SAGICOR FINANCIAL COMPANY LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the three-month and twelve-month periods ended December 31, 2022 and December 31, 2021

About Sagicor

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

TABLE OF CONTENTS

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
ECL	Expected Credit Losses
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit and Loss
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFRS 9	International Financial Reporting Standard No.9 – Financial Instruments
MCCSR	Minimum Continuing Capital and Surplus Requirement
OCI	Other Comprehensive Income

1. HIGHLIGHTS

The Sagicor Group recorded net income of US $32.3 million for the three-month period ended December 31, 2022, compared to US $56.4 million for the corresponding period in 2021. Net income attributable to common shareholders was US $13.1 million compared to US $41.9 million, for the same period in the prior year, a decrease of US $28.8 million. The Group delivered these results in the face of volatile markets and a rising interest rate environment.

In preparing consolidated financial statements, the Group eliminates the effects of transactions between entities within the Group. During Q2 and Q3 of this year, $17.1 million and $12.4 million, respectively, of post-tax IFRS 4 adjustments to the carrying value of certain assets and liabilities (which is referred to in the insurance industry as shadow accounting), related to investment transactions within the Group, were not eliminated from the consolidated statement of income and the consolidated statement of other comprehensive loss. During Q4, these adjustments in the amount of $29.5 million post tax were eliminated in the consolidated statement of income and the consolidated statement of other comprehensive loss. These entries had no impact on the total consolidated comprehensive income or on the total consolidated equity of the Group in Q2, Q3 and Q4 of this year.

For the year ended December 31, 2022, the Group recorded net income of US $169.6 million, compared to net income of US $196.5 million for the corresponding period in 2021, reflecting very strong earnings in Sagicor Life USA, which were partially offset by lower earnings in our other operating segments. Net income attributable to common shareholders was US $115.6 million compared to US $133.2 million for the same period in the prior year, a decrease of US $17.6 million. The Return on Equity[1] for the year ended December 31, 2022, moved in line with the Group's performance, closing at 11.0%, compared to 12.6% for the corresponding period in 2021.

Total assets grew to US $10,765.9 million at December 31, 2022, up 4% (US $388.0 million), from the US $10,377.9 million reported at December 31, 2021, and reflects the continuing strong sales performance reported during the ensuing period, offset by mark-to-market declines on financial instruments driven by rising interest rates. These declines also affected the Group's book value per share[1], which closed at US $7.59 per share at December 31, 2022, compared to US $7.92 per share at December 31, 2021.

Overall Group capital remains strong, with the Group closing the year with a Minimum Continuing Capital and Surplus Requirement (MCCSR)[1] of 270%, well above our target capital standards.

The Group's financial results for the three-month and twelve-month periods ended December 31, 2022, have been impacted negatively by volatile markets and rising interest rate environment, which has been driven by central banks' response to inflationary pressures and geopolitical instability. The Group has also continued to be influenced by the COVID-19 pandemic's residual impact on the economic environment. Sagicor's geographic diversification has helped to mitigate the impact from the risks to any one country's economic conditions. Notwithstanding the challenging macroeconomic environment, the Group continued to grow revenues while remaining focused on customer service.

---

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

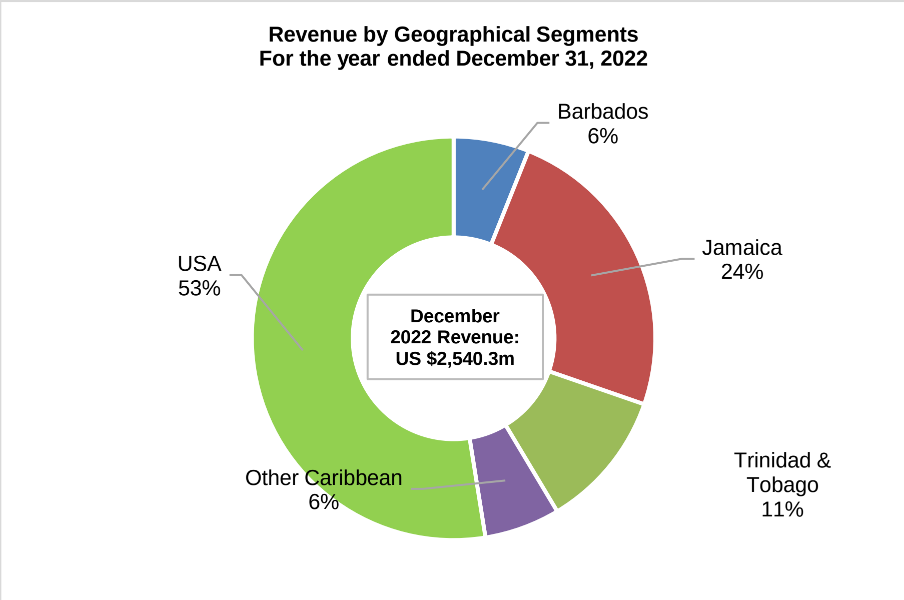
2. FINANCIAL SUMMARY

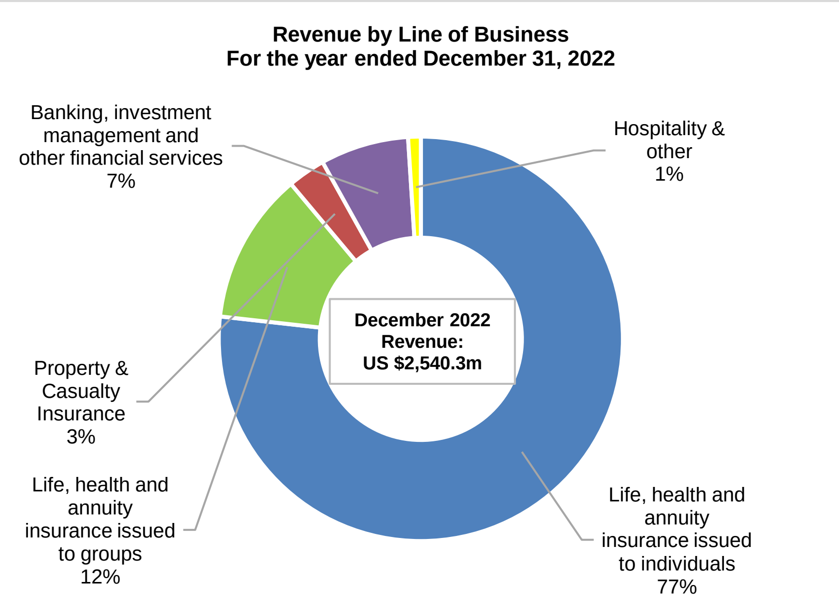
	Three months ended December 31			Year ended December 31		
(in millions of US $, unless otherwise noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Profitability						
Group net income	**32.3**	56.4	(43%)	**169.6**	196.5	(14%)
Net income attributable to common shareholders	**13.1**	41.9	(69%)	**115.6**	133.2	(13%)
Earnings per share:						
Basic earnings	**9.2 ¢**	29.3 ¢	(69%)	**80.9 ¢**	91.9 ¢	12%
Fully diluted	**9.1 ¢**	28.9 ¢	(69%)	**79.8 ¢**	90.7 ¢	12%
Return on shareholders' equity (annualised)[2]	**5.0 %**	15.1 %	(10.1 pts)	**11.0%**	12.6%	(1.6 pts)
Revenue						
Individual life, health and annuity	**371.2**	442.4	(16%)	**1,932.8**	1,687.4	15%
Group life, health and annuity	**80.0**	91.5	(13%)	**301.5**	306.9	(2%)
Property and casualty insurance	**19.9**	20.8	(4%)	**78.2**	79.3	(1%)
Banking and investment management	**48.7**	55.1	(12%)	**190.2**	189.1	1%
Hospitality	**0.1**	10.7	(99%)	**29.7**	37.1	(20%)
Farming and unallocated revenues	**11.3**	9.0	26%	**7.9**	59.3	(87%)
Total revenue, net	**531.2**	629.5	(16%)	**2,540.3**	2,359.1	8%
Net Premium Revenue						
Life insurance	**130.9**	126.2	4%	**496.0**	476.2	4%
Annuity	**162.1**	266.5	(39%)	**1,327.5**	1,024.4	30%
Health insurance	**46.5**	43.2	8%	**174.7**	162.1	8%
Property and casualty insurance	**12.9**	12.8	1%	**49.9**	50.5	(1%)
Total net premium revenue	**352.4**	448.7	(21%)	**2,048.1**	1,713.2	20%
Financial Position						
Total assets	**10,765.9**	10,377.9	4%	**10,765.9**	10,377.9	4%
Operating liabilities	**8,630.5**	8,028.3	8%	**8,630.5**	8,028.3	8%
Notes and loans payable	**632.5**	683.4	(7%)	**632.5**	683.4	(7%)
Book value per common share[2]	**$7.59**	$7.92	(4%)	**$7.59**	$7.92	(4%)

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

2. FINANCIAL SUMMARY, continued

	Three months ended December 31			Year ended December 31		
(in millions of US $, unless otherwise noted)	2022	2021	Change	2022	2021	Change
Financial strength						
Debt to capital ratio[3]	**29.6%**	29.1%	0.5 pts	**29.6%**	29.1%	0.5 pts
Dividends declared per common share	**$0.05625**	$0.05625	-	**$0.225**	$0.225	-
Dividends paid per common share	**$0.05625**	$0.05625	-	**$0.225**	$0.225	-
Dividend pay-out ratio[3]	**61.1%**	19.2%	41.9 pts	**27.8%**	24.5%	3.3 pts
Total capital[3]	**2,135.1**	2,349.1	(9%)	**2,135.1**	2,349.1	(9%)
Average common shares outstanding (000's)	**142,905**	144,892	(1%)	**142,905**	144,892	(1%)
Outstanding shares, at end of period (000's)	**142,769**	143,185	-	**142,769**	143,185	-
MCCSR[3], at end of period	**270%**	269%	1 pts	**270%**	269%	1 pts





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

3. 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, 2022 with comparative analysis for the corresponding periods ended December 31, 2021. This MD&A should be read in conjunction with the Company's annual financial statements, prepared in accordance with International Financial Reporting 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. ("Sagicor") ("the Company") (TSX: SFC) is a leading financial services provider with over 180 years of history which operates across the Caribbean and in the United States of America (USA). Sagicor's registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda, with its principal office located at Cecil F De Caires Building, Wildey, St. Michael, Barbados. Details of Sagicor's holdings and operations are set out in note 4 to the 2022 consolidated financial statements.

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

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

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

Sagicor currently operates in 19 countries and maintains a strong market position in most of the markets where it operates. Sagicor has three reporting operating segments, namely Sagicor Life, Sagicor Jamaica, and Sagicor Life USA.

The principal activities of the Sagicor Group are as follows:

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

and its principal operating companies are as follows:

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

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

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

C. Results of Operations

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

D. Non-IFRS Financial Information

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

Since non-IFRS financial measures do not have standardised definitions and meanings, they may differ from the non-IFRS financial measures used by other institutions and should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. The Group strongly encourages investors to review its financial statements and other publicly filed reports in their entirety and not to rely on any single financial measure. Additional information concerning non-IFRS financial measures can be found in section 10 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 11 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 20, 2023.

4. CONSOLIDATED GROUP RESULTS

A. Profitability

Group net income/(loss	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Net income/(loss) is attributable to:						
Common shareholders	**13.1**	41.9	(69%)	**115.6**	133.2	(13%)
Participating policyholders	**0.6**	(0.6)	200%	**0.1**	(0.6)	117%
Non-controlling interest	**18.6**	15.1	23%	**53.9**	63.9	(16%)
Group net income	**32.3**	56.4	(43%)	**169.6**	196.5	(14%)

Group net income for the three-month period ended December 31, 2022, closed at US $32.3 million compared to US $56.4 million in the comparative period of the prior year, a decrease of US $24.1 million (43%).

In preparing consolidated financial statements, the Group eliminates the effects of transactions between entities within the Group. During Q2 and Q3 of this year, $17.1 million and $12.4 million, respectively, of post-tax IFRS 4 adjustments to the carrying value of certain assets and liabilities (which is referred to in the insurance industry as shadow accounting), related to investment transactions within the Group, were not eliminated from the consolidated statement of income and the consolidated statement of other comprehensive loss. During Q4, these adjustments in the amount of $29.5 million post tax were eliminated in the consolidated statement of income and the consolidated statement of other comprehensive loss. These entries had no impact on the total consolidated comprehensive income or on the total consolidated equity of the Group in Q2, Q3 and Q4 of this year.

For the year ended December 31, 2022 group net income totaled US $169.6 million compared to US $196.5 million for the corresponding period in 2021, a decrease of US $26.9 million (14%) (which included the reduction of US $29.5 million for the adjustment noted above).

Net income/(loss) attributable to Common shareholders	**Three months ended December 31**			**Year ended December 31**		
(in millions of US $, unless otherwise noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Sagicor Life	**14.4**	21.8	(34%)	**28.1**	43.9	(36%)
Sagicor Jamaica	**18.1**	16.4	10%	**50.9**	60.4	(16%)
Sagicor Life USA[5]	**0.1**	17.4	(99%)	**140.1**	57.6	143%
Head office, Other and adjustments	**(19.5)**	(13.7)	(42%)	**(103.5)**	(28.7)	(261%)
Net income/(loss)	**13.1**	41.9	(69%)	**115.6**	133.2	(13%)
Earnings per common share (EPS):						
Basic	**9.2 ¢**	29.3 ¢	(68%)	**80.9 ¢**	91.9 ¢	12%
Diluted	**9.1 ¢**	28.9 ¢	(69%)	**79.8 ¢**	90.7 ¢	12%
Return on shareholders' equity (ROE)[4]	**5.0%**	15.1%	(10.1 pts)	**11.0%**	12.6%	(1.6 pts)

Net income attributable to common shareholders, for the fourth quarter of 2022 totaled US $13.1 million compared to US $41.9 million for the three-month period ended December 31, 2021, a decrease of US $28.8 million or 69%. The Return on Shareholders' equity[4] (annualised) for the three-month period ended December 31, 2022, was 5.0%, compared to 15.1% for the same period in 2021.

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

[5] The three-month and full year results for December 2022 includes the impact of the year-to-date adjustments (US $29.5 million).

Net income attributable to common shareholders, for the year ended December 31, 2022 totaled US $115.6 million compared to US $133.2 million for the corresponding period in 2021, a decrease of US $17.6 million or 13%. The Return on Shareholders' equity[4] for the year ended December 31, 2022 was 11.0%, compared to 12.6% for the same period in 2021.

Net income for the year ended December 31, 2022, reflected very strong earnings in Sagicor Life USA, which were partially offset by lower earnings in our other operating segments. Total comprehensive income was adversely affected by mark-to-market declines on financial assets due to rising interest rates.

The Earnings per Share's (EPS - basic) moved consistently with our results, closing the year ended December 31, 2022, at US $0.809 per share, compared to US $0.919 per share for the corresponding period in 2021.

Refer to the Non-IFRS Financial Information section of this Management's Discussion and Analysis for additional information on the Company's profitability for the year ended December 31, 2022.

B. Business Growth

Total Revenue	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Life and annuity	**293.0**	392.6	(25%)	**1,823.5**	1,500.6	22%
Health	**46.5**	43.3	7%	**174.7**	162.1	8%
Property and casualty	**12.9**	12.8	1%	**49.9**	50.5	(1%)
Net insurance premium	**352.4**	448.7	(21%)	**2,048.1**	1,713.2	20%
Net investment income	**140.5**	107.7	30%	**318.0**	429.8	(26%)
Gain on derecognition of amortised cost investments	**1.5**	11.6	(87%)	**4.3**	23.2	(81%)
(Loss)/gain on derecognition of assets carried at FVOCI	**(3.4)**	7.8	(144%)	**1.2**	22.8	(95%)
Credit impairment losses	**(2.2)**	2.8	(179%)	**(6.3)**	4.3	(247%)
Fees and other revenue	**42.4**	50.9	(17%)	**175.0**	165.8	6%
Total revenue, net	**531.2**	629.5	(16%)	**2,540.3**	2,359.1	8%
Total Revenue by Operating Segment						
Sagicor Life	**177.1**	130.2	36%	**554.0**	504.7	10%
Sagicor Jamaica	**183.6**	202.2	(9%)	**673.8**	718.5	(6%)
Sagicor Life USA	**157.8**	285.0	(45%)	**1,294.3**	1,067.7	21%
Head office, Other and Adjustments	**12.7**	12.1	5%	**18.2**	68.2	(73%)
Total revenue, net	**531.2**	629.5	(16%)	**2,540.3**	2,359.1	8%

Quarterly (three-month period) results

Total revenue was US $531.2 million for the fourth quarter of 2022, a decrease of US $98.3 million (16%) from US $629.5 million reported for the same period in 2021.

Net insurance premium revenue represented 66% (December quarter 2021 – 71%) of total revenue and closed the period at US $352.4 million, US $96.3 million (21%) below the US $448.7 million reported for the same period in 2021. Net premium revenue from the life and annuity insurance business totalled US $293.0 million for the three-month period ended December 31, 2022, compared to US $392.6 million for the same period in 2021, a decrease of US $99.6 million, and reflected lower sales in our USA segment, relative to an exceptionally strong comparative period in the fourth quarter of 2021: a management’s decision to slow new business sales in line with business plan.

Net investment income increased by US $32.8 million (30%) and totalled US $140.5 million for the three-month period ended December 31, 2022, compared to US $107.7 million, for the corresponding period in 2021. The Group benefited from higher interest income, particularly in our USA segment, due to growth of the investment portfolio resulting from strong sales performance reported in the last twelve months, along with the effect of a rising interest rate environment.

The Group generated fees and other revenues of US $42.4 million for the period under review, US $8.5 million below that reported for the same period in 2021. While revenue generated from fee income increased on our banking business as economic activity in our Jamaica segment continued to improve, the absence of hotel revenues following the disposal of our investment in Sagicor Real Estate X-Fund in the third quarter of 2022, resulted in the overall decline in fees and other revenues. In the fourth quarter of 2021, the Group generated US $9.2 million in hotel revenues.

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

Total revenue reached US $2,540.3 million for the year ended December 31, 2022, an increase of US $181.2 million (8%) from US $2,359.1 million reported for the same period in 2021.

Net insurance premium revenue represented 81% (2021 – 73%) of total revenue and closed the period at US $2,048.1 million, US $334.9 million (20%) above the US $1,713.2 million reported for the same period in 2021. Net premium revenue from the life and annuity insurance business totalled US $1,823.5 million for 2022, compared to US $1,500.6 million for the same period in 2021, an increase of US $322.9 million, the result of significant net premium growth observed in our USA segment (US $258.5 million increase, year on year).

Net investment income declined by US $111.8 million and totalled US $318.0 million for the year ended December 31, 2022, compared to US $429.8 million, for the corresponding period in 2021. For the current year, net investment income included realised and unrealised losses on financial assets categorised as FVTPL of US $159.3 million (inclusive of a loss of US $31.2 million associated with the mark-to-market movements on our investment in Playa Hotels and Resorts). The Group experienced mark-to-market declines on financial assets, due mainly to rising interest rates. For the corresponding period in 2021, net investment income included realised and unrealised gains on financial assets categorised as FVTPL of US $63.8 million (inclusive of a gain of US $21.6 million associated with the mark-to-market movements on our investment in Playa Hotels and Resorts).

The interest yields and returns achieved on financial investments are disclosed in the following table.

	Year ended December 31,	
	2022	2021
Interest yields		
Debt securities	**5.8%**	4.8%
Mortgage loans	**5.6%**	6.1%
Policy loans	**7.6%**	7.3%
Finance loans and leases	**10.3%**	10.4%
Securities purchased for resale	**4.2%**	1.5%
Deposits	**1.1%**	0.7%

The Group generated fees and other revenues of US $175.0 million for the period under review, which was US $9.2 million higher than that reported for the same period in 2021. During the same period in 2021, the Group benefited from increased fee income on its banking business as economic activity in our Jamaica segment continued to improve. The absence of hotel revenues being reported in the fourth quarter of 2022 (Fourth quarter 2021 – US $9.2 million), following the disposal of our investment in Sagicor Real Estate X-Fund in the third quarter of 2022, dampened the overall increase in fees and other revenues, year on year.

