concentration of risk is mitigated through risk selection, line sizes, event limits, quota share reinsurance and excess of loss reinsurance. Sagicor reinsures most of our P&C claims risk.

e) Expenses

Expense risk is the risk that future expenses are higher than the assumptions used in the pricing and valuation of products. This risk can arise from general economic conditions, unexpected increases in inflation, slower than anticipated growth, or reduction in productivity leading to increases in unit expenses. Expense risk occurs in products where we cannot or will not pass increased cost onto the policyholder and will manifest itself in the form of a liability increase or a reduction in expected profits. We incorporate changes in expense growth rates into our stressed scenario analyses and monitor expense trajectory carefully.

f) Reinsurance Risk

Reinsurance risk is the risk of financial loss due to adverse developments in reinsurance markets (including discontinuation or reduction of reinsurance capacity, increase in the cost of reinsurance, insolvency of a reinsurer or inadequate reinsurance coverage. While reinsurance arrangements provide for the recovery of claims arising from liabilities ceded, we retain primary responsibility to the policyholder.

Sagicor cedes some risk to reinsurers that have well-established capability to meet their contractual obligations and that generally have high credit ratings, which ratings Sagicor monitors, or Sagicor requires that a trust account be maintained as collateral for the obligations.

Under reinsurance contracts, Sagicor retains some part of the risk (amounts below the "retention limit") and coverage in excess of these limits is ceded to reinsurers. The retention programs used are summarised in notes 36.1 of the annual financial statements. Sagicor also maintains catastrophic reinsurance coverage whereby reinsurance coverage is obtained for multiple claims arising from one event or occurring within a specified period.

Sensitivity to Insurance Risks

Insurance risk sensitivities were determined based on the impact of specific changes in policyholder behaviour, mortality, longevity, morbidity, P&C loss ratio, and expense assumptions used in the valuation of insurance contracts. The following sensitivity analysis shows the immediate impact on net income (pre-tax) and contractual service margin of a reasonably possible permanent deterioration in these assumptions, which have the greatest impact on the estimates of future cash flows with all other assumptions unchanged. This analysis presents adverse sensitivities both before and after risk mitigation by reinsurance contracts. An improvement of the same percentage in those assumptions would have a similar impact, but in the opposite direction. Actual results can differ significantly from these estimates for a variety of reasons, including the interaction among other factors when more than one factor changes; changes in liabilities from updates to non-economic assumptions, changes in business mix, and other market factors; and the general limitations of our internal models. For these reasons, the insurance risk sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined for each risk sensitivities. Given the nature of these calculations, we cannot provide assurance that the actual impact on contractual service margin, net income, and other comprehensive income will be as indicated. The insurance risk sensitivity results have not changed materially year over year for each operating segment, however, the consolidated insurance risk sensitivities have changed year over year reflecting the incorporation of ivari's results into our sensitivity results.

At at December 31, 2023 *(in US $millions, pre-tax)*	**Impact from changes to policy related assumptions on:**			
	Contractual Service Margin		**Net Income**	
	Gross	**Net**	**Gross**	**Net**
2% adverse change in future mortality rates for insurance liabilities	(114.2)	(4.5)	(12.9)	0.3
2% adverse change in future longevity rates for annuity liabilities	(2.3)	(2.3)	(1.7)	(1.7)
5% adverse change in future morbidity rates	(3.0)	(2.1)	(1.0)	(1.0)
10% multiplicative increase to the P&C loss ratio	-	-	(1.8)	(1.8)
5% increase in future expense levels	(19.4)	(19.2)	(3.1)	(3.0)
10% adverse change in policyholder behaviour (i.e., lapses)	(218.2)	(138.7)	(37.8)	(26.6)

Notes:
- All sensitivities are measured as of Q4 2023 reflecting balances as of that date, and do not reflect any second order impacts of the sensitivity over the following period. For non-ivari segments, Q4 2023 insurance contract liability sensitivities were approximated using actual Q3 2023 sensitivities with a scaling adjustment that reflected the movement in liabilities over the quarter.
- The sensitivities assume all markets/geographies are shocked at the same time and by the same amount, which is unlikely to occur in practice.
- For the insurance contract liability sensitivities, it is assumed there is no impact on manual reserves.
- The direction of the policyholder behaviour sensitivity is assessed at the operating segment level.
- The sensitivities do not reflect any potential management actions.

6. FIDUCIARY RISK

Sagicor provides investment management, insurance and pension administration, and corporate trust services to corporate customers. Investment management services requires Sagicor to make allocation, purchase and sale decisions in relation to a wide range of investments on behalf of these corporate customers. These services may expose Sagicor to claims for maladministration or underperformance of these investments. As of December 31, 2023, Sagicor administered US $3,728.9 million (2022 – US $3,669.9 million) in assets on behalf of these corporate customers.

7. OPERATIONAL RISK

Sagicor is exposed to operational risk, which represents the risk of loss or harm resulting from people, inadequate or failed internal processes, controls, and systems or from external events and is inherent in all our activities and third-party activities. Operational failures can lead to involuntary one-time losses, inefficiencies resulting in recurring losses, reputation damage or lost opportunities. We continue to make advancements in our operational risk management approaches as we seek to ensure we have appropriate and effective internal controls in place, and a trained and competent workforce to mitigate this risk.