Benefits	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Life and annuity						
Policy benefits	**154.2**	157.6	2%	**569.4**	546.6	(4%)
Net change in actuarial liabilities	**125.9**	181.6	31%	**862.1**	777.0	(11%)
Total life and annuity	**280.1**	339.2	17%	**1,431.5**	1,323.6	(8%)
Health	**35.6**	39.0	9%	**146.9**	140.7	(4%)
Property and casualty	**6.2**	8.1	23%	**25.7**	24.4	(5%)
Net insurance benefits	**321.9**	386.3	17%	**1,604.1**	1,488.7	(8%)
Interest cost	**19.0**	11.6	(64%)	**62.4**	42.7	(46%)
Total benefits	**340.9**	397.9	14%	**1,666.5**	1,531.4	(9%)

Quarterly (three-month period) results

Benefits totalled US $340.9 million for the three-month period ended December 31, 2022, a US $57.0 million or 14% decrease from the US $397.9 million reported for the corresponding period in 2021 and includes the impact of the adjustments mentioned on page 9.

Life and annuity benefits totalled US $280.1 million for the period under review compared to US $339.2 million for the three-month period ended December 31, 2021. Policy benefits (surrenders, deaths, lapses, etc.) decreased by US $3.4 million when compared to that reported in the December 2021 quarter with our Sagicor Jamaica segment experiencing lower mortality during the current period. The net change in actuarial liabilities from 2021 to 2022 represented a decrease of US $55.7 million and was driven mainly by lower new annuity business written in our USA segment.

Total health insurance benefits were US $35.6 million representing an overall claim to premium ratio (health claims ratio)[6] of 76.4%. In 2021, the Group experienced health insurance benefits of US $39.0 million and an overall claim to premium ratio[6] of 90.3%. The decrease in the health insurance benefits was driven by lower health benefit inflation being experienced by our Jamaica segment in the current period.

C. Benefits

Property and casualty claims amounted to US $6.2 million in 2022, a US $1.9 million decrease from the US $8.1 million incurred in 2021, the result of lower motor claims reported in our Jamaica segment.

Interest cost totalled US $19.0 million for the three-month period ended December 31, 2022, US $7.4 million above the US $11.6 million reported for the December 2021 quarter, due to higher interest rates primarily in our Jamaica and USA segments as interest rates continue to rise.

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

Benefits totalled US $1,666.5 million for the year ended December 31, 2022, a US $135.1 million or 9% increase from US $1,531.4 million reported for the corresponding period in 2021 and includes the impact of the adjustments mentioned on page 9.

Life and annuity benefits totalled US $1,431.5 million for the period under review of which US $569.4 million related to policy benefits and US $862.1 million related to net changes in actuarial liabilities. Policy benefits (surrenders, deaths, lapses, etc.), increased by US $22.8 million when compared to that reported in the year ended December 2021, mainly due to higher mortality experience in our Sagicor Life and Sagicor Jamaica segments and growth in annuity business in force in our USA segment. The net change in actuarial liabilities from 2021 to 2022 represented an increase of US $85.1 million and was driven by significant new annuity business written by our USA segment, partially off-set by the negative impact of rising interest rates.

Total health insurance benefits were US $146.9 million representing an overall claim to premium ratio (health claims ratio)[6] of 84.1%. In 2021, the Group experienced health insurance benefits of US $140.7 million and an overall claim to premium ratio[6] of 86.8%. The increase in the health benefits was driven by higher claims reported by our Sagicor Life and Sagicor Jamaica segments, driven by inflation on medical and hospital costs as well as an increase in the use of health services, as disruptions associated with the COVID-19 pandemic lessened.

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

Property and casualty claims amounted to US $25.7 million in 2022, a US $1.3 million increase from the US $24.4 million incurred in 2021, the result of higher motor claims experienced in our Sagicor General subsidiary.

Interest cost totalled US $62.4 million for the year ended December 31, 2022, US $19.7 million above the US $42.7 million reported for the year ended December 31, 2021, due to higher interest rates primarily in our Sagicor Jamaica and Sagicor Life USA segments.

The following table summarises the interest returns to holders of insurance contracts, investment contracts and deposit and security liability contracts.

	Year ended December 31,	
	2022	**2021**
Interest yields		
Investment contracts	**3.1%**	1.9%
Other funding instruments	**2.0%**	0.8%
Customer deposits	**1.0%**	1.0%
Securities sold for repurchase loans and leases	**3.6%**	2.4%

D. Expenses and Taxes

Expenses and taxes	**Three months ended December 31**			**Year ended December 31**		
(in millions of US $)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Administrative expenses	**96.6**	95.2	(1%)	**392.9**	349.7	(12%)
Commissions and related compensation	**28.5**	38.0	25%	**137.5**	136.0	(1%)
Finance costs, depreciation and amortisation	**16.6**	16.1	(3%)	**70.6**	77.8	9%
Premium, asset and income taxes	**17.1**	25.3	32%	**111.0**	85.8	(29%)
Total expenses and taxes	**158.8**	174.6	9%	**712.0**	649.3	(10%)

Quarterly (three-month period) results

Expenses and taxes totalled US $158.8 million for the three-month period ended December 31, 2022, down US $15.8 million from the amount reported for the corresponding period in 2021.

Administrative expenses totalled US $96.6 million for the period under review compared to US $95.2 million for the same period in 2021.

Commissions and related compensation totalled US $28.5 million for the period under review, closing US $9.5 million below the US $38.0 million reported for the same period in 2021. This decrease was primarily observed in our USA segment (US $6.3 million) and was driven by the decrease in annuity business reported by that segment during the period under review.

Finance costs, depreciation and amortisation totalled US $16.6 million, for the period under review, which was on par with that reported for the fourth quarter of 2021.

Sagicor is subject to a variety of direct taxes, with premium and income taxes comprising the main types of tax. Taxes are incurred in the jurisdiction in which the income is generated. Premium tax is customarily a percentage of gross premium revenue, while income tax is usually either a percentage of investment income or a percentage of profits. Sagicor is also subject to an asset tax in Jamaica and Barbados. In Jamaica, the asset tax is levied on insurance, securities dealers and deposit taking institutions at a percentage of adjusted assets held at the end of the year. In Barbados, the asset tax is levied on insurance, deposit taking institutions and credit unions at a percentage of adjusted assets held at the end of the period.

Premium, asset and income taxes were US $17.1 million for the three-month period ended December 31, 2022, US $8.2 million below that reported for the fourth quarter of 2021. Of the total taxes, income taxes were US $14.1 million, compared to US $22.1 million reported for December quarter 2021 and includes the impact of the adjustments mentioned on page 9. The lower performance observed in our USA and Jamaica segments gave rise to lower income taxes being incurred.

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

Expenses and taxes totalled US $712.0 million for the year ended December 31, 2022, up US $62.7 million from the amount reported for the same period in 2021.

Administrative expenses totalled US $392.9 million for the period under review compared to US $349.7 million for the same period in 2021. Administrative expenses incurred in our Jamaica segment increased by US $20.6 million and includes the impact of a rise in service fees related to Information Technology platforms supporting certain services (US$1.9 million) as well as higher staff related costs (US $14.4 million) associated with inflation increases and incentive payments. In addition, administrative expenses at head office increased by US $13.3 million, year on year, largely due to higher project-related costs incurred during the period under review. Overall, global inflation impacted the level of expenses incurred across the Group.

Commissions and related compensation totalled US $137.5 million for the period under review, closing US $1.5 million above the US $136.0 million reported for the same period in 2021. This increase was primarily observed in our USA segment (US $3.9 million) and was driven by the increased annuity business reported by that segment during the period under review.

Finance costs, depreciation and amortisation totalled US $70.6 million, for the period under review, and was US $7.2 million below that reported for the year ended December 31, 2021. During 2021, the Group incurred finance costs associated with the early retirement of notes and loans payable.

Premium, asset and income taxes were US $111.0 million for the year under review, compared to US $85.8 million for the year ended December 31, 2021, an increase of US $25.2 million. Of the total taxes, income taxes were US $93.3 million, compared to US $68.3 million reported for 2021 and includes the impact of the adjustments mentioned on page 9. The increase in taxes of US $25.0 million was largely related to higher net income levels reported during the 2022 period, when compared to the corresponding period in the prior year, primarily in our USA segment (increase of US $29.8 million).

E. Other

Quarterly (three-month period) results

Earnings from other sources totalled US $0.8 million, representing the Group’s share of income from associates and joint ventures. During the corresponding period in 2021, the Group’s earnings from other sources was a loss of US $0.5 million, also representing the Group’s share of losses from associates and joint ventures.

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

Earnings from other sources was a gain of US $7.8 million for the year ended December 31, 2022 (2021 – US $18.1 million), representing a gain arising from business divestitures of US $1.7 million and the Group’s share of income from associates and joint ventures of US $6.1 million (2021 – US $7.4 million). As mentioned previously, during the current period, the group disposed of its investment in Sagicor Real Estate X Fund which resulted in the gain arising from business divestures of US $1.7 million.

In 2021, the group benefitted from a net gain of US $10.7 million relating to the partial disposal of our investment in Playa Hotels & Resorts N.V (Playa).

F. Comprehensive Income

Other comprehensive (loss)/income	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2022**	2021	Change	**2022**	2021	Change
Items net of tax that may be reclassified subsequently to income:						
Financial assets measured at fair value through other comprehensive income:						
Gains/(losses) revaluation	**39.2**	(16.9)	332%	**(490.8)**	(40.5)	(1,112%)
Loss/(gains) transferred to income	**3.0**	(7.3)	141%	**(0.5)**	(19.6)	97%
Net change in actuarial liabilities	**17.5**	11.0	59%	**312.3**	16.2	1,828%
Cash flow hedges	**-**	-	-	**-**	3.4	(100%)
Retranslation of foreign currency operations	**(3.9)**	(37.0)	89%	**3.7**	(71.8)	105%
	55.8	(50.2)	211%	**(175.3)**	(112.3)	(56%)
Items net of tax that will not be reclassified subsequently to income:						
(Losses)/gains on revaluation of owner-occupied property and owner-managed property	**(1.9)**	1.1	(273%)	**13.4**	12.1	11%
(Losses)/gains on defined benefit plans	**(2.4)**	(15.8)	85%	**8.9**	(15.6)	157%
	(4.3)	(14.7)	71%	**22.3**	(3.5)	737%
Other comprehensive (loss)/income	**51.5**	(64.9)	179%	**(153.0)**	(115.8)	(32%)

Total comprehensive income	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2022**	2021	Change	**2022**	2021	Change
Group net income	**32.3**	56.4	(43%)	**169.6**	196.5	(14%)
Other comprehensive (loss)/gain	**51.5**	(64.9)	179%	**(153.0)**	(115.8)	(32%)
Total comprehensive (loss)/income for the period	**83.8**	(8.5)	1,086%	**16.6**	80.7	(79%)
Total comprehensive (loss)/income attributable to:						
Common shareholders	**56.3**	7.3	671%	**(16.6)**	72.9	(123%)
Participating policyholders	**0.6**	(0.5)	220%	**(0.2)**	(0.8)	75%
Non-controlling interests	**26.9**	(15.3)	276%	**33.4**	8.6	288%
	83.8	(8.5)	1,086%	**16.6**	80.7	(79%)

Items recorded within other comprehensive income arise generally from fair value changes of certain asset classes, from the related movements in actuarial liabilities and from the retranslation of foreign currency operations.

Quarterly (three-month period) results

During the three-month period ended December 31, 2022, the Group reported net gains on financial assets totalling US $39.2 million compared to losses of US $16.9 million for the same period in the prior year and was impacted by mark-to-market gains on financial assets as the market saw some reversal of the losses incurred during the earlier part of 2022. The Group also benefited from a positive movement in the net change in actuarial liabilities reserve of US $17.5 million (Quarter 4, 2021 –US $11.0 million). Other comprehensive income for the period also included retranslation losses of US $3.9 million, largely related to the impact of the depreciation of the Jamaican dollar against the United States dollar during the quarter. During the fourth quarter of 2021, the Group recorded losses of US $37.0 million associated with the translation of foreign currency operations, again related to the impact of the depreciation of the Jamaican dollar against the United States dollar during the December 2021 quarter, in which the Jamaican dollar depreciated by 5%.

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

During the year ended December 31, 2022, the Group reported a net loss on financial assets totalling US $490.8 million compared to a loss of US $40.5 million for the same period in the prior year and was impacted by mark-to-market declines on financial assets mainly due to the negative impact of rising interest rates. This loss was offset by a movement in the net change in actuarial liabilities reserve of US $312.3 million (2021 –US $16.2 million). Other comprehensive income for the period also included a retranslation gain of US $3.7 million, largely related to the impact of the appreciation of the Jamaican dollar against the United States dollar. The Group recorded a loss of US $71.8 million associated with the translation of foreign currency operations for the corresponding year ended December 31, 2021. This translation loss included the impact of a gain of US $17.8 million related to our investment in Playa Hotels and Resorts N.V which was recycled to the income statement on disposal.

Other comprehensive income for the year also includes gains on defined benefit plans of US $8.9 million (2021 – loss of US $15.6 million). In 2021, the losses largely related to health cost inflation in Jamaica.

5. RESULTS BY SEGMENT

Sagicor operates its business primarily through three reporting operating segments. These segments are: Sagicor Life, Sagicor Jamaica and Sagicor Life USA. A summary analysis of revenue and net income by operating segment is presented on a three-month and twelve-month period basis for 2022 and 2021 as follows:

Fourth Quarter (three-month period) – December 31

(in millions of US $)	Sagicor Life		Sagicor Jamaica		Sagicor Life USA		Head office & other		Adjustments		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Net premium revenue	**148.4**	94.6	**100.2**	96.0	**94.9**	249.6	**8.9**	8.5	**-**	-	**352.4**	448.7
Gains/(losses) on derecognition of amortised cost assets	**-**	0.5	**1.5**	11.2	**-**	-	**-**	(0.1)	**-**	-	**1.5**	11.6
(Losses)/gains on derecognition of assets carried at FVOCI	**(0.3)**	1.2	**(2.3)**	4.9	**(0.7)**	1.8	**(0.1)**	(0.1)	**-**	-	**(3.4)**	7.8
Interest income earned from financial assets measured at amortised costs and FVOCI	**22.1**	21.1	**47.0**	40.7	**52.7**	23.0	**2.3**	6.1	**-**	-	**124.1**	90.9
Other investment income	**0.5**	2.0	**3.7**	7.9	**10.0**	9.5	**2.2**	(2.6)	**-**	-	**16.4**	16.8
Credit impairment (losses)/gains	**(0.8)**	1.5	**(1.2)**	(0.4)	**(0.2)**	1.8	**-**	(0.1)	**-**	-	**(2.2)**	2.8
Fees and other revenue	**2.2**	3.0	**34.7**	41.8	**1.1**	(0.7)	**4.3**	7.0	**0.1**	(0.2)	**42.4**	50.9
Inter-segment revenues	**5.0**	6.3	**-**	-	**-**	-	**24.6**	7.7	**(29.6)**	(14.0)	**-**	-
Total revenue, net	**177.1**	130.2	**183.6**	202.1	**157.8**	285.0	**42.2**	26.4	**(29.5)**	(14.2)	**531.2**	629.5
Benefits and expenses	**(159.8)**	(106.9)	**(136.1)**	(153.7)	**(154.5)**	(261.2)	**(35.1)**	(28.7)	**(0.2)**	-	**(485.7)**	(550.5)
Inter-segment expenses	**(0.6)**	(0.6)	**(0.3)**	(0.6)	**(2.4)**	(2.1)	**(4.8)**	(6.1)	**8.1**	9.4	**-**	-
Share of operating income of associates and joint ventures	**0.3**	0.2	**0.6**	(0.7)	**-**	-	**-**	-	**-**	-	**0.9**	(0.5)
Segment income/(loss) before tax	**17.0**	22.9	**47.8**	47.1	**0.9**	21.7	**2.3**	(8.4)	**(21.6)**	(4.8)	**46.4**	78.5
Income taxes	**(2.0)**	(1.7)	**(11.2)**	(15.9)	**(0.8)**	(4.3)	**(0.1)**	(0.2)	**-**	-	**(14.1)**	(22.1)
Segment net income/(loss)	**15.0**	21.2	**36.6**	31.2	**0.1**	17.4	**2.2**	(8.6)	**(21.6)**	(4.8)	**32.3**	56.4
Net income/(loss) attributable to shareholders	**14.4**	21.8	**18.1**	16.4	**0.1**	17.4	**2.1**	(8.6)	**(21.6)**	(5.1)	**13.1**	41.9

Year-to-date (twelve-month period) – December 31

(in millions of US $)	Sagicor Life		Sagicor Jamaica		Sagicor Life USA		Head office & other		Adjustments		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Net premium revenue	**431.2**	370.5	**368.9**	352.6	**1,211.8**	953.3	**36.2**	36.8	**-**	-	**2,048.1**	1,713.2
Gains/(losses) on derecognition of amortised cost assets	**0.6**	1.4	**3.8**	21.9	**(0.1)**	-	**-**	(0.1)	**-**	-	**4.3**	23.2
(Losses)/gains on derecognition of assets carried at FVOCI	**(0.2)**	3.0	**0.3**	17.8	**1.0**	1.3	**-**	0.7	**0.1**	-	**1.2**	22.8
Interest income earned from financial assets measured at amortised costs and FVOCI	**87.3**	82.5	**174.0**	157.7	**162.5**	88.7	**8.9**	8.5	**-**	-	**432.7**	337.4
Other investment income	**5.9**	11.2	**(20.4)**	24.4	**(80.1)**	28.9	**(20.0)**	27.9	**(0.1)**	-	**(114.7)**	92.4
Credit impairment gains/(losses)	**0.4**	1.5	**(4.0)**	(1.6)	**(2.6)**	4.0	**-**	0.4	**(0.1)**	-	**(6.3)**	4.3
Fees and other revenue	**6.4**	9.4	**151.2**	145.7	**1.8**	(8.5)	**16.2**	19.9	**(0.6)**	(0.7)	**175.0**	165.8
Inter-segment revenues	**22.4**	25.1	**-**	-	**-**	-	**45.4**	34.4	**(67.8)**	(59.5)	**-**	-
Total revenue, net	**554.0**	504.6	**673.8**	718.5	**1,294.3**	1,067.7	**86.7**	128.5	**(68.5)**	(60.2)	**2,540.3**	2,359.1
Benefits and expenses	**(516.2)**	(451.6)	**(537.1)**	(550.9)	**(1,098.5)**	(990.0)	**(132.6)**	(119.4)	**(0.8)**	(0.6)	**(2,285.2)**	(2,112.5)
Inter-segment expenses	**(0.3)**	(5.4)	**(1.2)**	(2.0)	**(10.9)**	(5.1)	**(21.7)**	(24.1)	**34.1**	36.6	**-**	-
Gain/(loss) arising on business combinations, acquisitions and divestitures	**-**	-	**1.7**	(1.6)	**-**	-	**-**	12.3	**-**	-	**1.7**	10.7
Share of operating income of associates and joint ventures	**3.2**	3.3	**2.9**	4.1	**-**	-	**-**	-	**-**	-	**6.1**	7.4
Segment income/(loss) before tax	**40.7**	50.9	**140.1**	168.1	**184.9**	72.6	**(67.6)**	(2.7)	**(35.2)**	(24.2)	**262.9**	264.7
Income taxes	**(12.4)**	(7.7)	**(35.1)**	(43.7)	**(44.8)**	(15.0)	**(1.0)**	(1.8)	**-**	-	**(93.3)**	(68.2)
Segment net income/(loss)	**28.3**	43.2	**105.0**	124.4	**140.1**	57.6	**(68.6)**	(4.5)	**(35.2)**	(24.2)	**169.6**	196.5
Net income/(loss) attributable to shareholders	**28.1**	43.9	**50.9**	60.4	**140.1**	57.6	**(68.4)**	(4.5)	**(35.1)**	(24.2)	**115.6**	133.2

The performance of these reporting segments for the three-month and twelve-month periods ended December 31, 2022 compared to the same periods in 2021, 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, Trinidad and Tobago, Eastern Caribbean, Dutch Caribbean, the Bahamas and Central America. 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 $)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Net premium revenue	**148.4**	94.6	57%	**431.2**	370.5	16%
Gains on derecognition of amortised cost assets	**-**	0.5	(100%)	**0.6**	1.4	(57%)
(Losses)/gains on derecognition of assets carried at FVOCI	**(0.3)**	1.2	(125%)	**(0.2)**	3.0	(107%)
Interest income earned from financial assets measured at amortised costs and FVOCI	**22.1**	21.1	5%	**87.3**	82.5	6%
Other investment income	**0.5**	2.0	(75%)	**5.9**	11.2	(47%)
Credit impairment (losses)/gains	**(0.8)**	1.5	(153%)	**0.4**	1.5	(73%)
Fees and other revenue	**2.2**	3.0	(27%)	**6.4**	9.4	(32%)
Inter-segment revenues	**5.0**	6.3	(21%)	**22.4**	25.1	(11%)
Total revenue, net	**177.1**	130.2	36%	**554.0**	504.6	10%
Benefits	**(128.2)**	(75.0)	(71%)	**(386.6)**	(327.4)	(18%)
Expenses and taxes	**(29.5)**	(30.5)	3%	**(122.3)**	(116.9)	(5%)
Depreciation and amortisation	**(2.1)**	(1.4)	(50%)	**(7.3)**	(7.3)	-
Inter-segment expenses	**(0.6)**	(0.6)	-	**(0.3)**	(5.4)	94%
Share of operating income of associates and joint ventures	**0.3**	0.2	50%	**3.2**	3.3	(3%)
Segment income before taxes	**17.0**	22.9	(26%)	**40.7**	50.9	(20%)
Income taxes	**(2.0)**	(1.7)	(18%)	**(12.4)**	(7.7)	(61%)
Net segment (loss)/income	**15.0**	21.2	(29%)	**28.3**	43.2	(34%)
Income attributable to shareholders	**14.4**	21.8	(34%)	**28.1**	43.9	(36%)
Return on Investments (annualised)[7]	**5.5%**	5.8%	(0.3 pts)	**5.8%**	6.1%	(0.3 pts)
Return on Equity (annualised)[7]	**9.5%**	13.9%	(4.4 pts)	**4.6%**	7.3%	(2.7 pts)
Return on Shareholder's Equity (annualised)[7]	**9.1%**	13.9%	(4.8 pts)	**4.5%**	7.4%	(2.9 pts)

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

The Sagicor Life segment generated net income attributable to shareholders of US $14.4 million for the three-month period ended December 31, 2022, compared to net income of US $21.8 million in the prior year. Revenue grew by 36% (US $ 46.9 million) as a result of strong annuity new business reported during the quarter. Benefits increased over the prior period by US $53.2 million and includes the impact of the significant annuity new business reported during the quarter. The segment continues to operate in a challenging economic environment as jurisdictions recover from the effects of the COVID-19 pandemic.

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

The Sagicor Life segment generated total revenue of US $177.1 million for the three-month period, which was 36% (US $46.9 million) higher than that reported for the fourth quarter of 2021. Net premium revenue grew by 57% (US $53.8 million), fuelled by growth in new annuity revenue of US $53.9 million.

Net investment income totalled US $22.6 million and was marginally below that reported in the corresponding period in the prior year.

Benefits incurred for the Sagicor Life segment increased by US $53.2 million to close at US $128.2 million for the three-month period ended December 31, 2022, compared to benefits incurred of US $75.0 million reported for the corresponding period in 2021. This increase was directly attributable to new annuity business recorded during the period. In addition, during the last quarter of 2021 the segment benefited from higher actuarial liability releases associated with basis changes (US $9.5 million) which did not repeat in 2022.

Benefits	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Life and annuity						
Policy benefits	**60.5**	60.1	(1%)	**214.5**	205.5	(4%)
Net change in actuarial liabilities	**46.6**	(4.8)	(1,071%)	**88.2**	44.4	(99%)
Total life and annuity	**107.1**	55.3	(94%)	**302.7**	249.9	(21%)
Health	**17.8**	17.5	(2%)	**70.2**	63.7	(10%)
Net insurance benefits	**124.9**	72.8	(72%)	**372.9**	313.6	(19%)
Interest cost	**3.3**	2.2	(50%)	**13.7**	13.8	1%
Total benefits	**128.2**	75.0	(71%)	**386.6**	327.4	(18%)

Life and annuity benefits totalled US $107.1 million for the three-month period ended December 31, 2022 (Fourth quarter 2021 – US $55.3 million). Life and annuity policy benefits (surrenders, deaths, etc.) closed at US $60.5 million for the three-month period ended December 31, 2022, which was on par with that reported for the prior period. The net change in actuarial liabilities was an increase of US $46.6 million for the three-month period ended December 31, 2022 (Fourth quarter 2021 – release of US $4.8 million), closing US $51.4 million above that reported for the same period in 2021 and includes the impact of higher new annuity business sales reported during the period. During the last quarter of 2021, the segment benefited from higher actuarial liability releases associated with basis changes (US $9.5 million) which did not repeat in 2022.

Net health benefits closed at US $17.8 million, on par with the 2021 fourth quarter levels. The health claims ratio for the quarter was 77.9% (Fourth quarter 2021 – 79.7%)

Interest cost, which closed at US $3.3 million for the current period, was US $1.1 million above that reported in 2021, The increase in interest cost was due to higher levels of interest being credited to investment contracts.

Total expenses and taxes for the Sagicor Life segment totalled US $34.2 million for the three-month period ended December 31, 2022 and was on par with the 2021 levels. Total expenses closed at US $32.2 million, slightly below that reported for the December quarter 2021 (US $32.5 million).

<u>Year-to-date (twelve-month period) results</u>

The Sagicor Life segment, for the year ended December 31, 2022, generated net income attributable to shareholders of US $28.1 million, down 36% (US $15.8 million) from the US $43.9 million reported for the year ended December 31, 2021. While revenue has grown by 10% over the prior year, benefits and income taxes have increased at a higher rate. The growth in revenue and the associated actuarial liability included in benefits were significantly impacted by higher new single premium annuity business sold during the period of US $47.7 million. The impact of that transaction aside, Life and annuity policy payments increased by US $9.0 million and health benefits by $6.5 million, affecting the profitability generated in the period. Additionally, the Government of Barbados introduced a Pandemic Levy on income generated in 2020 and 2021 amounting to US $3.9 million.

The segment generated total revenue of US $554.0 million for the year, which was US $49.4 million above the US $504.6 million reported for 2021. Net premium revenue totalled US $431.2 million, closing US $60.7 million above that reported for the same period in 2021, with growth observed across all business lines including significant annuity contributions as a result of higher single premium annuity new business.

Net investment income remained flat, period on period, with the impact of increased interest income being partially reduced by realised and unrealised losses on financial assets carried at FVTPL.

Benefits incurred for the Sagicor Life segment totalled US $386.6 million for the year ended December 31, 2022, compared to benefits incurred of US $327.4 million reported for 2021. Life and annuity benefits totalled US $302.7 million for the current year (2021 – US $249.9 million), and includes life and annuity policy benefits (surrenders, deaths, etc.) of US $214.5 million, which was above that reported for the same period in 2021. The increase was driven by a higher level of mortality, withdrawal and surrender claims. The net change in actuarial liabilities was US $88.2 million for 2022 (2021 – US $44.4 million), an increase of US $43.8 million. The higher change in actuarial liabilities is a function of the higher single premium annuity new business in the current period.

Health benefits totalled US $70.2 million for the period under review, US $6.5 million above the US $63.7 million reported for the same period in 2021. The increase in health claims was due to portfolio growth, inflation, together with an increase in the use of health services year on year, as 2021 was impacted by disruptions associated with the COVID-19 pandemic. The health claims ratio for the 2022 was 78.0% (2021 – 74.6%).

Interest cost was on par with the prior year, closing at US $13.7 million.

Total expenses and taxes for the Sagicor Life segment totalled US $142.3 million for the year ended December 31, 2022, US $5.0 million above the US $137.3 million reported for 2021. Total expenses increased by US $0.3 million to close at US $129.9 million, compared to the US $129.6 million reported for the same period in 2021, with the impact of higher administrative expenses being reduced by lower inter-segment expenses. Administrative expenses increased as a function of inflation and a return to normal operations in the current year versus the prior year which was disrupted by the pandemic. Income taxes increased by US $4.7 million, year on year to close at US $12.4 million for the current year due to the Government of Barbados introducing a Pandemic Levy on income generated in 2020 and 2021 amounting to $3.9 million.

Statement of Financial Position	**As of**		
(in millions of US $)	**December 31, 2022**	**December 31, 2021**	**Change**
Financial investments	**1,664.4**	1,623.5	3%
Other assets	**377.5**	348.8	8%
Inter-segment assets	**430.4**	416.8	3%
Total assets	**2,472.3**	2,389.1	3%
Policy liabilities	**1,655.5**	1,560.6	6%
Other liabilities	**94.5**	84.6	12%
Inter-segment liabilities	**79.2**	115.8	(32%)
Total liabilities	**1,829.2**	1,761.0	4%
Net assets	**643.1**	628.1	2%

Financial investments totalled US $1,664.4 million (December 31, 2021 - US $1,623.5 million) and comprised 67% (December 31, 2021 - 68%) of the segment's total assets, and policy liabilities totalled US $1,655.5 million (December 31, 2021 - US $1,560.6 million) and comprised 91% (December 31, 2021 - 89%) of the segment's total liabilities at the end of December 2022. Overall, net assets increased by 2% or US $15.0 million due to retention of segment earnings, decrease in assets held at FVOCI, and capital injected into the segment of US $11.0 million, during the year.

New initiatives and developments

All territories continued to operate in a challenging economic environment as jurisdictions begin to recover from the effects of the pandemic. The digitalization of Sagicor Life continues and during Q4 we continued the roll out of our eLife Direct to Consumer (D2C) platform to several markets across the region. This initiative has gathered significant attention in the markets as we continue to lead in providing innovative solutions to the communities in which we operate.

We continue to remain focused on improving the ability of clients to interact with the organization more easily and efficiently and will further enhance the eLife platform with additional products and services in the coming months.

B. Sagicor Jamaica

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

	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Net premium revenue	**100.2**	96.0	4%	**368.9**	352.6	5%
Gains on derecognition of amortised cost investments	**1.5**	11.2	(87%)	**3.8**	21.9	(83%)
(Losses)/gains on derecognition of assets carried at FVOCI	**(2.3)**	4.9	(147%)	**0.3**	17.8	(98%)
Interest income earned from financial assets measured at amortised costs and FVOCI	**47.0**	40.7	15%	**174.0**	157.7	10%
Other investment income /(expenses)	**3.7**	7.9	(53%)	**(20.4)**	24.4	(184%)
Credit impairment losses	**(1.2)**	(0.4)	(200%)	**(4.0)**	(1.6)	(150%)
Fees and other revenue	**34.7**	41.8	(17%)	**151.2**	145.7	4%
Total revenue, net	**183.6**	202.1	(9%)	**673.8**	718.5	(6%)
Benefits	**(70.1)**	(81.3)	14%	**(257.6)**	(287.5)	10%
Expenses and taxes	**(62.5)**	(67.8)	8%	**(262.5)**	(245.2)	(7%)
Depreciation, amortisation and impairments	**(3.5)**	(4.6)	24%	**(17.0)**	(18.2)	7%
Inter-segment expenses	**(0.3)**	(0.6)	50%	**(1.2)**	(2.0)	40%
Gain/(loss) arising on business combination, acquisitions and divestitures	**-**	-	-	**1.7**	(1.5)	213%
Share of operating income/(loss) from associates and joint ventures	**0.6**	(0.7)	186%	**2.9**	4.0	(28%)
Segment income before taxes	**47.8**	47.1	1%	**140.1**	168.1	(17%)
Income taxes	**(11.2)**	(15.9)	30%	**(35.1)**	(43.7)	20%
Net segment income	**36.6**	31.2	17%	**105.0**	124.4	(16%)
Income attributable to shareholders	**18.1**	16.4	10%	**50.9**	60.4	(16%)
Return on Investments (annualised)[8]	**7.4%**	7.0%	0.4 pts	**5.6%**	6.9%	(1.3 pts)
Return on Total Equity (annualised)[8]	**19.2%**	13.8%	5.4 pts	**13.0%**	14.5%	(1.5 pts)
Return on Shareholder's Equity[8]	**19.0%**	16.7%	2.3 pts	**13.7%**	16.5%	(2.8 pts)

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

Quarterly (three-month period) results

The Sagicor Jamaica segment reported net income of US $36.6 million for the three-month period ended December 31, 2022, compared to US $31.2 million in the prior year, an increase of US $5.4 million, period on period.

Net income attributable to shareholders was US $18.1 million for the three-month period ended December 31, 2022, compared to US $16.4 million for the corresponding period in 2021.

Net income and net income attributable to shareholders were adversely impacted by lower mark-to-market gains on financial assets and lower fee and other revenue.

The segment generated total revenue of US $183.6 million for the fourth quarter of 2022, compared to US $202.1 million for the same period in the prior year, representing a decrease of US $18.5 million or 9%. The decline in total revenue was fuelled primarily by lower unrealised gains on financial assets carried at FVTPL coupled with the absence of gains associated with the derecognition of financial assets carried at FVOCI. Fees and other revenue also declined quarter on quarter, the impact of the sale of the Sagicor Real-estate X Fund which reduced hotel revenue and fee income from managed funds.

Net premium revenue increased by US $4.2 million to close at US $100.2 million, with growth observed across the life and health insurance business, (US $8.5 million combined). The property and casualty insurance business reported a slight decline compared to the prior year, while premium revenue from the annuity business declined by US $4.0 million.

Interest income was US $47.0 million for the period under review compared to US $40.7 million in the corresponding prior period due to higher interest rates. Other investment income which includes investment gains and losses was US $3.7 million, for the period under review, compared to US $7.9 million for the same period in the prior year. Unrealised gains associated with mark-to-market movements on financial assets carried at FVTPL totalled US $3.3 million for the period under review and were lower than the gains of US $7.9 million reported in the corresponding period in the prior year.

Credit impairment losses for the period ended December 31, 2022, totalled $1.2 million, compared to impairment losses of US $0.4 million for the corresponding period in the prior year.

Fees and other revenue closed at US $34.7 million for the fourth quarter of 2022, compared to US $41.8 million for the same period of 2021, a decrease of US $7.1 million or 17%. At the end of the third quarter of 2022, Sagicor Jamaica completed the disposal of its shareholdings in Sagicor Real-estate X Fund, which has resulted in lower hotel revenues earned. During the fourth quarter of 2021, the segment generated US $9.2 million from hotel revenues, which did not repeat in 2022.

Benefits totalled US $70.1 million compared to US $81.3 million reported for the same period in 2021, a decrease of US $11.2 million.

Benefits	**Three months ended December 31**			**Year ended December 31**		
(in millions of US $)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Life and annuity						
Policy benefits	**35.9**	41.5	13%	**154.6**	151.1	(2%)
Net change in actuarial liabilities	**3.7**	7.2	49%	**(19.8)**	20.6	196%
Total life and annuity	**39.6**	48.7	19%	**134.8**	171.7	21%
Health	**17.6**	21.4	18%	**76.5**	76.9	1%
Property and casualty	**1.8**	3.7	51%	**8.8**	10.9	19%
Net insurance benefits	**59.0**	73.8	20%	**220.1**	259.5	15%
Interest cost	**11.1**	7.5	(48%)	**37.4**	28.0	(34%)
Total benefits	**70.1**	81.3	14%	**257.6**	287.5	10%

Life and annuity policy benefits (surrenders, deaths, lapses, etc.) totaled US $35.9 million for the three-month period ended December 31, 2022, a decrease of US $5.6 million from that reported for the same period in 2021 and reflected an improvement in death claim experience quarter over quarter on the creditor life products and reduced COVID-19 related death claims in the final quarter of 2022.

The net change in actuarial liabilities was an increase of US $3.7 million for the three-month period ended December 31, 2022, compared to an increase of US $7.2 million in 2021, a decrease of US $3.5 million as continued increases in interest rates reduced actuarial liabilities quarter over quarter. Health benefits for the fourth quarter of 2022, decreased by US $3.8 million when compared to the same period in 2021 as health benefit inflation in the prior year was much higher than the current year. The health claims ratio for the quarter was 74.7% (Fourth quarter 2021 – 101.0%).

Property and casualty benefits also decreased by US $1.9 million due to a decrease in motor claims as a result of a lower number of claims incurred in the last quarter of 2022 when compared to the same period in 2021, coupled with a reduction in reported bodily injury claims. Interest costs for the period under review increased by US $3.6 million, period on period, and reflected local interest rate increases.

Expenses and taxes incurred (including segment expenses and income taxes) decreased by US $11.4 million, to close at US $77.5 million (December quarter 2021 – US $88.9 million). Expenses excluding taxes were lower than the comparative period due to high increases in technology costs in 2021, quarter on quarter. Income taxes decreased by US $4.7 million to close at US $11.2 million, due to lower taxable income when compared to the prior year.

Earnings from other sources was a gain of US $0.6 million for the three-month period ended December 31, 2022, compared to a loss of US $0.7 million for the same period in 2021, and represents our share of income earned on the joint venture in Costa Rica.

<u>Year-to-date (twelve-month period) results</u>

The Sagicor Jamaica segment reported net income of US $105.0 million for the year ended December 31, 2022, compared to US $124.4 million in the prior year, a decline of US $19.4 million (16%).

Net income attributable to shareholders was US $50.9 million for the year ended December 31, 2022, compared to US $60.4 million for the corresponding period in 2021.

Net income and net income attributable to shareholders were adversely impacted by mark-to-market declines on financial assets designated as FVTPL, reduced management fee income and higher expenses, factors which contributed to the overall lower performance in 2022, when compared to 2021.

The segment generated total revenue of US $673.8 million for the year ended December 31, 2022, compared to US $718.5 million for the same period in the prior year, representing a decrease of US $44.7 million or 6%. The decline in total revenue, period on period, was mainly driven by realised and unrealised losses on financial assets carried at FVTPL.

Net premium revenue was US $16.3 million higher than that reported in the prior year, closing at US $368.9 million. The growth in net premium revenue reported for the life, health and property and casualty insurance businesses offset the decline observed on the annuity business.

Interest income was US $174.0 million for the period under review compared to US $157.7 million in the corresponding prior period. Other investment income which includes investment gains and losses was a loss of US $20.4 million, for the period under review, compared to a gain of US $24.4 million for the same period in the prior year. Unrealised losses associated with mark-to-market movements on financial assets carried at FVTPL totalled US $27.2 million for the period under review, generating earnings lower than the unrealised gains of US $19.6 million reported in the corresponding period in the prior year, and were due mainly to increasing interest rates.

Credit impairment losses for the period under review totalled US $4.0 million, US $2.4 million above that reported for the corresponding period in 2021, as the increases in interest rates resulted in changes to the credit rating exposure of corporate bonds and resulting increases in ECL.

Fees and other revenue closed at US $151.2 million for the period ended December 31, 2022, compared to US $145.7 million for the same period of 2021, an increase of US $5.5 million or 4%. The segment was impacted by increased fee income on the segment's banking business as economic activity in Jamaica continue to improve. The absence of hotel revenues being reported in the fourth quarter of 2022 (Fourth quarter 2021 – US $9.2 million), following the disposal of our investment in Sagicor Real Estate X-Fund, reduced the overall increase in fees and other revenues, year on year. In 2021, the segment also benefitted from higher unrealised foreign exchange gains on assets denominated in foreign currency totalling US$7.5 million (2022 – loss of US $0.4 million) coupled with one-off gains from the early settlement of a long-term liability at a discount and capital market transactions, totalling US $5.0 million.