Below are examples of operational risks that could impact our organization.

a) *Fraud risk:*

This represents the risk of loss resulting from acts or activities that are intended to defraud, misappropriate assets, or circumvent laws or regulations by customers, contractors or other third parties, directors, officers, employees, or advisors. Fraud is any intentional dishonest act or omission designed to deceive others, resulting in a victim suffering or being exposed to a loss or the perpetrator achieving a gain. Fraud can result in a financial loss or reputational impact to Sagicor and have other impacts that are detrimental to our customers and other stakeholders. Sagicor faces both internal and external fraud risks which may include identify theft, fraudulent claims, misrepresentation, forgery, and collusion as incident types. Fraud can be difficult to detect due to the continuously evolving external fraud environment and increasingly sophisticated methods of organized criminals, and could harm our business, financial performance or financial condition. Fraud risk is actively monitored and preventative monitoring rules have been implemented in certain of our businesses.

b) *Business continuity risk:*

This represents the risk of not being able to maintain, continue or restore essential business operations during and/or after an event that prevents us from conducting business in the normal course. Exposure to disruptive operational events interrupts the continuity of our business operations and could negatively impact our results of operations, reputation, client outcomes and/or result in harm to our employees. These operational events could result from the impact of severe weather, pandemics, failed processes, technology failures or cyber threats. Plans and processes have been established across the organization to follow in the event of disaster or business disruption.

c) *Technology and cybersecurity risk:*

Technology risk is associated with the use, ownership, operation, and adoption of technology that can result in business interruptions, client service disruptions and loss of confidential information causing adverse effects on Sagicor's business, financial performance, reputational damage and regulatory fines and penalties.

Cyber risk is the risk associated with cyber-attacks initiated to disrupt or disable our operations or to expose or damage data. We have a dedicated team of professionals that help protect our organization against breaches and other incidents by ensuring appropriate security and operational controls are in place. We remain vigilant and continue to improve our cybersecurity capabilities and enhance controls.

d) *Third party risk:*

Third-party risk is the risk third parties fail to provide goods, business activities or services and therefore exposing Sagicor to negative outcomes. The third-party risk scenarios may include insolvency, operational disruption of the third party, geopolitical tensions, breaches or loss of data or corruption, unwillingness to provide the services/products in accordance with the term of their contracts. Key third party providers are closely monitored as part of our ERM.

e) ***Model risk:***

Model risk is the risk of inappropriate design, implementation and/or use of a model. While the use of data and models generates value for Sagicor and offers significant business value, it also introduces the risk that a loss might occur or inappropriate decisions might be made due to modelling deficiencies or limitations, improper implementation or utilization, inaccurate or inappropriate data, or incorrect assumptions. Sagicor has established a multi-layered review of our significant models.

f) ***Human resources risk:***

Human resources are an essential component in the realization of Sagicor's strategic plan and the implementation of our business strategies. Human resources risk is the risk of loss resulting from a shortage of competent, motivated, and engaged resources (due to capacity, employment practices and the working environment, respectively), in the short to medium term, or labour disputes limiting personnel to carry out the operational activities needed to support the organization's growth. A code of conduct is in place in addition to well-defined policies and procedures with respect to compensation, recruitment, training, employment equity, diversity, as well as occupational health and safety. We also conduct surveys, focus group discussions and interviews to assess employment engagement levels.

g) ***Legal & regulatory risk:***

We are subject to extensive regulatory oversight by financial services regulators in the jurisdictions in which we operate. Legal and regulatory risk is the risk that changes to legislations, regulations or government policies, or the way they are interpreted or enforced, may require that we make significant changes to our strategy and may result in higher implementation costs and diversion of resources to implement the changes. These changes could impact financial reporting, accounting processes, capital requirements, the regulatory framework of our products and services, the regulation of selling practices, sales intermediaries and product offerings, solvency requirements, and corporate governance practices and could impose restrictions on our operations. All these changes could have an adverse effect on our business and operations. Our failure to comply with laws or to conduct our business consistent with changing regulatory or public expectations could adversely impact our reputation and may lead to regulatory investigations, examinations, proceeding, settlement, penalties, fines, restrictions on our business, litigation or an inability to execute our business strategies and plans.

8. CONDUCT RISK

Conduct risk is the risk of unfair outcomes for customers as a result of inadequate or failed processes and/or inappropriate behaviours, offerings, or interactions by Sagicor's advisors, brokers and Independent Agents. A failure to identify and mitigate conduct risk impacts not only Sagicor's customers but can also have adverse reputational and financial consequences for Sagicor due to the cost of customer remediation, damage to reputation and/or regulatory fines. A code of conduct is in place which outlines an employee's responsibility to act professionally, treat others with respect, and comply with laws, regulations, and our policies. Anyone who breaches or fails to report an actual or possible breach of the Code of Conduct is subject to corrective or disciplinary action.

9. STRATEGIC RISK

Strategic risk can arise from decisions we make around our product and service offerings, the distribution channels we utilize, the acquisitions and dispositions we pursue, our responses to competitive threats and regulatory changes, and are guided by our ERM. Having a wrong strategy, or poorly executing on the correct strategy, could have adverse effects on Sagicor's business, results of operations, financial condition, and reputation.