Benefits totalled US $257.6 million compared to US $287.5 million reported for the same period in 2021, a decrease of US $29.9 million. Life and annuity policy benefits (surrenders, deaths, lapses, etc.) totalled US $154.6 million for the year ended December 31, 2022, an increase of US $3.5 million over that reported for the same period in 2021 and reflected higher life benefits. Death claims for 2022 were high particularly in the early quarters of 2022 continuing on the trend from late 2021. The net change in actuarial liabilities was a release of US $19.8 million for the year ended December 31, 2022, compared to an increase of US $20.6 million in 2021, a decline of US $40.4 million and was primarily the result of increasing interest rates in the Jamaican market. Health benefits for the year under review close at US $76.5 million, which was on par with that reported for 2021. The health claims ratio for the 2022 was 90.4% (2021 – 100.3%).

Interest costs totalled US $37.4 million for the year under review, an increase of US $9.4 million (34%) over 2021 due to interest rate increases.

Expenses and taxes incurred (including segment expenses and income taxes) increased by US $6.7 million, to close at US $315.8 million (2021 – US $309.1 million). Global inflation continued to affect Jamaican inflation which increased rapidly in early 2022 and slowed somewhat towards the end of 2022. Other operating expenses were higher than the comparative period due to the rise in service fees (US$1.9 million) related to Information Technology platforms supporting certain services as well as higher staff related costs (US$14.4 million) associated with inflation increases and incentive payments. Income taxes decreased by US $8.6 million to close at US $35.1 million, due to a lower performance when compared to the prior year.

Earnings from other sources was a gain of US $4.6 million for the year ended December 31, 2022, compared to a gain of US $2.5 million for the same period in 2021. During 2022, the segment benefitted from a gain of US $1.7 million relating to the sale of Sagicor Real Estate X Fund. During the corresponding period in 2021, the segment disposed of its 14.9% equity interest in Playa Hotels and Resorts which gave rise to a loss on the disposal of US $1.5 million. The impact of this disposal was negated by our share of income earned on the joint venture in Costa Rica totaling US $4.0 million. For the year ended December 31, 2022, the segment's share of income earned on the joint venture totaled US $2.9 million, which was US $1.1 million below that reported in the corresponding period in 2021.

Statement of Financial Position	**As of**		
(in millions of US $)	**December 31, 2022**	**December 31, 2021**	**Change**
Financial investments	**2,821.4**	2,776.3	2%
Other assets	**616.7**	654.3	(6%)
Inter-segment assets	**13.3**	12.1	10%
Total assets	**3,451.4**	3,442.7	-
Policy liabilities	**818.0**	830.2	(1%)
Other liabilities	**1,826.2**	1,695.9	8%
Inter-segment liabilities	**2.3**	1.8	28%
Total liabilities	**2,646.5**	2,527.9	5%
Net assets	**804.9**	914.8	(12%)

Overall net assets decreased by 12% (US $109.9 million) moving from US $914.8 million as at December 31, 2021 to US $804.9 million at the end of December 2022. The impact of the positive operating results was negated by the impact of mark-to-market losses on financial assets due to increases in interest rates, as well as dividends declared to shareholders. During the period the segment also disposed of its investment in Sagicor Real Estate X Fund which resulted in the derecognition of net assets totalling US $123.6 million.

<u>New initiatives and developments</u>

Sagicor Jamaica, on 1 April 2022 acquired 100% of the outstanding shares in Alliance Financial Services Limited (AFS). AFS is a provider of cambio and remittance services in Jamaica. The acquisition represents a move into a new business segment and affords the Group an opportunity to expand its product offerings to its customers. The Segment also fully disposed of its shareholdings in Sagicor Real Estate X Fund effective September 30, 2022. During the year Sagicor Jamaica continued to expand its regional footprint through its subsidiary Sagicor Investments Cayman (SIC), which commenced operations through the offering of investment banking services in the Cayman Islands.

C. Sagicor Life USA

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

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

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

	Three months ended December 31			**Year ended December 31**		
(in millions of US $)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Net premium revenue	**94.9**	249.6	(62%)	**1,211.8**	953.3	27%
Losses on derecognition of amortised cost investments	**-**	-	-	**(0.1)**	-	-
(Losses)/gains on derecognition of assets carried at FVOCI	**(0.7)**	1.8	(139%)	**1.0**	1.3	(23%)
Interest income earned from financial assets measured at amortised cost and FVOCI	**52.7**	23.0	129%	**162.5**	88.7	83%
Other investment income/(expenses)	**10.0**	9.5	5%	**(80.1)**	28.9	(377%)
Credit impairment (losses)/gains	**(0.2)**	1.8	(111%)	**(2.6)**	4.0	(165%)
Fees and other revenue	**1.1**	(0.7)	257%	**1.8**	(8.5)	121%
Total revenue, net	**157.8**	285.0	(45%)	**1,294.3**	1,067.7	21%
Benefits	**(137.4)**	(236.4)	42%	**(1,002.6)**	(900.5)	(11%)
Expenses and taxes	**(16.2)**	(23.5)	31%	**(92.0)**	(84.8)	(8%)
Depreciation and amortisation	**(0.9)**	(1.3)	31%	**(3.9)**	(4.7)	17%
Inter-segment expenses	**(2.4)**	(2.1)	(14%)	**(10.9)**	(5.1)	(114%)
Segment income before taxes	**0.9**	21.7	(96%)	**184.9**	72.6	155%
Income taxes	**(0.8)**	(4.3)	81%	**(44.8)**	(15.0)	(199%)
Net segment income	**0.1**	17.4	(99%)	**140.1**	57.6	143%
Income attributable to shareholders	**0.1**	17.4	(99%)	**140.1**	57.6	143%
Return on Investments (annualised)[9]	**6.1%**	3.8%	2.3 pts	**2.1%**	3.9%	(1.8) pts
Return on Equity (annualised)[9]	**0.1%**	19.0%	(18.9 pts)	**29.8%**	17.5%	12.3 pts
Return on Shareholder’s Equity (annualised)[9]	**0.1%**	19.0%	(18.9 pts)	**29.8%**	17.5%	12.3 pts

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

Results Disclosure Note

In preparing consolidated financial statements, the Group eliminates the effects of transactions between entities within the Group. During Q2 and Q3 of this year, $17.1 million and $12.4 million, respectively, of post-tax IFRS 4 adjustments to the carrying value of certain assets and liabilities (which is referred to in the insurance industry as shadow accounting), related to investment transactions within the Group, were not eliminated from the consolidated statement of income and the consolidated statement of other comprehensive loss. During Q4, these adjustments in the amount of $29.5 million post tax were eliminated in the consolidated statement of income and the consolidated statement of other comprehensive loss. These entries had no impact on the total consolidated comprehensive income or on the total consolidated equity of the Group in Q2, Q3 and Q4 of this year.

Quarterly (three-month period) results

The Sagicor Life USA segment experienced quarterly results in line with management's decision to slow new business sales in line with business plan; unrealized gains on assets held at FVTPL and FVOCI improved quarter on quarter positively, impacting net income. The segment reported net income of US $0.1 million for the three-month period ended December 31, 2022. Excluding the impact of the US $29.5 million adjustment noted above, net income for the three-month period ended December 31, 2022, would have been US $29.6 million, compared to US $17.4 million reported for the same period in the prior year, a US $12.2 million increase, period on period.

The segment generated revenue of US $157.8 million for the three-month period ended December 31, 2022, compared to US $285.0 million reported for the same period in 2021. Net premium revenue declined during the fourth quarter of 2022 to close at US $94.9 million (Fourth quarter 2021 – US $249.6 million), a decrease attributed to lower annuity contributions (US $154.3 million) as the company matched sales production to its annual target. Interest income increased by 129%, period over period, to close at US $52.7 million, primarily due to growth of the investment portfolio resulting from strong sales performance reported in the last twelve months and invested cash flows at strong spreads well above target, despite credited rising rates, and capital markets volatility.

Benefits, which reflect net policy benefits (surrenders, deaths, lapses, etc.), interest cost and changes in actuarial liabilities, totalled US $137.4 million compared to US $236.4 million reported for the same period in 2021, a decrease of US $99.0 million and includes the impact of the adjustments previously mentioned.

Benefits	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Life and annuity						
Policy benefits	**57.8**	56.1	(3%)	**200.2**	190.0	(5%)
Net change in actuarial liabilities	**75.7**	179.2	58%	**794.0**	712.1	(12%)
Total life and annuity	**133.5**	235.3	43%	**994.2**	902.1	(10%)
Interest cost	**3.9**	1.1	(255%)	**8.4**	(1.6)	(625%)
Total benefits	**137.4**	236.4	42%	**1,002.6**	900.5	(11%)

Life and annuity policy benefits totalled US $57.8 million, compared to the US $56.1 million reported for the same period in 2021. The segment reported a net change in actuarial liabilities of US $75.7 million for the three-month period ended December 31, 2022, compared to US $179.2 million, for the same quarter in 2021, a decrease of US $103.5 million, and was driven by lower annuity business acquired during the quarter. Interest cost increased by US $2.8 million to close at US $3.9 million, due to short-term interest rates increasing.

Total expenses and taxes (including inter-segment expenses and income taxes) totalled US $20.3 million compared to US $31.2 million reported for the same period in 2021, a decrease of US $10.9 million. Total expenses for the period were down by US $7.4 million when compared to the same period in 2021 and was mainly driven by lower sales commissions (US $6.3 million), associated with the lower new business growth reported. Income taxes decreased by US $3.5 million, period over period, closing at US $0.8 million for the fourth quarter of 2022 and includes the impact of the adjustments previously mentioned. This decrease was due to the reduction in the segment's performance compared to the prior period.

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

The Sagicor Life USA segment experienced a strong performance for the year and reported net income of US $140.1 million (which included the reduction of US $29.5 million for the adjustment noted above), for the year ended December 31, 2022 compared to US $57.6 million reported in the prior year, for a significant year on year improvement.

The segment generated revenue of US $1,294.3 million for the year ended December 31, 2022, compared to US $1,067.7 million reported for the same period in 2021, and was fuelled by growth in premium revenue. Net premium revenue grew by 27% during 2022 to close at US $1,211.8 million (2021 – US $953.3 million), an increase of US $258.5 million. This reflects our strategy of focusing on accumulation type products.

Interest income increased by 83% year over year, to close at US $162.5 million, primarily due to the continued strong growth of the investment portfolio resulting from strong sales performance reported during 2022 and invested cash flows at strong spreads well above target, notwithstanding rising interest rates, and significant market volatility.

Other investment income showed a loss of US $80.1 million, (2021 – a gain of US $28.9 million), a decrease of US $109.0 million, year over year, and was due to losses on financial assets carried at FVTPL totalling US $107.5 million, compared to gains of US $15.2 million, reported for the year 2021. The losses for 2022 consisted of: losses of US $13.6 million on debt securities, losses of US $68.2 million on equity securities, and losses of US $25.7 million on derivative financial instruments.

The losses on debt securities and equity securities (which are predominantly preferred shares which have the characteristics of fixed income instruments) held at FVTPL are primarily due to rising interest rates. The losses on derivative financial instruments are due to declines in equity markets. Losses on the portion of debt, equity and derivative securities backing the actuarial liabilities are largely offset in the change in actuarial liabilities in the income statement.

Fees and other income increased by US $10.3 million, to close at US $1.8 million (2021 – loss of US $8.5 million), due to higher commission income on insurance and reinsurance contracts.

Benefits, which reflect net policy benefits (surrenders, deaths, lapses, etc.), interest cost and changes in actuarial liabilities, totalled US $1,002.6 million compared to US $900.5 million reported for the same period in 2021, an increase of US $102.1 million, and includes the impact of the adjustments previously mentioned. Net life and annuity policy benefits totalled US $200.2 million, compared to the US $190.0 million reported for the same period in 2021, an increase of US $10.2 million, primarily due to growth in annuity business in force. The segment reported a net change in actuarial liabilities of US $794.0 million for the year ended December 31, 2022, compared to US $712.1 million, for the same quarter in 2021, an increase of US $81.9 million, and was driven by the significant increase in new annuity business acquired during 2022, partially offset by yield spreads in excess of historical levels related to new asset purchases. The fourth quarter 2022 changes in actuarial liabilities were also positively impacted as higher investment yield resulted in lowering reserves. Interest cost increased by US $10.0 million to close at US $8.4 million, due to short-term interest rates increasing.

Total expenses and taxes (including inter-segment expenses and income taxes) totaled US $151.6 million compared to US $109.6 million reported for the same period in 2021, an increase of US $42.0 million, (largely driven by commissions and income tax). Total expenses for the period were up by US $12.2 million when compared to the same period in 2021 and was driven by higher sales commissions (US $3.9 million), associated with the new business growth reported, while other operating expenses increased due to higher inter-segment expenses. Income taxes increased by US $29.8 million, year over year, closing at US $44.8 million for the year ended December 31, 2022 and includes the impact of the adjustments previously mentioned. This overall increase was due to the significant improvement in the segment's performance when compared to the prior year.

Statement of Financial Position	**As of**		
(in millions of US $)	**December 31, 2022**	**December 31, 2021**	**Change**
Financial investments	**4,221.3**	3,569.3	18%
Other assets	**559.0**	664.9	(16%)
Inter-segment assets	**35.9**	50.1	(28%)
Total assets	**4,816.2**	4,284.3	12%
Policy liabilities	**3,468.5**	3,137.4	11%
Other liabilities	**535.0**	532.6	-
Inter-segment liabilities	**177.5**	168.2	6%
Total liabilities	**4,181.0**	3,838.2	9%
Net assets	**635.2**	446.1	42%

Overall, the increase in net assets from December 31, 2021 to December 31, 2022 of US $189.1 million (42%) was primarily the result of profitability for the period coupled with a capital injection of US $135.8 million during 2022, as part of our strategy to grow the USA annuity business. The impact of net income and capital injection was partially offset by the impact of mark-to-market losses on FVOCI financial assets

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; 83% of total liabilities as of December 31, 2022 (December 31, 2021 – 82%) and the financial investments that support those liabilities (88% of total assets as of December 31, 2022 and 83% of total assets as of December 31, 2021).

Policy liabilities and the supporting financial investments grew by 11% and 18%, respectively for the year, as the impact of new business partially offset the drop in market values of the financial investments due to slightly improving market yields.

New initiatives and developments

Sagicor USA will continue its focus on providing accumulation and living benefit-focused products throughout a consumer's life cycle, while utilizing technology to create an ease of doing business for new and existing distribution partners. These include an emphasis on annuity and wealth transfer products that offer consumers a measure of certainty in an unsettling economic environment. Sagicor USA's growth strategy is focused on achieving scale where we excel - transparent, accumulation-focused products with concierge service. The 2023 implementation of two industry leading eApplication platforms, one specific to life insurance sales with independent agents, and one specific to annuity sales with broker-dealers, will further expand the reach of our existing products to new distribution partners with electronic, scalable, and efficient business. Sagicor continually evaluates the market to determine if new product releases will drive consumer value, complement the Sagicor portfolio, and expand brand recognition, all while achieving specified financial targets.

Sagicor USA will continue to optimize its investment portfolio, including expanding the breadth of asset classes utilized to increase risk-adjusted returns and improve the asset and liability matching of its insurance portfolio.

6. FINANCIAL POSITION

A. Capital Adequacy

	December 31, 2022	December 31, 2021
Sagicor Consolidated MCCSR[10]	270%	269%
Sagicor Life Jamaica Limited MCCSR[10]	209%	162%
Sagicor Investments capital base to risk weighted assets[10]	15%	18%
Sagicor Bank capital base to risk weighted assets[10]	13%	14%

Sagicor Consolidated Capital Adequacy

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

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

The consolidated MCCSR[10] for the life insurers of the Sagicor Group as of December 31, 2022 has been estimated as 270% (December 31, 2022 – 269%). This is the principal standard of capital adequacy used to assess the overall strength of the life insurers of the Sagicor Group. However, because of the variations in capital adequacy standards across jurisdictions, the consolidated result should be regarded as applicable to the life insurers of the Group and not necessarily applicable to each individual segment, insurance subsidiary or insurance subsidiary branch. The Group complies with all regulatory capital requirements.

Sagicor Life Jamaica Limited

Sagicor Life Jamaica is governed by the Jamaican MCCSR regime (based on Canadian standards in effect in 2001), which requires an insurer to maintain a minimum ratio of 150%. The MCCSR for the Company closed the year at 209%, well above the regulatory requirement.

Sagicor Life Insurance Company (USA)

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

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

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, 2022 and December 31, 2021, 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, 2022 and December 31, 2021.

B. Capital

(in millions of US $)	December 31, 2022	December 31, 2021	Change
Total Capital[11]			
Shareholders' equity	**1,084.2**	1,134.0	(4%)
Non-controlling interest	**418.4**	531.7	(21%)
Notes and loans payable	**632.5**	683.4	(7%)
Total capital[11]	**2,135.1**	2,349.1	(9%)

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

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

At December 31, 2022, the Group's capital[11] totalled US $2,135.1 million, US $214.0 million below the December 31, 2021 position (US $2,349.1 million). The Group experienced a decrease in Shareholder's equity during the period, largely due to mark-to-market declines on our financial assets due to rising interest rates. Dividends declared to shareholders also impacted Shareholder's equity during the period. Notes and loans payable decreased by US $50.9 million to close at US $632.5 million at December 31, 2022. Non-controlling interest at December 31, 2022 was US $113.3 million below that reported at December 31, 2021. On June 13, 2022, a resolution was passed for the wind-up of Jamziv MoBay Jamaica Portfolio Limited ("Jamziv"), a

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

subsidiary of Sagicor Real Estate X-Fund Limited in the Sagicor Jamaica segment. This resulted in the cancellation of a promissory note of US $37.4 million, issued by holders of the non-controlling interest in Jamziv, and the removal of the non-controlling interest from the statement of financial position. During the third quarter of 2022, Sagicor Jamaica's investment in Sagicor Real Estate X Fund was disposed of, resulting in a further reduction in non-controlling interest. The two divestitures combined gave rise to an overall decline in non-controlling interest totaling US $ 126.9 million. Non-controlling interest was also impacted by dividends declared of US $20.8 million during the period under review.

C. Financial Leverage

	December 31, 2022	**December 31, 2021**	**Change**
Debt / capital[12]	**29.6%**	29.1%	(0.5 pts)
Debt / equity[12]	**42.1%**	41.0%	(1.1 pts)

The Debt to Capital ratio[12] was 29.6% at December 31, 2022, compared to 29.1% as of December 31, 2021. As of December 31, 2022, Sagicor had a debt-to-equity ratio[12] of 42.1%, compared to 41.0% as of December 31, 2021.

[12] Represents a non-IFRS measure: refer to Section 10 - 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. The ratings as of the date of issue of this Management Discussion and Analysis are as follows.

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

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

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

E. Common Shares, Book Value and Market Capitalization

	December 31, 2022	December 31, 2021	Change
Number of common shares outstanding (million)	**142.8**	143.2	-
Share price	**US $4.06**	US $4.91	(17%)
Market Capitalization (million)[13]	**US $579.6**	US $703.0	(18%)
Book value per common share[13]	**US $7.59**	US $7.92	(4%)

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, 2022 was 142,768,612. During the year ended December 31, 2022, the Company repurchased 1,183,572 (2021 – 3,988,221) shares, at a total cost of US $6.0 million (2021 - US $20.0 million), which were subsequently cancelled. The cost of shares totaling US $0.009 million (2021 - US $0.005 million), which were repurchased at the period-end date but not cancelled, has been reflected in treasury shares.

Securities convertible, exercisable or exchangeable into common shares

The number of issued and outstanding options at December 31, 2022 was 1,040,000.

The number of issued and outstanding warrants at December 31, 2022 was 34,774,993.

Dividends

	December 31, 2022	December 31, 2021	Change
Dividends declared and paid 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, 2022.

On March 18, 2022, 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, 2022. This dividend was paid on April 25, 2022.

On May 12, 2022, 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 May 25, 2022. This dividend was paid on June 15, 2022.