The head of business lines are responsible for selecting and successfully implementing business strategies. Oversight of strategic risk is the responsibility of the heads of the operating segments and their operating committees, the Group's leadership team and the Board.

10. ADDITIONAL INFORMATION

A. ECONOMIC ENVIRONMENT

According to the International Monetary Fund's (IMF) World Economic Outlook (WEO) Update, the global economy grew by approximately 3.1% in 2023 compared to 3.5% on record for the year 2022. In addition, the IMF projects global growth during 2024 will expand by approximately 3.1% and also estimates global headline inflation to decelerate to 5.8% in 2024 from approximately 6.8% in 2023.

The Bureau of Economic Analysis' second estimate indicated economic activity in the USA grew by 2.5% in the year 2023, 60 basis points above the growth estimate recorded during 2022. Meanwhile, the unemployment rate in the USA stood at 3.7% by the end of 2023, 20 basis points higher than the value on record at the end of 2022. The target range for the federal funds rate ended 2023 at 5.25% to 5.50% after the Federal Open Market Committee (FOMC) hiked the target range for its federal fund rates by approximately 100 basis points during 2023. By the end of 2023, the cost of living in the USA showed signs of disinflation as the Consumer Price Index for All Urban Consumers increased by 3.4% for the 12 months ending December 2023, compared to 6.5% for the similar period in 2022. By the end of the year the West Texas Intermediate oil prices stood at approximately US $72 per barrel compared to approximately US $80 per barrel at the end of 2022.

Statistique Canada estimated economic activity in Canada grew by approximately 1.2% in 2023. In addition, Canada's unemployment rate ended the year at approximately 5.8%, compared to 5.0% at the end of 2022. The Bank of Canada decided to raise its policy interest rates by 75 basis points during 2023 and this metric ended 2023 at 5.00%. The Consumer Price Index rose by 3.4% on a year over year basis in December 2023, compared to 6.3% for the similar period in 2022.

According to the Eurostat's most recent Economic Bulletin, the first estimation of the annual GDP growth throughout the Euro Area is approximately 0.5% for 2023. The Bank of Japan's January 2024 publication of its Outlook for Economic Activity and Prices indicates economic activity in Japan recorded a 0.7% contraction during the third quarter of 2023 on a quarter-on-quarter basis. In its January 2024 WEO Update, the IMF estimated real GDP in Japan and China expanded by 1.9% and 5.2%, respectively in 2023. The Bank of England's Official Bank Rate ended 2023 at 5.25% after the Bank of England's Monetary Policy Committee voted to hike the Official Bank Rate by 175 basis points during 2023. Meanwhile, Japan's short-term policy interest rate remained unchanged at -0.1% during 2023.

2023 proved to be a favorable year for US stocks – most prominently the "Magnificent 7" comprising of Apple, Amazon, Alphabet, Meta Platforms, Microsoft, Nvidia and Tesla. In light of this, the S&P 500 and NASDAQ Composite Index advanced by 26.29% and 44.64%, respectively, during the year. The Dow Jones Industrial Average Index advanced by 16.18%. Meanwhile, the performance of emerging market equities underperformed US based stock as the MSCI Emerging Market Index returned 9.83% for the year. After the 10-year US Treasury yield peaked at 4.98% in October 2023, by the end of December 2023 the 10-year US Treasury yield stood at 3.88% in line with where it ended 2022.

According to the IMF, over the 3-year period ending 2023, real GDP in the Eastern Caribbean Currency Union grew by nearly 7% on average per year. This level of economic rebound was supported by growth with the tourism sector and investment by public and private sectors. According to the International Monetary Fund, inflation in the Eastern Caribbean Currency Union moderated to approximately 4% in 2023, compared to its peak of 5.5% in 2022. During the year under review, the foreign reserves backing the Eastern Caribbean dollar remain strong as the backing ratio stood at approximately 94.96% at the end of November 2023 - above the statutory minimum requirement of 60%.

Against the backdrop of a thriving tourism performance, preliminary statistics indicate economic growth in Barbados expanded by 4.4% in 2023. This robust growth of the country's GDP resulted in Barbados' public debt-to-GDP ratio decreasing by approximately 4.8% during 2023 to 115.5%. The gross international reserves for Barbados grew to BDS 2,997.4 million or 31.6 weeks of import cover at the end of 2023. The most recent Economic Review from the Central Bank of Barbados indicated the unemployment rate in Barbados increased to 8.3% at the end of September 2023; however, the indicator remains below the historical average of 10.3%. At October 2023, the 12-month moving average inflation in Barbados increased at a pace of 5.2% compared to 4.9% a year earlier.

According to the Central Bank of Trinidad and Tobago, year-on-year growth in Trinidad and Tobago's Real GDP was estimated at 0.8% and 1.7% in the second and first quarters of 2023, respectively. Throughout the year 2022, the Central Bank of Trinidad and Tobago maintained its repo rate at 3.5% since its implementation in March 2020. At the end of December 2023, Trinidad and Tobago's official reserves remained strong at approximately US $6,257.9 million or 7.8 months of prospective imports of goods and services. Trinidad and Tobago's headline inflation decreased to 0.7% at the end of December 2023. Similarly, Trinidad and Tobago's core inflation decreased to 1.2% in December 2023. The domestic stock market in Trinidad experienced a substantive downturn during the year 2023 and the Trinidad and Tobago Stock Exchange's Composite Price Index fell by approximately 8.87% during 2023.