On August 11, 2022, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common held by registered holders on record at the close of business on August 24, 2022. This dividend was paid on September 14, 2022.

On November 10, 2022, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common held by registered holders on record at the close of business on November 23, 2022. This dividend was paid on December 14, 2022.

F. Notes and Loans Payable

As of December 31, 2022, Sagicor had US $632.5 million in notes and loans payable compared to US $683.4 million as of December 31, 2021.

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

Summary details of carrying values and fair values of notes and loans payable as of December 31, 2022 and December 31, 2021, respectively are set out in the following table.

	December 31, 2022		December 31, 2021	
(in millions of US $)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Notes and loans payable				
5.30% senior notes due 2028 [(a)]	**535.4**	**507.1**	532.2	570.3
5.50% unsecured bond due 2022[(b)]	**-**	**-**	32.1	32.4
6.25% unsecured bond due 2022[(b)]	**-**	**-**	25.1	28.7
5.75% unsecured bond due 2023[(b)]	**26.6**	**26.3**	-	-
6.50% unsecured bond due 2023[(b)& (c)]	**20.0**	**19.8**	-	-
6.75% notes due 2024	**14.5**	**14.4**	14.3	14.9
Bank loans & other funding instruments	**36.0**	**36.0**	33.7	33.7
Mortgage loans[(d)]	**-**	**-**	46.0	48.9
Total	**632.5**	**603.6**	683.4	728.9

(a) Senior notes due 2028

On May 13, 2021, Sagicor Financial Company Ltd. issued US $400 million of senior notes due 2028 (the "New Notes"). The New Notes are due May 13, 2028 and bear interest at an annual rate of 5.30%.

On December 15, 2021, the Group issued an additional US$150 million principal amount of the New Notes. These New Notes are also due May 13, 2028 and bear interest at an annual rate of 5.30%.

The Group had, in total, US $550 million principal amount of the New Notes outstanding at the year end.

Pursuant to the terms of the New Notes, the Group may redeem the New Notes under the scenario as summarised below:

Optional Redemption with an Applicable Premium - At any time on or after May 13, 2024, the Group may redeem the New Notes in whole or in part at specified redemption prices, plus accrued and unpaid interest, if any, on the New Notes redeemed, to the applicable date of redemption.

At December 31, 2022, the Group has estimated the fair value of the optional redemption embedded derivative at US $9.4 million (2021 - US $11.3 million).

(b) On April 27, 2022, these facilities were extended with bond issues in two Tranches, Tranche A up to J$4,895,140,000 and Tranche B up to US $26,400,000, carrying annual interest rates of 6.50% and 5.75%, respectively. Interest is payable quarterly commencing July 27, 2022. The Tranches mature on May 26, 2023.

(c) At December 31, 2022, Sagicor Investments Jamaica Limited held an investment of US $12.8 million in Tranche A (US $12.5 million as at December 31, 2021).

(d) During the quarter ended September 30, 2022, Sagicor Group Jamaica disposed of its subsidiary, Sagicor Real Estate X-Fund Limited. As a result, the mortgage loans payable by its subsidiaries, X Fund Properties LLC and X Fund Properties Limited, have been derecognised. See note 37 to the Group's annual financial statements.

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

G. Liquidity and Capital Resources

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

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

Cash Flows

The following table summarise the Group’s cash flows for the three-month and twelve-month periods ended December 31, 2022 and December 31, 2021, respectively.

(in millions of US $)	**Three months ended December 31**			**Year ended December 31**		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
Net cash flows:						
Operating activities	**105.7**	182.3	(42%)	**(154.5)**	124.9	(224%)
Investing activities	**(17.5)**	(3.5)	(400%)	**(26.6)**	36.1	(174%)
Financing activities	**(15.5)**	129.7	(112%)	**(65.3)**	140.5	(146%)
Effect of exchange rate changes	**3.2**	(7.8)	141%	**2.2**	(11.9)	118%
	75.9	300.7	(75%)	**(244.2)**	289.6	(184%)
Cash and cash equivalents:						
Beginning of period	**516.7**	536.1	(4%)	**836.8**	547.2	53%
End of period	**592.6**	836.8	(29%)	**592.6**	836.8	(29%)

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

For the fourth quarter of 2022, Sagicor’s net cash inflows associated with operating activities was US $105.7 million compared to inflows of US $182.3 million for the same period in 2021, the impact of higher purchases of financial assets particularly in our USA segment.

Sagicor’s net cash outflows from investing activities was US $17.5 million for the three-month period ended December 31, 2022, compared to outflows of US $3.5 million for the same period in 2021, an increase in outflows of US $14.0 million. The current quarter includes 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 outflows from financing activities totalled US $15.5 million for the three-month period ended December 31, 2022, compared to inflows of US $129.7 million for the same period in 2021, a decrease in inflows of US $145.2 million. On December 15, 2021, the Group issued an additional US $150 million principal amount of the New Notes. The New Notes are due May 13, 2028 and bear interest at an annual rate of 5.30%.

For the three-month period ended December 31, 2022, the effect of exchange rate changes was a gain of US $3.2 million compared to a loss of US $7.8 million for the corresponding period in 2021.

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

For the year ended December 31, 2022, Sagicor's net cash outflows associated with operating activities was US $154.5 million compared to inflows of US $124.9 million for the same period in 2021, the net impact of higher purchases of financial instruments being made in 2022, as the funds obtained from the significant annuity sales in our USA segment were invested in securities.

Sagicor's net cash outflows for investing activities was US $26.6 million for the year ended December 31, 2022, compared to inflows of US $36.1 million for the same period in 2021, a decrease in inflows of US $62.7 million. On April 1, 2022, the Group finalized its purchase of 100% interest in Alliance Financial Services Limited. The purchase consideration includes an initial cash consideration of US $17.1 million (net of cash and cash equivalents). During the current period 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). In the prior year, the Group partially disposed of its investment in Playa. This transaction gave rise to net inflows to the Group of US $55.2 million.

Sagicor's net cash outflows from financing activities totalled US $65.3 million for the year ended December 31, 2022, compared to inflows of US $140.5 million for the same period in 2021, a decrease in inflows of US $205.8 million. In 2021, the Company issued 5.30% senior notes due 2028 in the amount of US $400 million. The Company used partial proceeds of the transaction to repurchase the remaining US $318 million aggregate principal amount of its 8.875% Senior Notes due 2022 issued by its subsidiary Sagicor Finance (2015) Limited (the "2022 Notes"). On December 15, 2021, the Group issued an additional US$150 million principal amount of the New Notes. The New Notes are also due May 13, 2028 and bear interest at an annual rate of 5.30%. Excluding these financing transactions of US $232 million combined, the company reported net outflows of US $91.5 million. Net cash outflows for financing activities for 2022 include the proceeds associated with the sale of Sagicor Real Estate X-Fund of US $10.3 million, while in 2021 outflows associated with the repurchase of shares was US $14.0 million higher than that reported in 2022.

For the year ended December 31, 2022, the effect of exchange rate changes was a gain of US $2.2 million compared to a loss of US $11.9 million for the corresponding period in 2021.

7. FINANCIAL INVESTMENTS

As of December 31, 2022, the Sagicor Group held US $8,970.5 million of diversified financial assets, compared to US $8,498.1 million at December 31, 2021, an increase of US $472.4 million. The Group recorded net investment income of US $318.0 million for the year ended December 31, 2022, compared to US $429.8 million for the same period in 2021. The return on investments[14] was 3.7% compared to 5.6% for the same period in 2021. During the year ended December 31, 2022, the Group was impacted by mark-to-market declines on financial assets, including a loss of US $31.2 million relating to the FVTPL investment in Playa, due mainly to rising interest rates. Since becoming a public company in 2002, Sagicor has had positive and stable investment portfolio performance. As at December 31, 2022, Sagicor held US $6,613.9 million in debt securities and money market funds (74% of the total financial investments on hand). A summary of net investment income for the three-month and twelve-month periods ended December 31, 2022 and 2021, is shown below.

Investment Income Summary	**Three months ended December 31**			**Year ended December 31**		
(in millions of US $, unless otherwise noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Interest income (AC)	**55.6**	46.9	19%	**203.6**	185.2	10%
Interest income (FVOCI)	**68.6**	44.0	56%	**229.1**	152.2	51%
Income from FVTPL investments	**19.6**	18.8	4%	**(113.6)**	92.5	(223%)
Other investment income	**(1.6)**	(0.2)	(700%)	**5.1**	4.5	13%
Investment expenses	**(1.7)**	(1.8)	6%	**(6.2)**	(4.6)	(35%)
	140.5	107.7	30%	**318.0**	429.8	(26%)

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.

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

A. Carrying Values

The table below shows the carrying value of Sagicor's investment portfolio as of December 31, 2022 and December 31, 2021.

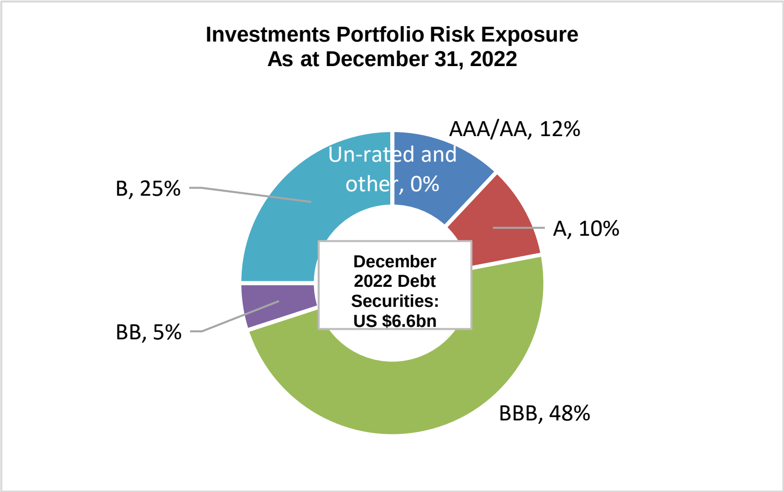
(in millions of US $, except percentages)	As of December 31, 2022		As of December 31, 2021	
	Carrying value	**% of Total**	Carrying value	% of Total
Investments at FVOCI:				
Debt securities and money market funds	**4,798.1**	**53%**	4,481.3	53%
Equity securities	**0.4**	**-**	0.5	-
	4,798.5	**53%**	4,481.8	53%
Investments at FVTPL:				
Debt securities	**336.8**	**4%**	283.6	3%
Equity securities (1)	**765.6**	**9%**	889.6	11%
Derivative financial instruments	**10.4**	**-**	26.2	-
Mortgage loans	**23.4**	**-**	24.4	-
	1,136.2	**13%**	1,223.8	14%
Investments at amortised cost:				
Debt securities	**1,479.0**	**17%**	1,399.7	17%
Mortgage loans	**593.6**	**7%**	425.5	5%
Policy loans	**159.6**	**2%**	153.9	2%
Finance loans	**654.9**	**7%**	533.5	6%
Securities purchased for re-sale	**32.3**	**-**	68.0	1%
Deposits	**116.4**	**1%**	211.9	2%
	3,035.8	**34%**	2,792.5	33%
Total financial investments	**8,970.5**	**100%**	8,498.1	100%

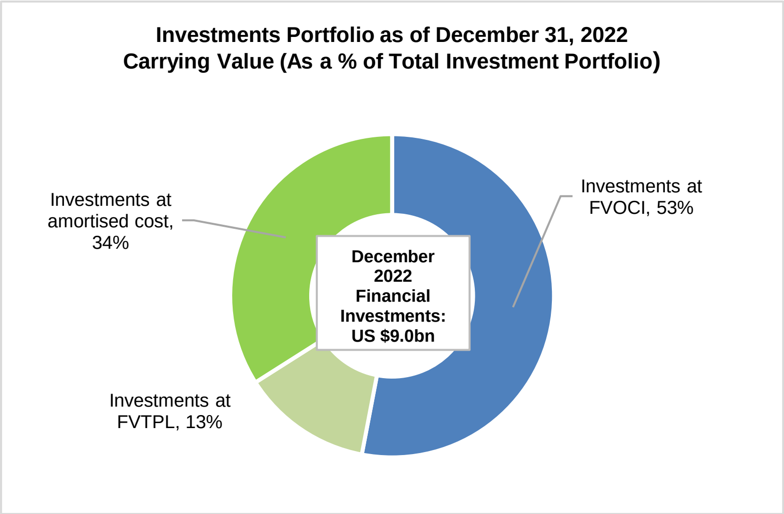
(1) Included in equity securities are exchange-traded funds of US $306.3 million as at December 31, 2022 (US $446.3 million as at December 31, 2021).

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, 2022	As of December 31, 2021	Change
Debt securities and money market funds			
Measured at fair value through other comprehensive income (FVOCI)	**4,798.1**	4,481.3	7%
Measured at amortised cost (AC)	**1,479.0**	1,399.7	6%
Measured at fair value through income (FVTPL)	**336.8**	283.6	19%
Total	**6,613.9**	6,164.6	7%
Represented by:			
Government and government-guaranteed debt securities	**2,338.4**	2,219.0	5%
Collateralised mortgage obligations	**839.1**	692.6	21%
Corporate debt securities	**3,234.2**	2,859.5	13%
Money market funds	**59.5**	264.0	(77%)
Other securities	**142.7**	129.5	10%
Total	**6,613.9**	6,164.6	7%

FVOCI 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. FVTPL debt securities are classified as such when the Group insurance or 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, 2022.


Investments Portfolio Risk Exposure
As at December 31, 2022
AAA/AA, 12%
Un-rated and other, 0%
B, 25%
A, 10%
December 2022 Debt Securities: US $6.6bn
BB, 5%
BBB, 48%


Investments Portfolio as of December 31, 2022
Carrying Value (As a % of Total Investment Portfolio)
Investments at amortised cost, 34%
Investments at FVOCI, 53%
December 2022 Financial Investments: US $9.0bn
Investments at FVTPL, 13%

B. NET INVESTMENT INCOME

	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Investment income						
Interest income (amortised cost assets):						
Debt securities	**26.9**	24.6	9%	**102.2**	94.2	8%
Mortgage loans	**8.6**	6.8	26%	**27.7**	24.6	13%
Policy loans	**3.0**	2.6	15%	**11.5**	10.7	7%
Finance loans	**16.3**	12.5	30%	**58.4**	53.6	9%
Securities purchased for resale	**0.3**	-	-	**2.1**	0.9	133%
Deposits, cash and other items	**0.5**	0.4	25%	**1.7**	1.2	42%
	55.6	46.9	19%	**203.6**	185.2	10%
Interest income (FVOCI assets):						
Debt securities and money market funds	**68.6**	44.0	56%	**229.1**	152.2	51%
Interest income earned from financial assets measured at amortised cost and FVOCI	**124.2**	90.9	37%	**432.7**	337.4	28%

B. NET INVESTMENT INCOME, continued

	Three months ended December 31			Year ended December 31		
(in millions of US $)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Interest income earned from financial assets measured at amortised cost and FVOCI	**124.2**	90.9	37%	**432.7**	337.4	28%
Fair value changes, dividend income and interest income (FVTPL assets):						
Debt securities	**6.7**	(4.8)	240%	**(6.4)**	11.1	(158%)
Equity securities [(a)]	**10.2**	13.1	(22%)	**(81.3)**	54.8	(248%)
Mortgage loans	**0.1**	0.1	-	**1.7**	1.3	31%
Derivative financial instruments	**2.6**	10.4	(75%)	**(27.6)**	25.3	(209%)
	19.6	18.8	4%	**(113.6)**	92.5	(223%)
Investment income:						
Other income on financial investments	**0.1**	0.1	-	**0.7**	0.5	40%
Investment property rental income and fair value gains and losses	**1.0**	0.8	25%	**4.3**	3.7	16%
Other investment income	**(2.7)**	(1.1)	(145%)	**0.1**	0.3	(67%)
	(1.6)	(0.2)	(700%)	**5.1**	4.5	13%
Investment expenses:						
Direct operating expenses of investment property that generated rental income	**0.6**	0.7	14%	**2.1**	2.2	5%
Other direct investment expenses	**1.1**	1.1	-	**4.1**	2.4	(71%)
	1.7	1.8	6%	**6.2**	4.6	(35%)
Other investment income/(loss)	**16.3**	16.8	(3%)	**(114.7)**	92.4	(224%)
Net investment income	**140.5**	107.7	30%	**318.0**	429.8	(26%)
Return on Investments (annualised)[15]	**6.4%**	5.2%	1.2 pts	**3.7%**	5.6%	(1.9 pts)

(a) Included in fair value changes on equity securities is a loss of US $31.2 million (2021 - a gain of US $21.6 million) relating to the FVTPL investment in Playa (see note 37 of the annual financial statements).

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

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, 2022**	**December 31, 2021**	**Change**
Principal insurance and investment contract liabilities			
Actuarial liabilities	**5,182.8**	4,792.6	8%
Investment contract liabilities	**472.3**	468.1	1%
Customer deposits	**981.6**	881.4	11%
Securities sold for repurchase	**654.7**	598.3	9%
Other funding instruments	**539.9**	511.5	6%
Structured product contracts	**4.3**	4.3	-
Total	**7,835.6**	7,256.2	8%

8. RISK MANAGEMENT

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

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

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

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

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

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

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

Risks are assessed both qualitatively and quantitatively. Credit risk exposures are tracked for our investment, securities, lending, revolving credit, and reinsurance portfolios. Credit concentration risk is also tracked by the ultimate parent of each counterparty. Liquidity risk exposures are tracked by both asset-liability maturity profile and cashflow projections. Interest rate risk exposures are tracked using asset and liability durations for each major yield curve exposure. Currency risk exposures are tracked by stress testing net currency positions for major currency exposure.

Risk information is regularly communicated to external stakeholders including regulators, rating agencies, and the public. The Group files an Own Risk Solvency Assessment (ORSA) Summary Report with the Texas Department of

Insurance. It also meets regularly with rating agencies (S&P, Fitch, and A.M. Best) to provide updates on our risk exposures, strategy, and other relevant developments. Sagicor also provides extensive risk disclosures in its Notes to the Financial Statements and our Annual Information Form.

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 Group's Corporate ERM teams' responsibilities include but are not limited to the key 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 Risk Committees (both Group and subsidiary level). The Board Risk Committees oversee key risks and exposures and approve key ERM decisions and policies. Internal audit provides independent verification of policies and procedures.

1. *ECONOMIC RISK*

The Group is exposed to the negative effects on the health of the economy or the financial system in the jurisdictions where we operate from rising inflationary pressures and interest rates, economic slowdowns or recessions, abrupt changes in geopolitical environment, disruptions in trades, pandemic, or other health crisis.

The Group monitors changes in the economy, 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*

The Group 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.

Premiums, deposits and other receivables received are invested to pay for future policyholder and other obligations.

The Group in most, but not all instances bears the risk for investment performance, i.e., return of principal and interest. Any credit defaults or other reductions in the value of debt securities, loans, deposits, and receivables could have a material adverse effect on Sagicor's business, results of operations 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. Further, Sagicor deals only with highly rated reinsurers to contain counterparty risk. The Group minimises 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. Sagicor's policy is to not invest more than 10% of the debt of a single borrower unless security is held for the debt.

However, many jurisdictions mandate that the operating companies invest a portion of the assets supporting the policy liabilities in government instruments such as treasury bills and bonds.

The Group has significant concentrations of credit risk with respect to its holding of bonds and treasury bills issued by the governments of Jamaica, Barbados and Trinidad and Tobago. In the United States, Sagicor has significant exposure to United States Government issued and/or government-backed investments (including state and local governments), Guggenheim Partners reinsurance assets and Heritage Life Insurance reinsurance assets.

From Sagicor Jamaica's banking business, the Group is exposed to credit risk in both its securities and lending activities. In connection with securities activities, the Group 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 its lending activities, Sagicor seeks to adequately collateralise its loans, particularly where they exceed certain thresholds. Applicants undergo a thorough screening and credit analysis process before they can access any credit facility from the Group. Portfolio limits are set and monitored for all credit products which include loans, mortgages and credit card receivables.