In the quarter ended September 2023, the Jamaican economy expanded by 2.1% compared to the growth estimates of 2.3% and 4.2% in the second and first quarters of 2023, respectively. Moreover, the Bank of Jamaica's latest estimate indicate real economic activity expanded by 4.7% during the fiscal year 2022/23. Jamaica's annual point-to-point inflation at the end of December 2023 stood at 6.9%. During the year under review, the Bank of Jamaica's Monetary Policy Committee elected to maintain its policy interest rates and at the end of the 2023, the Bank of Jamaica's policy interest rates stood at 7%. Additionally, the Jamaica Stock Exchange Main Market Index declined 8.5% during 2023. In the Junior Market, Jamaica's Junior Market Index fell by 3.5% during 2023. In the fixed income market, the GOJ 180-day Treasury Bill ended 2023 at 8.46%, compared to 8.18% at the end of 2022.

B. QUARTERLY FINANCIAL DISCLOSURES

The following table provides a summary of Sagicor's results from continuing operations for the eight most recent quarters. 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)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022 Restated	Q3 2022 Restated	Q2 2022 Restated	Q1 2022 Restated
Net insurance service result	**20.1**	23.6	25.2	2.3	33.4	5.2	33.7	12.0
Net investment income/(expenses)	**1,135.4**	82.8	115.9	219.6	164.4	(84.8)	(233.9)	(121.5)
Net insurance finance income/(expense)	**(893.1)**	(8.5)	15.5	(133.7)	(7.3)	52.9	203.6	73.2
Net segregated funds investment result	**-**	N/A	N/A	N/A	N//A	N/A	N/A	N/A
Total insurance and investment result	**262.4**	97.9	156.6	88.2	190.5	(26.7)	3.4	(36.3)
Fees and other income	**27.1**	27.1	31.1	32.5	36.4	35.5	39.3	36.6
Gain arising on business combinations, acquisitions and divestures	**448.3**	-	-	-	-	1.7	-	-
Share of income of associates and joint ventures	**3.1**	1.4	2.6	0.5	0.8	1.1	1.9	2.3
Other operating expenses	**(131.1)**	(70.8)	(73.9)	(74.1)	(77.1)	(65.9)	(83.4)	(71.6)
Other interest and finance costs	**(56.8)**	(33.8)	(34.7)	(30.1)	(28.3)	(25.9)	(24.9)	(21.8)
Income/(loss) before taxes	**553.0**	21.8	81.7	17.0	122.3	(80.2)	(63.7)	(90.8)
Income taxes	**(49.5)**	(10.6)	(21.4)	(7.8)	(18.9)	(6.0)	(4.3)	8.5
Net income/(loss)	**503.5**	11.2	60.3	9.2	103.4	(86.2)	(68.0)	(82.3)
Income/(loss) attributable to shareholders	**485.3**	(3.5)	48.8	1.4	71.9	(74.1)	(81.2)	(81.0)
Basic EPS $	**3.43**	(0.025)	0.342	0.010	0.50	(0.519)	(0.569)	(0.566)
Basic EPS $[18]	**0.26**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Diluted EPS $	**3.37**	(0.025)	0.339	0.010	0.50	(0.519)	(0.569)	(0.566)
Diluted EPS $[18]	**0.26**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Return on shareholders' equity (annualised)[19]	**211.0%**	(3.1%)	43.9%	1.3%	73.6%	(74.5%)	(64.7%)	(53.0%)
Return on shareholders' equity (annualised)[19 19]	**30.8%**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dividends declared per share $	**0.05625**	0.05625	0.05625	0.05625	0.05625	0.05625	0.05625	0.05625
Dividends paid per share $	**0.05625**	0.05625	0.11300	-	0.05625	0.05625	0.11300	-
Total assets	**22,384.9**	11,031.0	11,040.5	10,775.0	10,621.4	10,410.3	10,455.2	10,435.5
Total equity attributable to shareholders	**970.9**	442.5	462.5	428.3	429.7	351.9	443.8	559.7
Income/(loss) attributable to shareholders by operating segment:								
Sagicor Life	**(30.7)**	3.6	8.7	6.0	46.7	(10.9)	(0.4)	0.5
Sagicor Jamaica	**17.3**	14.2	10.8	7.3	30.5	(12.5)	13.3	(2.4)
Sagicor Life USA	**(23.0)**	5.1	54.6	4.4	14.6	(26.6)	(35.5)	(75.3)
Sagicor Canada	**122.1**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Head office, other & inter-segment eliminations	**399.6**	(26.4)	(25.3)	(16.3)	(19.9)	(24.1)	(58.6)	(3.8)
Total	**485.3**	(3.5)	48.8	1.4	71.9	(74.1)	(81.2)	(81.0)

[18] Excluding gain on business acquisition

[19] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

Third Quarter 2023

In Q3 2023 Sagicor continued momentum in new business production while navigating rising interest rates and some continued adverse experience. Each of our segments delivered strong insurance revenue and new business CSM. Sagicor's Q3 2023 results showed a net loss to shareholders of US $3.5 million and was primarily caused by changes in actuarial assumptions as part of Sagicor's annual review, together with other one-time charges and expenses.

Second Quarter 2023

Sagicor experienced Q2 2023 net income to shareholders of US $48.8 million. New business production in each of our segments was robust, with Sagicor Life USA posting excellent sales during the quarter in a favorable competitive and investment environment. Sagicor Jamaica and Sagicor Life generated net income to shareholders of US $10.8 million and US $8.7 million, respectively. Sagicor Life USA segment reported net income to shareholders of US $54.6 million, due in part to the refinement in the discount rate inputs.

First Quarter 2023

Net income to shareholders for the quarter, excluding one-time costs of US $5.2 million relating to the IFRS 17 implementation, the ivari transaction, the build-out of our digital bank in Barbados and an estimated $0.6 million of net experience loss, was US $7.2 million. Our results were dominated by asset price movement and the revaluation of liabilities under IFRS 17. We experienced positive movement through earnings backing surplus from our shareholding in Playa Hotels & Resorts. This was offset by the accounting mark-to-market volatility from the delinking of asset and liability rates upon the transition of IFRS 17, which resulted in non-economic accounting volatility where the calculated value of our liabilities increased more than the appreciation of our assets backing liabilities.

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 Canada) 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 our 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 our 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 Sagicor. Higher investment yields enable us 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 we are 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 contract liabilities at December 31 by discounting the cash flows using the relevant yield.

Asset default

The recognition of an un-anticipated default from an invested asset or loans, 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 loans and 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.

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 contract 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.

Refer to the Risk Management section for insurance risk sensitivities.

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. On October 3, 2023, Sagicor Financial Company Ltd. completed its purchase of 100% of the shares of Proj Fox Acquisition Inc. which holds ivari through its holding in Wilton Re (Canada) Limited, for cash consideration of US $271.2 million (the "ivari acquisition"). The ivari acquisition gave rise to an after-tax gain on the business acquisition of US $448.3 million in the fourth quarter of 2023, and to the establishment of the Sagicor Canada segment.

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).

The tables below illustrate the gross and net (of reinsurance) total life insurance coverages and annuity liabilities for individual and group polices as of December 31, 2023, and 2022, respectively.

(in US $millions)	**2023**	**2022**
Total life insurance coverage		
Individual contracts - gross	**222,222.4**	39,120.0
Individual contracts - net	**75,210.0**	32,888.7
Group contracts – gross	**5,068.2**	5,699.0
Group contracts - net	**4,789.9**	5,394.6

Total liability under annuity contracts provides a good measure of longevity risk exposure.

(in US $millions)	**2023**	**2022**
Total liability for annuity contracts		
Individual contracts - gross	**4,953.2**	4,732.0
Individual contracts - net	**4,653.5**	4,284.4
Group contracts – gross	**575.2**	450.6
Group contracts - net	**564.2**	438.8

For more details, refer to Note 37.1 to the Group's annual financial statements.

D. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on the Group's reported assets, liabilities, income and other comprehensive income. The items which may have the most effect on the Group's financial statements are set out below.

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.
- For contracts determined to be within the scope of IFRS 17, what measurement model is applicable. The Group is required to determine the classification of contracts issued in Participating product lines as insurance or investment contracts. The following contracts issued by the Group are considered:
    - Insurance contracts with discretionary participation features, for which the Group applies significant judgement in the determination of whether contracts meet the definition of investment contracts with discretionary participation features.
    - Insurance contracts with direct participation features, based on the Group's assessment of whether contracts that are determined to be within the scope of IFRS 17 meet the definition of an insurance contract with direct participation features as follows:
        - 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.
- Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk.

Unit of account

The Group is 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 insurance contracts are distinct (that is, they meet the separation criteria).

Contracts not measured under PAA, continued

1.1 Areas of Judgement, continued

Unit of account, continued

- 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.

Insurance contracts aggregation

The Group is required to make judgements involved in the identification of portfolios of contracts (that is, having similar risks and being managed together). This includes 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.

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 are 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 life and health 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.

Contracts not measured under PAA (continued)

1.2 The methods used to measure insurance contracts (continued)

- 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.

  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

The present value of future cash flows for life insurance contract liabilities is determined using discount rates which 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. The illiquidity adjustments are estimated using information from observed historical levels of default for bonds included in the reference portfolio. The adjusted sovereign yield curves, or the risk-free yield curves (wherever they are available) plus an illiquidity premium, are used to discount the liability cash flow.

Where cash flows vary with an underlying item, cash flows are projected assuming returns on the underlying item 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 75% 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. Assets for insurance acquisition cash flows 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 assumptions 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 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.

A group of contracts for fair value measurement includes contracts from multiple cohorts and years into a single unit for accounting purposes. For the groups of contracts measured under the fair value approach, the discount rates on initial recognition were determined at January 1, 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. Fair value is allocated to groups of contracts based on the present value of future cash flows of the respective contracts. 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 measured under the full retrospective approach, 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. 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.

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

Contracts measured under PAA, (continued)

3.1 Liability for incurred claims

Liability for incurred claims (LIC) is deemed a significant estimate for general insurance products as well as group products measured under PAA. The ultimate cost of outstanding claims is calculated 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%.

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.

4 Impairment of financial assets

In determining ECL (defined in note 2.10 (c)), management is required to exercise judgement in defining what is considered a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the judgements involved is included in note 2.10 under sections 'Measurement' and 'Forward-looking information'.