The following tables summarise credit exposure of the Group's financial investments as of December 31, 2022. 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*).

Credit exposure – December 31, 2022

(in US	**ECL Staging**				
	Stage 1	**Stage**	**Stage 3**	**POCI [c]**	**Total**
FVOCI [b] debt securities:					
Gross value	5,154.4	107.7	-	28.2	5,290.3
Loss	(3.2)	(5.3)	-	-	(8.5)
Net value	5,151.2	102.4	-	28.2	5,281.8
Debt securities [a]					
Gross value	1,271.6	8.3	-	201.8	1,481.7
Loss	(2.3)	(0.1)	-	(0.3)	(2.7)
Net value	1,269.3	8.2	-	201.5	1,479.0
Policy loans [a]					
Gross value	160.0	-	-	-	160.0
Loss	(0.4)	-	-	-	(0.4)
Net value	159.6	-	-	-	159.6

Credit exposure – December 31, 2022

(in US	**ECL Staging**				
	Stage 1	**Stage**	**Stage**	**POCI [c]**	**Total**
Mortgage [a]					
Gross value	540.0	33.2	26.5	-	599.7
Loss	(1.7)	(0.6)	(3.8)	-	(6.1)
Net value	538.3	32.6	22.7	-	593.6
Finance loans					
Gross value	634.8	22.5	8.8	-	666.1
Loss	(5.7)	(0.7)	(4.8)	-	(11.2)
Net value	629.1	21.8	4.0	-	654.9
Securities purchased for re-sale [a]					
Gross value	32.3	-	-	-	32.3
Loss	-	-	-	-	-
Net value	32.3	-	-	-	32.3
Deposits [a]					
Gross value	119.2	0.6	-	-	119.8
Loss	(3.3)	(0.1)	-	-	(3.4)
Net value	115.9	0.5	-	-	116.4

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

[b] *FVOCI – fair value through other comprehensive income*

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

3. *FOREIGN EXCHANGE RISK*

The Group is exposed to foreign exchange risk because of fluctuations in exchange rates since Sagicor’s financial assets and liabilities are denominated in several currencies. 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 United States 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.

The Group operates and issues contracts in the currencies prevailing in the countries where it conducts business. Currencies which are pegged to the United States 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 United States dollar are set out in the following table.

Currency exchange rate of US $1.00:	**2022 closing rate**	**2021 closing rate**
Barbados dollar	2.0000	2.0000
Eastern Caribbean dollar	2.7000	2.7000
Jamaica dollar	151.0082	153.9200
Trinidad & Tobago dollar	6.7414	6.7626

Currency exchange rate of US $1.00:	**2022 average**	**2021 average**
Barbados dollar	2.0000	2.0000
Eastern Caribbean dollar	2.7000	2.7000
Jamaica dollar	153.2954	149.7042
Trinidad & Tobago dollar	6.7402	6.7426

The following tables shows the Group's significant foreign exchange exposure as of December 31, 2022 and 2021 by presenting assets and liabilities by the currency in which they are denominated for its continuing operations.

December 31, 2022	**US $million equivalents of balances denominated in**						
(in US $millions)	**Barbados $**	**Jamaica $**	**Trinidad $**	**Eastern Caribbean $**	**US $**	**Other Currencies**	**Total**
ASSETS							
Total monetary assets	445.1	1,594.1	798.9	178.2	6,084.7	195.5	9,296.5
Non-monetary assets	248.7	515.2	92.9	18.6	594.7	(0.9)	1,469.2
Total assets of continuing operations	693.8	2,109.3	891.8	196.8	6,679.4	194.6	10,765.7
LIABILITIES							
Total monetary liabilities	706.5	1,470.5	899.1	204.2	5,702.9	124.2	9,107.4
Non-monetary liabilities	21.6	48.6	16.9	6.1	61.0	1.2	155.4
Total liabilities of continuing operations	728.1	1,519.1	916.0	210.3	5,763.9	125.4	9,262.8
Net position	(34.3)	590.2	(24.2)	(13.5)	915.5	69.2	1,502.9

December 31, 2021	**US $million equivalents of balances denominated in**						
(in US $millions)	**Barbados $**	**Jamaica $**	**Trinidad $**	**Eastern Caribbean $**	**US $**	**Other Currencies**	**Total**
ASSETS							
Total monetary assets	418.7	1,530.6	744.0	180.0	5,715.4	195.1	8,783.8
Non-monetary assets	233.4	422.7	91.6	18.8	828.2	(0.6)	1,594.1
Total assets of continuing operations	652.1	1,953.3	835.6	198.8	6,543.6	194.5	10,377.9
LIABILITIES							
Total monetary liabilities	678.5	1,358.2	824.5	197.1	5,352.5	172.8	8,583.6
December 31, 2020	20.3	39.8	15.3	5.5	45.2	2.0	128.1
Total liabilities of continuing operations	698.8	1,398.0	839.8	202.6	5,397.7	174.8	8,711.7
Net position	(46.7)	555.3	(4.2)	(3.8)	1,145.9	19.7	1,666.2

For additional details on the Group's foreign exchange risk, refer to note 40.7 of the 2022 consolidated financial statements.

4. *INTEREST RATE RISK*

The Group is exposed to interest rate risk, which arises when the returns earned from invested assets decrease.

The return on investments may be variable, fixed for a term or fixed to maturity. Upon reinvestment of a matured investment, the returns available on new investments may be significantly different from the returns formerly achieved. Sagicor guarantees minimum returns on the cash values of certain types of policies, for example universal life and annuity contracts, and decreased investment returns may be insufficient to pay these guaranteed returns.

Sagicor is thereby exposed to the effects of fluctuations in the prevailing levels of market interest rates on Sagicor's financial position and cash flows. Interest margins may increase or decrease as a result of such changes. Interest rate changes may also result in losses if asset and liability cash flows are not closely matched with respect to timing and amount.

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.

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

For more details on the Group's exposures to interest rates, refer to note 40.6 of the Group's 2022 consolidated financial statements.

5. LIQUIDITY RISK

Liquidity risk, which is the risk that we may be unable to generate sufficient cash or its equivalents in a timely and cost-effective manner to meet our financial obligations, is an inherent risk to the Group's business. Liquidity risks arises from mismatches in the timing and value of our on- and off-balance sheet cash flows and the lack of marketability of a certain portion of Sagicor's assets. Some liabilities may be surrendered at the call of the contract-holder, while some assets have low liquidity such as mortgage loans and real estate. To manage liquidity risks, the Group seeks to maintain levels of cash and short-term deposits in each of its operating currencies that can meet expected short-term obligations.

The Group is exposed to daily demands on its available cash resources for payment of policy benefits and withdrawals, operating expenses and taxes, loan drawdowns, repayment of borrowings, maturing deposit liabilities and other security obligations. The Group maintains cash resources to meet what it predicts it will have to meet its financial obligations. Demands on its cash resources may exceed the Group's projections.

The Group diversifies its liability portfolio by limiting concentrations of liabilities in each market segment. Where practical, given the Group's operating environment, Sagicor seeks to match maturities of assets and liabilities while maintaining a portfolio of short-term, highly liquid securities to meet funding gaps. The Group monitors its daily, weekly, and monthly liquidity risk and manages its maturing asset and liability portfolios.

The Group purchases custom options (hedges) that are selected to materially replicate the policy benefits that are associated with the equity indexed components of certain of its products. These options are appropriate to reduce or minimise the risk of movements in the equity market (market risk). The hedging transactions 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, the Group 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.

The Group's monetary insurance liabilities mature in periods which are summarised in the following tables for the years ended December 31, 2022 and 2021. 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.

December 31, 2022	**Expected discounted cash flows**			
(in US $millions)	**Maturing within 1 year**	**Maturing 1 to 5 Years**	**Maturing after 5 years**	**Total**
Actuarial liabilities	374.9	1,866.5	2,941.4	5,182.8
Other insurance	174.9	30.4	91.5	296.8
Total	549.8	1,896.9	3,032.9	5,479.6

December 31, 2021	**Expected discounted cash flows**			
(in US $millions)	**Maturing within 1 year**	**Maturing 1 to 5 Years**	**Maturing after 5 years**	**Total**
Actuarial liabilities	297.9	1,657.5	2,837.2	4,792.6
Other insurance	167.4	29.6	83.8	280.8
Total	465.3	1,687.1	2,921.0	5,073.4

Contractual cash flow obligations of the Group in respect of its 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, it is assumed that the interest rate then prevailing continues until final maturity.

December 31, 2022	Contractual un-discounted cash flows			
(in US $millions)	**On demand or within 1 year**	**1 to 5 years**	**After 5 years**	**Total**
Financial liabilities:				
Investment contracts	390.2	78.5	22.6	491.3
Notes and loans payable	113.8	148.5	564.6	826.9
Lease liabilities	8.5	17.3	23.9	49.7
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 re-purchase	647.4	13.8	-	661.2
Derivative liabilities	-	-	-	-
Bank overdrafts	1.7	-	-	1.7
Accounts payable & accrued liabilities	241.6	0.4	-	242.0
Total liabilities	2,933.3	274.1	621.2	3,828.6
Off balance sheet 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
Investments and Investment management fees	7.9	-	-	7.9
Total commitments	129.1	22.6	10.6	162.3
Total	3,062.4	296.7	631.8	3,990.9

December 31, 2021	Contractual un-discounted cash flows			
(in US $millions)	**On demand or within 1 year**	**1 to 5 years**	**After 5 years**	**Total**
Financial liabilities:				
Investment contracts	388.1	73.3	23.1	484.5
Notes and loans payable	123.5	192.3	603.6	919.4
Lease liabilities	9.2	18.1	20.7	48.0
Other funding instruments	463.0	49.0	6.1	518.1
Customer deposits	872.5	17.2	-	889.7
Structured products	-	4.4	-	4.4
Securities sold for re-purchase	601.8	-	-	601.8
Derivative liabilities	-	0.1	-	0.1
Bank overdrafts	0.8	-	-	0.8
Accounts payable & accrued liabilities	246.5	1.2	0.3	248.0
Total liabilities	2,705.4	355.6	653.8	3,714.8
Off balance sheet commitments:				
Loan commitments	61.9	4.4	1.0	67.3
Non-cancellable lease and rental payments	0.3	-	-	0.3
Customer guarantees and letters of credit	17.8	6.6	8.7	33.1
Investments and Investment management fees	17.4	-	-	17.4
Total commitments	97.4	11.0	9.7	118.1
Total	2,802.8	366.6	663.5	3,832.9

The contractual maturity periods of monetary financial assets and the expected maturity periods of monetary insurance assets are summarised in the following tables for the years ended December 31, 2022 and 2021. Amounts are stated at their carrying values recognised in the financial statements. For this table, monetary insurance assets comprise policy loans and reinsurance assets.

December 31, 2022	**Contractual discounted or expected cash flows**			
(in US $millions)	**Maturing within 1 year**	**Maturing 1 to 5 Years**	**Maturing after 5 years**	**Total**
Financial assets:				
Financial investments	1,438.5	2,003.6	4,762.3	8,204.4
Reinsurance assets: share of actuarial liabilities	42.4	225.9	177.8	446.1
Reinsurance assets: other	64.4	-	0.7	65.1
Premiums receivable	60.8	-	-	60.8
Other assets and receivables	70.2	0.5	-	70.7
Cash resources	448.2	-	-	448.2
Total	2,124.5	2,230.0	4,940.8	9,295.3

December 31, 2021	**Contractual discounted or expected cash flows**			
(in US $millions)	**Maturing within 1 year**	**Maturing 1 to 5 Years**	**Maturing after 5 years**	**Total**
Financial assets:				
Financial investments	1,578.8	1,605.3	4,423.8	7,607.9
Reinsurance assets: share of actuarial liabilities	43.8	274.4	227.0	545.2
Reinsurance assets: other	54.1	2.1	0.7	56.9
Premiums receivable	59.2	-	-	59.2
Other assets and receivables	73.4	1.9	0.3	75.6
Cash resources	438.1	-	-	438.1
Total	2,247.4	1,883.7	4,651.8	8,782.9

6. INSURANCE PRODUCT DESIGN AND PRICING RISK

Product design and pricing risk arises from poorly designed or inadequately priced contracts and can lead to both financial loss and reputational damage to the Group. In the discussion below, the term insurer refers to the Group subsidiary issuing insurance contracts.

Risks are priced to achieve an adequate return on capital on the insurer's business. In determining the pricing 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.

The 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 the contract.

Sagicor carries significant underwriting risks concentrated in certain countries within the Caribbean, namely Antigua, Barbados, Cayman Islands, Curacao, Jamaica, St. Lucia and Trinidad and Tobago. In these countries, Sagicor insures a substantial proportion of the insured population (life, annuity, health).

7. INSURANCE CLAIMS RISK

a) Life, annuity, and health contracts

The principal claims risks for these contracts are mortality, longevity, and morbidity risk. For long-term contracts, principal risks affecting claims and benefits also include lapse, expense, and investment risks.

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 payments that must be paid to policyholders.

Policy benefits payable under long-term contracts may be triggered by an insurable event (such as a death, disability or critical illness claim) a specified time (such as 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 benefits is therefore expected over the remaining lives of the insureds and annuitants, Sagicor remains subject to uncertainty related to the timing of future benefit 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 (i.e., longevity) will lengthen the pay-out period of annuities.

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

For Sagicor's health insurance contracts, significant risk exposures arise from mortality and morbidity experience.

b) Property and casualty contracts

Claims payable under property and casualty 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, 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.

The insurer records claims based on submissions made by claimants. The insurer may also obtain additional information from loss adjustors, medical reports, and other specialist sources. The initial claim recorded may only be an estimate, which is refined over time until final settlement occurs. In addition, from the pricing methodology used for risks, it is assumed that at any date, there are claims incurred but not reported (IBNR).
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;
- the development of incurred claims.

Claims risk 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. The Group takes reinsurance cover to mitigate the geographic concentrations of its property risks.

8. *REINSURANCE RISK*

To limit Sagicor's loss exposure on insurance policies, Sagicor may cede 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, the Group 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 41.3 and 42.3 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.

9. *FIDUCIARY RISK*

Sagicor provides investment management, insurance and pension administration, and corporate trust services to corporate customers. Investment management services requires the Group 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, 2022, the Group administered US $3,669.9 million in assets on behalf of these corporate customers.

10. *OPERATIONAL RISK*

The Group 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 of our activities and third-party activities.

Our inability to manage operational risk could result in direct or indirect financial loss, reputational impact or regulatory scrutiny and proceedings in the various jurisdictions where we operate. We continue to make advancements in our operational risk management approaches.

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. This can include a statement made: knowing it to be false, without belief in its truth; or recklessly, careless as to whether it be true or false. Fraud can result in a financial loss or reputational impact to Sagicor and have other impacts that are detrimental to customers and other stakeholders. Sagicor faces both internal and external fraud risks and 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, results of operations or financial condition.

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.

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, results of operations, 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.

11. 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.

12. 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.

9. ADDITIONAL INFORMATION

A. OUTLOOK

The Group's financial results in Q4 2022 continued to reflect a volatile macroeconomic environment as Sagicor continued to navigate asset price volatility driven by geopolitical instability and inflationary pressures. In addition, our Sagicor Life segment in particular continues to operate in a challenging economic environment as jurisdictions recover from the effects of the Covid-19 pandemic. On the other hand, the rising rate environment enabled Sagicor to continue to invest new policyholder funds at robust investment spreads. The effects of global inflation and economic slowdown may hamper economic growth in our core markets and may counteract an improving forward outlook for tourism.

B. ECONOMIC ENVIRONMENT

As varying supply shocks negatively impacted the cost of living, subduing the soaring inflation rate was the prime objective of various monetary authorities during 2022. Against this background, economic growth across key developed nations was expected to slow in 2022. In its January 2023 World Economic Outlook (WEO) Update, the International Monetary Fund (IMF) estimated the global economy grew by 3.4% in 2022, compared to the economic rebound of 6.2% on record for the year 2021. In addition, the IMF projects global growth during 2023 will grow by 2.9%.

The Bureau of Economic Analysis' second estimate indicated economic activity in the USA grew by an annual rate of 2.1% in the year 2022, 3.8 percentage points lower than the growth estimate recorded during 2021. Meanwhile, the US Labor Department reported a decline in the unemployment rate to 3.5% at December 31, 2022, down from 3.9% at December 31, 2021. The target range for the federal funds rate ended 2022 at 4.25% to 4.5% after the Federal Open Market Committee (FOMC) hiked the target range for its federal fund rates by approximately 425 basis points during 2022. As the FOMC front loaded its hikes to its federal fund rate, US inflation was expected to peak in 2022. The Consumer Price Index for All Urban Consumers increased by 6.5% for the 12 months ending December 2022, compared to 7.0% for the similar period in 2021. Notwithstanding the volatility experienced in the Energy Market during 2022, by the end of the year the West Texas Intermediate oil prices stood at approximately US $80 per barrel compared to approximately US $75 per barrel at the end of 2021.

According to the European Central Bank's most recent Economic Bulletin, the first estimation of the annual growth of GDP throughout the Euro Area is approximately 3.5% for 2022. The Bank of Japan's January 2023 publication of its Outlook for Economic Activity and Prices indicates economic activity in Japan recorded a 0.2% contraction during the third quarter of 2022 on a quarter-on-quarter basis. Furthermore, in its January 2023 WEO Update, the IMF estimated real GDP in Japan and China expanded by 1.4% and 3.0%, respectively in 2022. The Bank of England's Official Bank Rate ended 2022 at 3.5% after the Bank of England's Monetary Policy Committee voted to hike the Official Bank Rate by 325 basis points during 2022. Meanwhile, Japan's short-term policy interest rate remained unchanged at -0.1% during 2022.

Though value styled stocks proved to be more beneficial during 2022, most of the major market indexes ended 2022 in negative territory. The S&P 500 Index declined by 18.11% during the year 2022 while the NASDAQ Composite Index and Dow Jones Industrial Average Index were down 32.54% and 6.86%, respectively for 2022. Similarly, the performance of emerging market equities also retracted as the MSCI Emerging Market Index returned -20.09% for the year. Amidst the high interest rate environment, the 10-year US Treasury yield spiked to 3.88% at the end of December 2022 after starting the year at 1.63%.

Economic activity across the Eastern Caribbean benefitted from the recovery of tourism activity in 2022. According to the Communiqué of the 104th Meeting of the Monetary Council of the Eastern Caribbean Central Bank, economic growth in the Eastern Caribbean Currency Union (ECCU) expanded by approximately 8.9% in 2022. This represents an increase of approximately 3.1 percentage points when compared to the growth estimate on record for the year 2021. The foreign reserves backing the Eastern Caribbean dollar remain strong as the average weekly backing ratio stood at approximately 92.2% during 2022, above the statutory minimum requirement of 60%.

As long-stay tourist arrivals reached 78% of the pre-pandemic level, preliminary statistics indicate economic growth in Barbados rebounded by 10.0% in 2022. According to the most recent Economic Review issued by the Central Bank of Barbados, the gross international reserves for Barbados declined to $2,771.0 million Barbados dollars or 29 weeks of import cover at the end of 2022. Nevertheless, the rebound of the country's GDP resulted in Barbados' public debt-to-GDP ratio decreasing by approximately 14.1% during 2022 to 123.8%. The most recent Economic Review from the Central Bank of Barbados indicated the unemployment rate in Barbados improved to 7.1% at the end of September 2022 after this economic indicator stood at 9% at the start of 2022. At November 2022, the 12-month moving average inflation in Barbados increased at a pace of 8.5% compared to 2.7% a year earlier.

According to the Central Bank of Trinidad and Tobago's January 2023 Economic Bulletin, the year-on-year growth in Trinidad and Tobago's Real GDP was estimated at 4.1% for the six-month period ended June 2022. Throughout the year 2022, the Central Bank of Trinidad and Tobago maintained its repo rate at 3.5% since its implementation in March 2022. At the end of December 2022, Trinidad and Tobago's official reserves remained strong at approximately US $6,832.4 million or 8.6 months of prospective imports of goods and services. Trinidad and Tobago's headline inflation spiked to 8.0% at the end of November 2022, compared to 3.5% at the end of 2021. Similarly, Trinidad and Tobago's core inflation increased to 6.6% year-on-year in November 2022. The domestic stock market in Trinidad experienced a substantive downturn during the year 2022 and the Trinidad and Tobago Stock Exchange's Composite Price Index fell by approximately 11.0% during 2022.