4 Impairment of financial assets (continued)

a) <u>Establishing staging for debt securities and deposits</u>

The Group's internal credit rating model is a 10-point scale which allows for distinctions in risk characteristics and is referenced to the rating scale of international credit rating agencies.

The scale is set out in the following table:

Category		Sagicor Risk Rating	Classification	S&P	Moody's	Fitch	AM Best
Non-default	Investment Grade	1	Minimal risk	AAA, AA	Aaa, Aa	AAA, AA	aaa, aa
		2	Low risk	A	A	A	a
		3	Moderate risk	BBB	Baa	BBB	bbb
	Non-investment grade	4	Acceptable risk	BB	Ba	BB	bb
		5	Average risk	B	B	B	b
	Watch	6	Higher risk	CCC, CC	Caa, Ca	CCC, CC	ccc, cc
		7	Special mention	C	C	C	c
Default		8	Substandard			DDD	
		9	Doubtful	D	C	DD	d
		10	Loss			D	

The Group uses its internal credit rating model to determine in which of the three stages an asset is to be categorised for the purposes of ECL.

Once the asset has experienced a significant increase in credit risk, the investment will move from Stage 1 to Stage 2. Sagicor has assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade or has a Sagicor risk rating of 1-3 is considered low credit risk.

Stage 1 investments are rated (i) investment grade, or (ii) below investment grade at origination and have not been downgraded more than 2 notches since origination. Stage 2 investments are assets which (i) have been downgraded from investment grade to below investment grade, or (ii) are rated below investment grade at origination and have been downgraded more than 2 notches since origination. Stage 3 investments are assets in default.

b) <u>Establishing staging for other assets measured at amortised cost, lease receivables, loan commitments and financial guarantee contracts.</u>

Exposures are considered to have resulted in a significant increase in credit risk and are moved to stage 2 when:

Qualitative test

- accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

Backstop criteria

- accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into stage 2.

4 Impairment of financial assets (continued)

c) Forward-looking information

When management determines the macro-economic factors that impact the portfolios of financial assets, they first determine all readily available information within the relevant market. Portfolios of financial assets are segregated based on product type, historical performance and homogenous country exposures. There is often limited timely macro-economic data for Barbados, Eastern Caribbean, Trinidad and Jamaica. Management assesses data sources from local government, International Monetary Fund (IMF) and other reputable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for each portfolio. Where projections are available, these are used to look into the future up to three years and subsequently the expected performance is then used for the remaining life of the product. These projections are re-assessed on a quarterly basis.

5 Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined using reputable pricing sources (such as pricing agencies), indicative prices from bond/debt market makers or other valuation techniques. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Group exercises judgement on the quality of pricing sources used. Where no market data is available, the Group may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily discounted cash flows.

The models used to determine fair values are periodically reviewed by experienced personnel. The models used for debt securities are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, and credit and market risk factors.

6 Recognition and measurement of intangible assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination involve the utilisation of valuation techniques which may be very sensitive to the underlying assumptions utilised. These intangibles may be marketing-related, customer-related, contract-based or technology-based.

For significant amounts of intangibles arising from a business combination, the Group utilises independent professional advisors to assist management in determining the recognition and measurement of these assets.

a) Goodwill

The assessment of goodwill impairment involves the determination of the value of the cash-generating business units to which the goodwill has been allocated. Determination of the value involves the estimation of future cash flows or of income after tax of these business units and the expected returns to providers of capital to the business units and/or to the Group as a whole. For the Sagicor Life reporting segment, the Group uses the value in use methodology for testing goodwill impairment. For the Sagicor Jamaica operating segment, the Group uses the fair value less cost to sell methodology, and for Sagicor General Insurance Inc, the value in use methodology.

The Group updates its business unit financial projections annually and applies discounted cash flow or earnings multiple models to these projections to determine if there is any impairment of goodwill. The assessment of whether goodwill is impaired can be highly sensitive to the inputs of cash flows, income after tax, discount rate, growth rate or capital multiple, which are used in the computation. Further details of the inputs used are set out in note 10.

b) Other intangible assets

The assessment of impairment of other intangible assets involves the determination of the intangible's fair value or value in use. In the absence of an active market for an intangible, its fair value may need to be estimated. In determining an intangible's value in use, estimates are required of future cash flows generated as a result of holding the asset.

E. CHANGES TO ACCOUNTING POLICIES IN 2023

The Group has implemented the following new standard.

New IFRS effective January 1, 2023, applicable to the Group

IFRS 17 - Insurance Contracts

IFRS 17 - Insurance Contracts became effective January 1, 2023, and these financial statements reflect the changes introduced on adoption of this standard. On the implementation of IFRS 17 - Insurance Contracts, the Group elected to change the classification of certain of its financial assets which are accounted for under IFRS 9 - Financial Instruments.

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 were previously 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 changes in the application of 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.

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.

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. Contracts which are not eligible to be measured under the PAA are primarily measured under the GMM, unless the contracts have direct participating features and are measured under the VFA.

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.

For an explanation of how the Group accounts for insurance and reinsurance contracts under IFRS 17, see Note 2.3 to the Group's 2023 annual financial statements.

ii. <u>Changes to presentation and disclosure</u>

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 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. Previously, line items presented in the statement of financial position were:

- Reinsurance assets
- Actuarial liabilities, other policy liabilities, and investment contract liabilities, which comprised total policy liabilities.

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
- Income or expenses 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

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.

iii. Transition

The Group adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. 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. Where the full retrospective approach was determined to be impracticable, the fair value approach was applied.

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

- 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.

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.

IFRS 9 Financial Instruments

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 2.10 of the 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 year ended December 31, 2023, the Company repurchased 2,438,427 shares at a total cost of US $9.2 million (1,183,572 shares at a total cost of US $6.0 million for the twelve-month period ended December 31, 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 on the repurchase of shares has been recorded directly in retained earnings.

The cost of shares totalling US $0.06 million, which were repurchased at the period end date but not cancelled, (US $0.01 million as at December 31, 2022), has been reflected in treasury shares.

H. RELATED PARTY TRANSACTIONS

Note 43 of the 2023 audited financial statements provides additional information on related party transactions.

I. BOARD OF DIRECTORS

The Company's board has fourteen directors, led by Mr. Mahmood Khimji, as Chairman. Details on each Board of Director are available on the Company's website.

J. ACQUISITION/DISPOSAL OF INTERESTS IN SUBSIDIARIES

ivari

On August 24, 2022, Sagicor entered into a definitive agreement to indirectly acquire ivari, a life insurer in Canada and a subsidiary of Wilton Re Ltd., subject to various customary conditions, including receipt of regulatory approval. ivari provides individual life and critical illness insurance solutions for the Canadian middle-market.

On October 3, 2023, Sagicor acquired 100% ownership of Proj Fox Acquisition Inc. ('Proj Fox') which holds ivari, for cash consideration of US$271.2 million.

The transaction has been financed by new debt in the form of a five-year senior secured loan facility with a syndicate of international and Canadian banks. Certain terms, conditions and covenants came into effect on draw-down. As at December 2023, cumulative fees totaling US$20.0 million (2022 - US$8.1 million) have been incurred in relation to the financing commitment entered into for the acquisition of ivari.

During the year transaction costs of US$12.1 million (2022- US$3.7 million) were expensed and are included in other operating expenses.

	As at October 3, 2023
	Total Fair Value
Net assets acquired:	
Cash	32.3
Financial investments	6,389.9
Reinsurance contract assets	2,491.8
Miscellaneous assets and receivables	56.9
Income tax assets	205.2
Intangible assets	14.4
Property, plant and equipment	10.8
Segregated fund assets	458.9
Total assets	9,660.2
Accounts payable and accrued liabilities	(27.7)
Income tax liabilities	(12.7)
Investment contract liabilities	(9.4)
Insurance contract liabilities	(7,673.8)
Deposit and security liabilities	(737.9)
Lease liabilities	(8.4)
Other liabilities / retirement benefit liabilities	(13.8)
Insurance contract liabilities for account of segregated fund holders	(458.9)
Total liabilities	(8,942.6)
Total net identifiable assets	717.6

Net assets acquired, purchase consideration and bargain purchase gain are as follows:

	Fair Value
Net assets acquired	717.6
Purchase consideration:	
- Cash	271.2
- Foreign exchange loss	(1.9)
Gross bargain purchase gain on acquisition of ivari[1]	(448.3)

[1] The gross bargain purchase gain of US$448 million represents the difference between the purchase price paid and the fair value of the identifiable net assets acquired. Foreign exchange losses of US$1.9 million arose on settlement of the transaction. These two items are separately recognised in the consolidated statement of income as gains arising on business combinations, acquisitions and divestiture and fees and other income respectively.

From the acquisition date, Proj Fox contributed US$167.9 million of insurance revenue and US$122.1 million of net income for the year ended December 31, 2023.

If the combination had taken place at the beginning of the year, the contributed insurance revenue would have been US$609.1 million and net income would have been US$121.7 million. This unaudited pro-forma basis was calculated using historical information and assuming fair value adjustments that arose on acquisition would have been the same if the acquisition occurred on January 1, 2023. The unaudited pro-forma amounts exclude acquisition costs and benefits from integration initiatives or synergies and are not necessarily indicative of the results that would have resulted if the acquisition occurred on January 1, 2023, or the results that may be obtained in the future.

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.

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 $3.0038 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.

In subsequent developments, effective December 31, 2023, ownership of Sagicor Panama operations was transferred from Sagicor Life Inc to Sagicor Group Jamaica Limited ("SGJ") representing further expansion by SGJ into the Latin American market given Sagicor Jamaica Group's joint venture holding in Sagicor Costa Rica SCR, S.A.

The shares were sold for the book value of Sagicor Panama S.A. as determined at the date of sale. A payment of US$4 million has been made to date and the final payment is due in 2025, based on the final determination of the selling price in relation to Sagicor Panama's financial statements for the period ended December 31, 2024.

L. SUBSEQUENT EVENTS

i. On January 11, 2024, the Group entered into an agreement with Assuria Levensverzekering (Cur) N.V. and its parent company in Suriname, “Assuria”, for the transfer of the insurance portfolio of its Curaçao branch. The transfer is expected to become effective during the quarter ended June 30, 2024, subject to the completion of certain regulatory requirements. See note 33.6 of the Group’s 2023 consolidated financial statements.

ii. Subsequent to the year end, the Board of Directors of Sagicor Financial Company Ltd. approved and declared a quarterly dividend increase of 6.7% to US$0.06 per common share payable on April 30, 2024 to the shareholders of record at the close of business on April 10, 2024.