In the quarter ended September 2022, the Jamaican economy expanded by 5.9% compared to the growth estimates of 4.8% and 6.4% in the second and first quarters of 2022, respectively. Moreover, the Bank of Jamaica's latest estimate indicate real economic activity expanded by 8.2% during the fiscal year 2020/21. Jamaica's annual point-to-point inflation at the end of December 2022 stood at 9.4% - well above the Bank of Jamaica's target inflation range of 4.0% to 6%. On the brighter side, the annual point-to-point inflation rate at December 2022 was 90 basis points lower than the comparable rate at November 2022. This decline in the point-to-point inflation occurred as a direct result of the Bank of Jamaica increasing its policy interest rates by 450 basis points during 2022. At the end of 2022, the Bank of Jamaica's policy interest rates stood at 7%. Additionally, the Jamaica Stock Exchange Main Market Index retracted 10.5% by the end of 2022. Contrastingly, the Jamaica's Junior Market Index buoyed and expanded by 18.4% during 2022. The fixed income market yield continued its upward trend as the GOJ 180-day Treasury Bill ended 2022 at 8.18%, compared to 4.33% at the end of 2021.

C. IMPACT OF COVID-19 CORONAVIRUS

Since the World Health Organisation declared the emergence of COVID-19 coronavirus as a global pandemic in March 2020, COVID-19 has affected many countries, all levels of society and our economic environment in significant ways. The situation continues to evolve and many of the markets in which Sagicor operates have implemented public health safety protocols. Over two years on from the initial outbreak, the availability of vaccines has aided recovery efforts.

COVID-19 has caused some disruption in certain of the economies in which the Sagicor Group operates, particularly in the first half of 2022. The Group has faced a challenging macro-economic environment including the prolonged recovery of our Caribbean operations from COVID-19, and inflationary pressures associated with global geo-political instability. However, in response to this changing economic environment, the Sagicor Group has performed reviews and updated its assumptions, including those related to asset impairment, where necessary. Management has also considered the potential impact of the pandemic on actuarial reserves but has concluded that it has not had a significant impact on actuarial assumptions and the valuation of actuarial liabilities of the Group.

The Group continues to monitor the economic impact on its investments, actuarial reserves, customer and trading partners, and the effect on the industries in which it operates.

D. QUARTERLY FINANCIAL DISCLOSURES

The following table provides a summary of Sagicor's results from continuing operations for the eight most recently completed 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 2022**	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net premium revenue	**352.4**	526.5	612.8	556.4	448.7	623.5	364.9	276.1
Net investment and other income	**178.8**	129.6	59.5	124.2	180.8	158.4	151.4	155.4
Total revenue	**531.2**	656.1	672.3	680.6	629.5	781.9	516.3	431.5
Benefits and expenses	**(485.6)**	(594.5)	(597.3)	(607.9)	(550.5)	(682.0)	(487.8)	(392.2)
Other	**0.8**	2.8	1.9	2.3	(0.5)	2.1	3.3	13.1
Income/(loss) before tax	**46.4**	64.4	76.9	75.0	78.5	102.0	31.8	52.4
Income tax	**(14.1)**	(25.7)	(34.3)	(19.1)	(22.1)	(23.0)	(12.3)	(10.8)
Net income/(loss)	**32.3**	38.7	42.6	55.9	56.4	79.0	19.5	41.6
Income/(loss) attributable to shareholders	**13.1**	25.4	35.3	41.8	41.9	50.4	9.3	31.5
Basic EPS	**9.2 ¢**	17.8 ¢	24.7 ¢	29.2 ¢	29.3 ¢	34.9 ¢	6.4 ¢	21.5 ¢
Diluted EPS	**9.1 ¢**	17.6 ¢	24.5 ¢	28.9 ¢	28.9 ¢	34.5 ¢	6.3 ¢	21.3 ¢
Return on shareholders' equity (annualised)[16]	**5.0%**	9.8%	13.1%	15.1%	15.1%	18.5%	3.4%	11.6%
Dividends paid per share	**5.6 ¢**	5.6 ¢	5.6 ¢	5.6 ¢	5.6 ¢	5.6 ¢	11.2 ¢	-
Total assets	**10,765.9**	10,536.4	10,592.9	10,513.4	10,377.9	10,135.3	9,891.4	9,218.7
Total equity attributable to shareholders	**1,084.2**	1,034.7	1,071.7	1,125.7	1,134.0	1,134.7	1,102.0	1,100.5
Income/(loss) attributable to shareholders by operating segment:								
Sagicor Life	**14.4**	(5.1)	11.8	7.0	21.8	7.0	6.8	8.3
Sagicor Jamaica	**18.1**	12.6	7.6	12.6	16.4	27.1	7.0	9.9
Sagicor Life USA	**0.1**	42.0	72.2	25.8	17.4	23.1	16.0	1.1
Head office, other & inter-segment eliminations	**(19.5)**	(24.1)	(56.3)	(3.6)	(13.7)	(6.8)	(20.5)	12.2
Total	**13.1**	25.4	35.3	41.8	41.9	50.4	9.3	31.5

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

Third Quarter 2022

Net income attributable to common shareholders, closed the period at US $25.4 million[17] compared to US $50.4 million for the three-month period ended September 30, 2021, a decrease of US $25.0 million. While the Group's performance benefited from strong premium production in our USA segment, overall, net investment income and total comprehensive income were adversely affected by mark-to-market declines on financial assets due to rising interest rates. Return on Equity[18] was 9.8% (annualised), compared to 18.5% (annualised) for the third quarter of 2021, reflecting lower net income for the period.

Second Quarter 2022

Net income attributable to common shareholders, closed the period at US $35.3 million[17] compared to US $9.3 million for the three-month period ended June 30, 2022, an increase of US $26.0 million. The Group's performance was driven by very strong net premium production in our USA segment despite being impacted by mark-to-market declines on financial assets due mainly to increasing interest rates. Return on Equity[18] was 13.1% (annualised), compared to 3.4% (annualised) for the second quarter of 2021, reflecting higher net income for the period.

First Quarter 2022

Net income attributable to common shareholders, closed the period at US $41.8 million compared to US $31.5 million for the three-month period ended March 31, 2021, an increase of US $10.3 million. The Group's performance was fuelled by very strong net premium production in our USA segment despite being impacted by mark-to-market declines on financial assets due mainly to increasing interest rates. Return on Equity[18] was 15.1% (annualised), compared to 11.6% (annualised) for the first quarter of 2021, reflecting higher net income for the period.

Fourth Quarter 2021

Net income attributable to common shareholders, closed the period at US $41.9 million compared to US $29.0 million for the three-month period ended December 31, 2020, an increase of US $12.9 million. The quarter observed increased fee income from the banking business as commercial activity increased. The results for the fourth quarter of 2020 included restructuring expenses related to the retirement of a senior executive.

Third Quarter 2021

Net income attributable to common shareholders, closed the quarter at US $50.4 million compared to a loss of US $3.0 million for the three-month period ended September 30, 2020. Net income benefitted from strong premium production in our USA segment as well as positive net experience through the annual review of actuarial assumptions.

Net income for the period includes gains of US $8.6 million from our investment in Playa.

During the third quarter of 2020 both group net income and income attributable to shareholders from continuing operations, were adversely affected by the impact of the COVID-19 pandemic on the business. The main contributing factors to the net loss in the prior year were impacted by the strengthening of our actuarial liabilities and our share of net loss related to our associated company investment in Playa Hotels & Resorts, all due to the economic environment occasioned by the pandemic.

Second Quarter 2021

Net income from continuing operations attributable to common shareholders for the three-month period ended June 30, 2021 was US $9.3 million compared to net losses of US $0.3 million, for the same period in the prior year, with substantial net premium revenue growth being observed in our Sagicor Life and Sagicor USA segments. During the second quarter of 2020

[17] In preparing consolidated financial statements, the Group eliminates the effects of transactions between entities within the Group. During Q2 and Q3 of this year, $17.1 million and $12.4 million, respectively, of post-tax IFRS 4 adjustments to the carrying value of certain assets and liabilities (which is referred to in the insurance industry as shadow accounting), related to investment transactions within the Group, were not eliminated from the consolidated statement of income and the consolidated statement of other comprehensive loss. During Q4, these adjustments in the amount of $29.5 million post tax were eliminated in the consolidated statement of income and the consolidated statement of other comprehensive loss. These entries had no impact on the total consolidated comprehensive income or on the total consolidated equity of the Group in Q2, Q3 and Q4 of this year.

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

both Group net loss and loss attributable to Shareholders, were impacted by significant mark-to-market losses and credit impairment losses, as capital markets responded adversely to the COVID-19 pandemic. Group net income was also impacted by our share of net loss and impairment related to our associated company investment in Playa Hotels and Resorts, all due to the economic environment occasioned by the pandemic.

First Quarter 2021

Net income from continuing operations attributable to common shareholders for the three-month period ended March 31, 2021 was US $31.5 million compared to net losses of US $29.3 million, for the same period in the prior year. The March 2021 results include net gains of US $25.0 million (Shareholder – US $26.4 million) emanating from a transaction associated with our investment in Playa Hotels and Resorts (Playa). Included in this amount is a net gain of US $10.7 million relating to the partial disposal of our investment Playa on January 15, 2021, where the Group's shareholding was reduced from 16% to 6%. In addition, subsequent to this, the Group designated the investment in Playa as an investment at FVTPL and generated mark-to-market gains of US $14.3 million, based on Playa's share price at March 31, 2021.

Fourth Quarter 2020

Net income from continuing operations attributable to common shareholders for the three-month period ended December 31, 2020 was US $29.0 million compared to net income US $11.5 million, for the same period in the prior year. The main contributing factors to the financial performance during the three-month period were the normalisation of new business sales levels across all our geographies, and the positive impact of our asset optimisation efforts in our Sagicor Life segment which gave rise to a release in actuarial liabilities. These positive developments were offset by a further strengthening of reserves for forward-looking assumptions in our United States subsidiary.

E. 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 valuation of actuarial liabilities;
(viii) Sagicor's expansion into new geographic markets (in the United States) and product markets (in Jamaica) through portfolio and / or company acquisitions; and
(ix) the continuing availability of appropriately priced reinsurance treaties for life, health and property and casualty insurance.

Sales of core products and services

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

Lapse experience

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

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

Insurance claims experience

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

Investment yields

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

For long-term life insurance and annuity contracts, the Appointed Actuaries within the Group determine each segment's actuarial liabilities at December 31 after factoring in rates of investment return on re-invested assets. These rates, including the ultimate rates of return, affect the quantum of actuarial liability determined, with higher re-investment rates resulting in a lower actuarial liability, and with lower re-investment rates resulting in a higher actuarial liability.

Asset default

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

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

Country inflation and taxes

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

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

Sensitivity arising from the valuation of actuarial liabilities

The estimation of actuarial liabilities is sensitive to the assumptions made. Changes in those assumptions could have a significant effect on the valuation results which are discussed below.

The valuation of actuarial liabilities of life insurance and annuity contracts is sensitive to:

- the economic scenario used,
- the investments allocated to back the liabilities,
- the underlying assumptions used, and
- the margins for adverse deviations

Under Canadian accepted actuarial standards, the Appointed Actuary is required to test the actuarial liability under economic scenarios.

Sensitivity	**Scenario**		
	Sagicor Life Inc segment	**Sagicor Jamaica Segment**	**Sagicor USA segment**
Worsening rate of lapse	Lapse rates were either doubled or halved, and the more adverse result was selected.		Lapse rates were increased or reduced by 30%, and the more adverse result was selected.
High interest rate	Assumed increases in the investment portfolio yield rates of 0.25% per year for 5 years, with the rates remaining constant thereafter.	Assumed increases in the investment portfolio yield rates of 0.5% for 10 years.	A 1% increase was applied to the investment portfolio rate.
Low interest rate	Assumed decreases in investment portfolio yield rates of 0.25% per year for 5 years, with the rates remaining constant thereafter.	Assumed decreases in investment portfolio yield rates of 0.5% per year for 10 years.	A 1% decrease was applied to the investment portfolio rate.
Worsening mortality and morbidity	Mortality and morbidity rates for insurance and critical illness products were increased by 3% of the base rate per year for 5 years. For annuity products, the mortality rates were decreased by 3% of the base rate for 5 years.		For life insurance and deferred annuity products, the base assumed rates were increased annually by 3% cumulatively over the next 5 years. For pay-out annuity products only, the mortality rates were decreased by 3% cumulatively over the next 5 years.
Higher expenses	Policy unit maintenance expense rates were increased by 5% per year for 5 years above those reflected in the base scenario.		

The following table represents the estimated sensitivity of each of the above scenarios to net actuarial liabilities for insurers by segment. Correlations that may exist between scenario assumptions were not explicitly taken into account.

	Sagicor Life Inc segment		Sagicor Jamaica segment		Sagicor Life USA segment	
	2022	2021	2022	2021	2022	2021
Base net actuarial liability	1,255.7	1,180.8	283.6	316.4	2,866.3	2,428.4
Scenario	**Increase in net liability**		**Increase in net liability**		**Increase in net liability**	
Worsening rate of lapse	179.5	183.4	11.9	9.8	42.1	33.4
High interest rate	(119.5)	(110.8)	(42.1)	(48.4)	(127.3)	(137.4)
Low interest rate	184.9	174.5	54.8	61.0	150.2	168.2
Worsening mortality / morbidity	52.0	49.5	51.8	49.2	27.8	25.2
Higher expenses	20.0	19.7	9.7	8.8	2.6	2.1

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. The goodwill carried by operating segments as of December 31, 2022 and 2021, respectively, is summarised in the following table.

(in US $millions)	**2022**	**2021**
Goodwill		
Sagicor Life segment	**26.6**	26.6
Sagicor Jamaica segment	**45.7**	27.7
Sagicor General Insurance	**2.7**	2.7
Total goodwill	**75.0**	57.0

Goodwill is subject to an annual impairment test, whereby the carrying value of the business unit including the associated goodwill is compared to the fair value of the business. As long as the fair value of the business exceeds the carrying value of the business and its associated goodwill, the goodwill is un-impaired. If it is not, the goodwill is impaired to the extent of the excess of the carrying value plus goodwill over its fair value, and the resulting impairment charge is recorded in the income statement.

In this test, fair value is defined as the higher of ‘value in use’ and ’fair value less costs to sell’. The computation of fair value includes the use of management prepared income and cash flow forecasts, and independently determined market discount and residual growth rates. For some life insurance elements of the carrying value, the Group uses an actuarially determined ‘embedded value’ to determine fair value, as this is an appropriate methodology to determine fair value of long-term insurance business.

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, 2022 and 2021, respectively.

(in US $millions)	**2022**	**2021**
Total life insurance coverage		
Individual contracts - gross	**39,120.0**	37,587.8
Individual contracts - net	**32,500.8**	30,923.0
Group contracts – gross	**13,892.4**	13,428.7
Group contracts - net	**13,382.7**	12,952.6

(in US $millions)	**2022**	**2021**
Total actuarial liability for annuity		
Individual contracts - gross	**3,614.8**	3,176.8
Individual contracts - net	**3,172.7**	2,619.7
Group contracts – gross	**450.1**	442.8
Group contracts - net	**438.3**	430.2

F. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Our critical accounting estimates and judgements are described in note 3 to our 2022 audited financial statements. The critical accounting policies and the estimation process include:

- Impairment of financial assets
  (note 2.9 of the financial statements)

In determining ECL (defined in note 2.9(d)) of the 2022 annual financial statements, 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 2.9 of the 2022 annual financial statements under sections 'Measurement' and 'Forward-looking information'.

(a) Establishing staging for debt securities and deposits

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	D	C	DDD	d
		9	Doubtful			DD	
		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) Establishing staging for other assets measured at amortised cost, finance lease receivables, loan commitments and financial guarantee contracts

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.

(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.

- The fair value of securities not quoted in an active market (note 40.8 of the financial statements)

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.

- Recognition and measurement of intangible assets (note 2.7 of the financial statements)

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.

- Impairment of intangible assets (note 2.7 of the financial statements)

(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.

(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.

- Valuation of actuarial liabilities
  (note 2.15 of the financial statements)

(a) Canadian Actuarial Standards

The objective of the valuation of policy liabilities is to determine the amount of the insurer's assets that, in the opinion of the Appointed Actuary (AA) and taking into account the other pertinent items in the financial statements, will be sufficient without being excessive to provide for the policy liabilities over their respective terms. The amounts set aside for future benefits are dependent on the timing of future asset and liability cash flows.

The actuarial liabilities are determined as the present value of liability cash flows discounted at effective interest rates, resulting in a value equivalent to the market value of assets supporting these policy liabilities under an adverse economic scenario to which margins for adverse deviations are added.

The AA identifies a conservative economic scenario forecast, and together with the existing investment portfolio as at the date of the actuarial valuation and assumed reinvestment of net asset and policy liability cash flows, calculates the actuarial liabilities required at the date of valuation to ensure that sufficient monies are available to meet the liabilities as they become due in future years.

The methodology produces the total reserve requirement for each policy group fund. In general, the methodology is used to determine the net overall actuarial liabilities required by the insurer. Actuarial liabilities are computed by major group of policies and are used to determine the amount of reinsurance balances in the reserve, the distribution of the total reserve by country and the distribution of the reserve by policy, and other individual components in the actuarial liabilities.

Further details of the inputs used are set out in note 42 of the 2022 annual financial statements.

(b) Best estimate reserve assumptions & provisions for adverse deviations

Actuarial liabilities include two major components: a best estimate reserve and a provision for adverse deviations. The latter provision is established in recognition of the uncertainty in computing best estimate reserves, to allow for possible deterioration in experience and to provide greater comfort that reserves are adequate to pay future benefits.

For the respective reserve assumptions for mortality and morbidity, lapse, future investment yields, operating expenses and taxes, best estimate reserve assumptions are determined where appropriate. The assumption for operating expenses and taxes is in some instances split by universal life and unit linked business.

Provisions for adverse deviations are established in accordance with the risk profiles of the business, and are, as far as is practicable, standardised across geographical areas. Provisions are determined within a specific range established by Canadian Standards of Practice.

The principal assumptions and margins used in the determination of actuarial liabilities are summarised in note 13.3 in the 2022 annual financial statements. However, the liability resulting from the application of these assumptions can never be definitive as to the ultimate timing or the amount of benefits payable and is therefore subject to future reassessment.

(c) Process used to set actuarial assumptions and margins for adverse deviations

At each date for valuation of actuarial liabilities, the Appointed Actuary (AA) of each insurer reviews the assumptions made at the last valuation date. The AA reviews the validity of each assumption by referencing current data, and where appropriate, changes the assumptions for the current valuation. A similar process of review and assessment is conducted in the determination of margins for adverse deviations.

Any changes in actuarial standards and practice are also incorporated in the current valuation.

(d) Assumptions for mortality and morbidity

Mortality rates are related to the incidence of death in the insured population. Morbidity rates are related to the incidence of sickness and disability in the insured population.

Annually, insurers update studies of recent mortality experience. The resulting experience is compared to external mortality studies including tables from the Canadian Institute of Actuaries. Appropriate modification factors are selected and applied to underwritten and non-underwritten business respectively. Annuitant mortality is determined by reference to CIA tables or to other established scales.

Assumptions for morbidity are determined after reflecting insurer and industry experience.

(e) Assumptions for lapse

Policyholders may allow their policies to lapse prior to the maturity date either by choosing not to pay premiums or by surrendering their policy for its cash value. Lapse studies are updated annually by insurers to determine the persistency of the most recent period. Assumptions for lapse experience are generally based on moving averages.