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, 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.

Group Life Insurance Capital Adequacy Test (Group-LICAT): The Group's goal is to maintain adequate levels, at sufficient margins above minimum regulatory capital requirements, to maintain consumer confidence as well as credit ratings with external rating agencies. Management engages the Board with regards to actions necessary to maintain appropriate capital levels. Sagicor has voluntarily elected to follow OSFI's LICAT Guideline, specifically the latest amendment which became effective January 1, 2023. The Group LICAT ratio is well above the regulatory minimum.

Jamaican Life Insurance Capital Adequacy Test (JA-LICAT): Capital adequacy is calculated monthly by the Appointed Actuary and reviewed by Executive Management and the Board of Directors. Sagicor Life Jamaica Limited seeks to maintain internal capital adequacy at levels higher than the regulatory requirements. To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is one of the core measures of financial performance. The risk-based assessment measure is the Jamaican Life Insurance Capital Adequacy Test (JA-LICAT) which became effective January 1, 2023, as per the Insurance Regulations, 2001 amended 2023. Minimum Continuing Surplus and Capital Requirement (MCCSR) was in effect prior to 2023. The minimum standard requirement for LICAT and MCCSR ratio is 100% and 150% respectively. Sagicor Life Jamaica Limited exceeded the standard requirement at year-end.

Life Insurance Capital Adequacy Test (LICAT): ivari manages its capital in accordance with its Capital Risk Management Policy and other related policies, which are reviewed and approved by the Board annually. Ivari's goal is to maintain adequate levels of available capital to provide sufficient margin over capital levels required by the Office of the Superintendent of Financial Institutions (OSFI) to maintain consumer confidence as well as ratings with external rating agencies. Management engages the Board with regards to actions necessary to maintain appropriate capital levels. OSFI requires federally regulated life insurance companies to apply its LICAT, as the capital adequacy guideline. Companies are required, at a minimum, to maintain a Total Ratio of 90% and OSFI has established a supervisory target ratio level of 100% for Total Capital. ivari's LICAT Ratios have exceeded its Internal Target Capital Ratios and are well above OSFI's supervisory ratio in both periods.

Debt-to-capital ratio: The debt-to-capital ratio is the ratio of notes and loans payable (refer to note 17 to the 2023 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 17 to the 2023 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, considering 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.

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; 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.

13. HISTORICAL FINANCIAL DISCLOSURES

The following table provides a summary of Sagicor's results from continuing operations for the four most recently completed years.

In US $millions, unless otherwise noted	IFRS 17		IFRS 4	
	2023	**2022 Restated**	**2021**	**2020**
Total revenue	**N/A**	N/A	2,359.1	1,878.4
Revenues[20, 21]	**2,534.0**	486.5	N/A	N/A
Net income/(loss)[21]	**584.2**	(133.1)	196.5	(15.1)
Net income/(loss) attributable to common shareholders[21]	**532.1**	(164.4)	133.2	(3.6)
Basic EPS	**$3.74**	($1.15)	$ 0.92	($0.02)
Basic EPS - excluding gain on business acquisition	**$0.60**	N/A	N/A	N/A
Diluted EPS	**$3.67**	($1.15)	$ 0.92	($0.02)
Diluted EPS - excluding gain on business acquisition	**$0.58**	N/A	N/A	N/A
Return on shareholders' equity[20]	**94.5%**	(30.0%)	12.6%	(0.3%)
Return on shareholders' equity[20,22]	**18.5%**	N/A	N/A	N/A
Dividends paid per common share	**22.5 ¢**	22.5 ¢	22.5 ¢	22.5 ¢
Total assets	**22,384.9**	10,621.4	10,377.9	9,266.3
Other liabilities	**20,110.2**	9,252.4	8,028.3	7,136.5
Notes and loans payable	**945.7**	632.5	683.4	471.6
Total equity attributable to common shareholders	**970.9**	429.7	1,134.0	1,109.8

In US $millions, unless otherwise noted	IFRS 17		IFRS 4	
	2023	**2022 Restated**	**2021**	**2020**
Net income attributable to common shareholders by operating segment:				
Sagicor Life	**(13.3)**	37.0	43.9	47.7
Sagicor Jamaica	**49.6**	28.8	60.4	50.5
Sagicor Life USA	**41.1**	(122.8)	57.6	(27.1)
Sagicor Canada	**122.1**	N/A	N/A	N/A
Head office, other & inter-segment eliminations	**332.6**	(107.4)	(28.7)	(74.7)
Net income attributable to common shareholders	**532.1**	(164.4)	133.2	(3.6)

[20] Represents a non-IFRS measure: refer to Section 11 - Non-IFRS Financial Measures in this document for relevant information about such measures.

[21] Includes gain on business acquisition of US $448.3 million.

[22] Excluding gain on ivari acquisition

Restatements of the Financial Statements (2022)

IFRS 17- Insurance Contracts.
The Group has 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. The effects of adopting IFRS 17 on the consolidated financial statements at January 1, 2022 are presented in the statement of changes in equity in the Group's 2023 annual financial statements.

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.