(f) Assumptions for investment yields

Returns on existing variable rate securities, shares, investment property and policy loans are linked to the current economic scenario. Yields on reinvested assets are also tied to the current economic scenario. Returns are however assumed to decrease over time, and it is assumed that at the end of twenty years from the valuation date, all investments, except policy loans, are reinvested in long-term, default-free government bonds.

(g) Assumptions for operating expenses and taxes

Policy acquisition and policy maintenance expense costs for the long-term business of each insurer are measured and monitored using internal expense studies. Policy maintenance expense costs are reflected in the actuarial valuation after adjusting for expected inflation. Costs are updated annually and are applied on a per policy basis.

Taxes reflect assumptions for future premium taxes and income taxes levied directly on investment income. For income taxes levied on net income, actuarial liabilities are adjusted for policy-related recognised deferred tax assets and liabilities.

(h) Asset defaults

The AA of each insurer includes a provision for asset default in the modelling of the cash flows. The provision is based on industry and Group experience and includes specific margins, where appropriate, for assets backing the actuarial liabilities, e.g. for investment property, equity securities, debt securities, mortgage loans and deposits.

(i) Margins for adverse deviations

Margins for adverse deviations are determined for the assumptions in the actuarial valuations. The application of these margins result in provisions for adverse deviations being included in the actuarial liabilities as set out in the following table.

Provisions for adverse deviations	**2022**	**2021**
Mortality and morbidity	113.5	110.4
Lapse	109.9	102.7
Investment yields and asset default	85.5	66.1
Operating expenses and taxes	10.1	9.8
Other	17.9	16.4
	336.9	305.4

G. CHANGES TO ACCOUNTING POLICIES IN 2022

There were no new significant accounting standards adopted during the year ended December 31, 2022. Refer to note 2 of the Group's 2022 audited financial statements for more details.

The Group has adopted the following amendments to IFRS and IAS

Amendment to existing IFRS effective April 1, 2021

- IFRS 16 – Leases; COVID-19 related rent concessions

Amendments to existing IFRS and IAS effective periods January 1, 2022

- IFRS 3 – Business combinations
- Amendments to IAS 16 – Property, plant and equipment
- Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets

None of these amendments had a material effect on the Group's financial statements. Refer to note 2.1 of the 2022 annual financial statements for further details on amendments to existing IFRS and IAS effective beginning on or after April 1, 2021 and January 1, 2022.

H. 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.

I. SHARE BUYBACK PROGRAMME

During the year ended December 31, 2022, the Company repurchased 1,183,572 (2021 – 3,988,221) shares, at a total cost of US $6.0 million (2021 - US $20.0 million), which were subsequently cancelled. Share capital and share premium in equity have been reduced by the cost of the shares repurchased and commission paid on the transactions. The premium or discount paid on the repurchase of shares has been recorded directly in retained earnings.

The cost of shares totaling US $0.009 million (2021 - US $0.005 million), which were repurchased at the period-end date but not cancelled, has been reflected in treasury shares.

J. RELATED PARTY TRANSACTIONS

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

K. BOARD OF DIRECTORS

Mr. Jonathan Finkelstein resigned as a director in November 2022 and Mr. Alan Ryder was appointed as his successor on January 31, 2023, after completion of the regulatory approval process. This brings the total number of directors to fourteen.

L. INTEREST IN PLAYA HOTEL & RESORTS N.V

During the period ended March 31, 2021, certain transactions took place which resulted in the Group's interest in Playa Hotel & Resorts N.V. ("Playa"), as an associate, being reduced and redesignated as a FVTPL investment.

On January 15, 2021, Playa issued 25,000,000 new ordinary shares for US $125 million in an underwritten public offering. Concurrent to this transaction, Sagicor Group Jamaica (SGJ) disposed of its shareholding of 20,000,000 ordinary shares of Playa for net cash consideration of US $96 million. In a public offering held by the Group, 11,499,000 shares of Playa were sold by SGJ at a price of US $5.00 per share net of commission expenses associated with the public offering. In addition, Sagicor Financial Corporation (SFCL), the intermediate parent company of SGJ, acquired 8,501,000 of Playa's shares from SGJ at a price which was equal to the price offered through the public offering, net of commission expenses.

The Group's shareholding in Playa was reduced from 16% to 6%, which represented a 5% increase in SFCL's direct shareholding based on the total of 10,001,000 shares held by SFCL in Playa. These transactions gave rise to a net loss of US $1.6 million on the disposal of 20,000,000 shares by SGJ and a gain by SFCL of US $12.3 million on remeasurement of the investment in Playa to FVTPL as at March 31, 2021, representing a net gain on the transactions of US $10.7 million in the three-month period ended March 31, 2021. Subsequent to these transactions, Sagicor purchased an additional 950,451 shares in Playa which has increased its interest to 10,951,451 shares representing a 7% shareholding in Playa.

A fair value loss of US $31.2 million (2021 – gain of $21.6 million) has been recognised on the Group's FVTPL investment in Playa (see note 26 to the Group's annual financial statements).

M. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed to seek to ensure that they remain within acceptable risk levels, with matching deals being utilised to achieve this where necessary. When entering into derivative transactions, the Group employs its credit risk management procedures to assess and approve potential credit exposures.

Derivatives are carried at fair value and presented in the financial statements as separate assets and liabilities. Asset values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour assuming that all relevant counterparties default at the same time, and that transactions can be replaced instantaneously. Liability values represent the cost to the Group counterparties of replacing all their transactions with the Group with a fair value in their favour if the Group were to default. The contract or notional amounts of derivatives and their fair values are set out in the following table.

(in US $millions)	**Contract / notional**	**Fair Value**	
		Asset	**Liability**
December 31, 2022:			
Equity indexed options	637.0	10.4	-
December 31, 2021:			
Equity indexed options	725.6	26.2	0.1

The Group has purchased equity indexed options in respect of structured products and in respect of life and annuity insurance contracts.

For certain structured product contracts with customers (note 17 of the 2021 annual financial statements), equity indexed options give the holder the ability to participate in the upward movement of an equity index while being protected from downward risk.

For certain universal life and annuity insurance contracts, an insurer has purchased custom call options that are selected to materially replicate the policy benefits that are associated with the equity indexed components within the policy contract. These options are appropriate to reduce or minimise the risk of movements in specific equity markets. Both the asset and the associated actuarial liability are valued at fair market value on a consistent basis, with the change in values being reflected in the income statement. The valuations combine external valuations with internal calculations.

N. COMMITMENTS

I. Effective June 25, 2020, the Group entered into a letter of credit arrangement with a facility up to the amount of US $40 million, whereby an irrevocable standby letter of credit was issued on behalf of Sagicor Reinsurance Bermuda Ltd. (SRBL) in favour of Sagicor Life Insurance Company, USA, in support of a coinsurance agreement between the two parties. The facility was automatically extended on June 26, 2022. The letter of credit facility is guaranteed by Sagicor Financial Corporation Limited and SRBL.

II. Effective May 3, 2022, the Group entered into a letter of credit arrangement up to the amount of US $10 million, whereby an irrevocable and unconditional standby letter of credit was issued on behalf of Sagicor Reinsurance Bermuda Ltd. (SRBL). The letter of credit expires on May 4, 2023. A condition of the letter of credit is that it will be automatically extended for periods of one year, without amendment, from the relevant expiration date, unless notice is sent in writing at least six months prior to the relevant expiration date.

Details of the Group's commitments are included in note 38 to the 2022 annual financial statements.

O. REINSURANCE AGREEMENT

Effective December 31, 2022, Sagicor Life Insurance Company, (the "Ceding Company"), entered into a Modified Coinsurance Agreement (the "Reinsurance Agreement") with Hannover Life Reassurance Company of America (Bermuda) Ltd (the "Reinsurer"), to reinsure a US$1.94 billion portfolio of annuities written in the "Ceding Company" (our USA Subsidiary). The transaction was structured such that the Company ceded the risks related to policyholder contract liabilities and an equal amount of related invested assets backing those liabilities. The agreement is structured as modified coinsurance under which the Company continues to record the reinsured assets and liabilities in its balance sheet. Under the terms of the agreement, the company will obtain capital relief and protection against severe adverse events while retaining the economic results from the business reinsured in exchange for a reinsurance premium commensurate with the risk assumed by the reinsurer. The company recorded no initial gain or loss on this transaction except for the impact of the present value of the reinsurance premium reflected in the actuarial liabilities

In addition, the Reinsurer and Sagicor Financial Company Ltd. (the "Noteholder" and ultimate parent company of the "Ceding Company") entered into a Note Purchase Agreement (the "NPA") for the Reinsurer to issue to the Noteholder a related variable principal promissory note (the "Note"). The proceeds of the Note may be used by the Reinsurer to offset adverse experience on the reinsured annuity portfolio. The Noteholder's obligation to increase its investment in the Note is limited to US$200 million.

Sagicor Life Inc. (the "Guarantor") has provided a guarantee to the Reinsurer with respect to the Noteholder's obligations under the NPA.

P. ACQUISITION/DISPOSAL OF INTERESTS IN SUBSIDIARIES

Alliance Financial Services Limited

On February 9, 2022, Sagicor announced that Sagicor Group Jamaica Limited ("SGJ") had entered a definitive agreement for the purchase of 100% of the shares of Alliance Financial Services Limited ("AFSL"). The arrangement was subject to due diligence and regulatory approval and SGJ applied for relevant licences from the Bank of Jamaica.

Effective April 1, 2022, the purchase of 100% of the shares of AFSL by SGJ was finalised. On April 4, 2022, following the successful completion of due diligence procedures and receipt of regulatory approval, AFSL resumed its operations.

AFSL is a provider of cambio and remittance services in Jamaica. The acquisition represents a move into a new business segment and affords the Sagicor Jamaica Group an opportunity to expand its product offerings to its customers. The purchase consideration includes an initial cash consideration of US $16.8 million with provision for contingent cash consideration up to a total consideration of US $22.6 million, based on specified performance criteria.

For more details of the acquisition of Alliance Financial Services Limited refer to note 37 of the Group's 2022 annual financial statements.

Alliance Investment Management Limited

On April 25, 2022, SGJ announced that its subsidiary, Sagicor Investments Jamaica Limited (SIJL), entered into a definitive agreement for the purchase of the securities dealer book of business of Alliance Investment Management Limited (AIML).

In August 2022, SGJ further announced that the purchase of the securities dealer book of business of AIML had been completed, following the completion of due diligence procedures and having met all regulatory requirements. The purchase of the portfolio expands SIJL's business and provides an opportunity to serve a wider client base.

The purchase price for the portfolio was US $0.1 million and the carrying value of net assets assumed in the transaction was US $0.1 million.

<u>Sagicor Real Estate X-Fund Limited</u>

On March 24, 2022, Sagicor Group Jamaica Limited ("SGJ") sold 191,913,423 shares of Sagicor Real Estate X-Fund Limited ("X-Fund Limited") to related parties, Sagicor Sigma Global Unit Trust and Sagicor Pooled Investment Fund Limited, at market value. Net proceeds were US $10.3 million, resulting in a gain of US $0.8 million as at March 31, 2022.

During the quarter ended September 30, 2022, SGJ sold the remaining 281,500,577 shares of X-Fund Limited to Sagicor Sigma Global Unit Trust and Sagicor Pooled Investment Fund Limited, at market value, for net proceeds of US $25.0 million, representing a gain of US $1.7 million.

For more details of the disposal of Sagicor Real Estate X-Fund Limited refer to note 37 of the Group's 2022 annual financial statements.

<u>Jamziv MoBay Jamaica Portfolio Limited</u>

On June 13, 2022, a resolution was passed for the wind-up of Jamziv MoBay Jamaica Portfolio Limited ("Jamziv"), a subsidiary of Sagicor Real Estate X-Fund Limited in the Sagicor Jamaica Group. This resulted in the cancellation of a promissory note of US $37.4 million, issued by holders of the non-controlling interest in Jamziv, and the removal of the non-controlling interest from the statement of financial position.

<u>ivari</u>

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

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

The transaction is expected to be financed mainly through new debt and cash on hand. The Group has entered into a commitment for up to US $320 million of new debt financing in the form of a five-year senior secured loan facility. Certain terms, conditions and covenants come into effect when the loan is drawn down and the acquisition is finalised. The transaction is currently expected to close in mid-2023.

Fees totalling US $8.1 million have been paid to date in relation to the financing commitment entered into for the acquisition of ivari.

<u>Disposal of insurance operations</u>

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

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

Q. FUTURE ACCOUNTING DEVELOPMENTS AND REPORTING CHANGES - IFRS 17 – INSURANCE CONTRACTS ("IFRS 17")

The Group will apply IFRS 17 – *Insurance Contracts* ("IFRS 17") for the first time on January 1, 2023. IFRS 17 replaces IFRS 4 – *Insurance Contracts* ("IFRS 4"). The IASB issued IFRS 17 in May 2017 and the Amendments to IFRS 17 in June 2020. IFRS 17, as amended, is effective for annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively.

With the adoption of the new standard, the Group may elect to designate some financial assets, which are currently held at amortised cost and fair value through OCI (FVTOCI) which support insurance liabilities, at fair value through profit and loss (FVTPL). IFRS 9 – *Financial instruments* ("IFRS 9") was previously implemented by the Group on January 1, 2018.

The Group will adopt IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach will mostly be 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.

IFRS 17 establishes principles for the recognition, measurement, and presentation and disclosure of insurance contracts. The standard introduces three measurement approaches that will be used to measure insurance contracts: the general measurement model (GMM), variable fee approach (VFA), premium allocation approach (PAA).

The Group will mostly apply the GMM approach to its life contracts which uses updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance and reinsurance contracts. PAA will mainly be applied to short duration contracts where the policy's contract boundaries are one year or less, and this includes contracts, such as group life and health and general insurance business. Under PAA, insurance contracts are measured based on unearned profits and the accounting is broadly similar to the Group's current approach under IFRS 4. The VFA applies to insurance contracts issued with direct participation features, which are substantially investment-related service contracts under which the policyholder is promised an investment return based on underlying items, such as segregated funds and certain participating insurance contracts.

IFRS 17 requires that the Group:

- Identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

- Aggregates the insurance and reinsurance contracts into groups of portfolios it will recognise and measure. Portfolios of contracts are generally identified based on contracts subject to similar risks and managed together. The portfolios are then divided into groups based on expected profitability. The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group.

- Recognises and measures groups of insurance contracts at:

  A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information.

  Plus

  The contractual service margin (CSM) which is an amount representing the unearned profit in the group of contracts is recognised in profit or loss to reflect services provided in each year. The CSM is only applicable to the GMM and VFA

- Recognises insurance revenue from a group of insurance contracts over each period the Group provides insurance contract services, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately;

- Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

Under IFRS 17, the discount rates used to present value future cash flows under IFRS 17 are based on the characteristics of the insurance contracts rather than the portfolio of assets supporting the insurance contract liabilities which is permitted under IFRS 4.

The new standard also includes a policy option, applied at the portfolio level which allows for the impacts from changes in financial variables (e.g. discount rate) to be disaggregated between OCI and the P&L (OCI option) or to flow through the P&L (P&L option). The Group may elect to use the P&L option.

Additionally, with IFRS 17 the risk adjustment which is incorporated measures the compensation required for uncertainty related to non-financial risk, such as mortality, morbidity, surrender and expenses. There is no amount provided for asset-liability mismatch, and the provisions for uncertainty related to financial risks, are included in the present value of future cash flows. In comparison, under IFRS 4 amounts provided for the risks identified are reflected in a provision for adverse deviations included in insurance contract liabilities.

The Group continues to assess the overall impact of IFRS 17, which is expected to be significant, on the timing of earnings recognition, as well as presentation and disclosure, of its insurance and reinsurance contracts. The Group is expecting that the establishment of the CSM and other measurement changes will result in a reduction to opening equity upon transition to IFRS 17 at January 1, 2022. The impact on the timing of earnings recognition or presentation and disclosure does not impact the cash flows generated by the Group; as a result, IFRS 17 is not expected to have a material impact on the Group's business strategies. The Group also continues to monitor the associated impact on its regulatory capital requirements in each of the jurisdictions in which it operates.

Overall, the evaluation of the effect of the standard on the Group’s consolidated financial statements and the refinement of the new accounting policies, assumptions, judgements and estimation techniques employed continues. These areas remain subject to change and may be revised as further analysis is completed prior to presentation of financial information for periods including the date of initial application.

The preparation of comparative period financial information under the requirements of IFRS 17 for the year ended December 31, 2022 is in progress and will be reported in the Company's March 31, 2023 interim financial reporting.

R. SUBSEQUENT EVENTS

On March 20, 2023, the Board of Directors of Sagicor Financial Company Ltd. approved and declared a quarterly dividend of US $0.05625 per common share payable on April 27, 2023, to the shareholders of record at the close of business on April 4, 2023.

10. 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 total weighted average 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 the weighted average 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, two times investment income is divided by the opening financial investments plus the closing financial investments minus the investment income for the period.

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

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

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

Debt-to-equity ratio: The debt-to-equity ratio is the ratio of notes and loans payable (refer to note 16 to the 2022 audited annual financial statements) to total equity (excluding Participating accounts). 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.

Health claims ratio: This is the ratio of net health claims including the provision for incurred but not reported claims, divided by net health premiums revenue earned for the period under review. The ratio seeks to measure health claims as a percentage of premium income. IFRS does not prescribe the calculation of health claims 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 and non-controlling interest. This measure is the sum of several IFRS measures.

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

Capital base to risk-weighted assets: This capital adequacy measure is based on the guidelines developed by the Financial Services Commission (FSC), the Bank of Jamaica (BOJ), Basel II and the Risk Management and Compliance Unit. The required information is filed with the respective Regulatory Authorities at stipulated intervals. The BOJ and the FSC require each regulated entity to hold the minimum level of regulatory capital, and to maintain a minimum ratio of total regulatory capital to the risk-weighted assets. The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of each asset and counterparty, taking into account any eligible collateral or guarantees. IFRS does not prescribe the calculation for Capital base to risk-weighted assets, therefore a comparable measure under IFRS is not available.

11. CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

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

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

12. HISTORICAL FINANCIAL DISCLOSURES

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

In US $millions, unless otherwise noted	**2022**	**2021**	**2020**	**2019**	**2018**
Net premium revenue	**2,048.1**	1,713.2	1,403.4	1,241.5	1,054.1
Net investment and other income	**492.2**	645.9	475.0	625.8	332.5
Total revenue	**2,540.3**	2,359.1	1,878.4	1,867.3	1,386.6
Benefits and expenses	**(2,285.2)**	(2,112.5)	(1,782.8)	(1,663.6)	(1,260.4)
Other	**7.8**	18.1	(68.0)	3.0	20.3
Income before tax	**262.9**	264.7	27.6	206.7	146.5
Income tax	**(93.3)**	(68.2)	(42.7)	(59.7)	(50.7)
Net (loss)/income before listing expense and other transaction costs	**169.6**	196.5	(15.1)	147.0	95.8
Listing expense and other transaction costs	**-**	-	-	(43.4)	-
Net income/(loss)	**169.6**	196.5	(15.1)	103.6	95.8
Net income/(loss) attributable to common shareholders	**115.6**	133.2	(3.6)	44.0	36.5
Basic EPS before listing expense and other transaction costs	**N/A**	N/A	N/A	114.3 ¢	N/A
Basic EPS	**80.9 ¢**	91.9 ¢	(2.4) ¢	57.5 ¢	51.7 ¢
Diluted EPS before listing expense and other transaction costs	**N/A**	N/A	N/A ¢	107.5 ¢	N/A
Diluted EPS	**79.8 ¢**	90.7 ¢	(2.4) ¢	54.1 ¢	50.8 ¢
Annualised return on shareholders’ equity before listing expense and other transaction costs[19]	**N/A**	N/A	N/A	14.0%	N/A
Annualised return on shareholders’ equity[19]	**11.0%**	12.6%	(0.3%)	6.8%	6.2%
Dividends paid per common share	**22.5 ¢**	22.5 ¢	22.5 ¢	5.0 ¢	5.0 ¢
Total assets	**10,765.9**	10,377.9	9,266.3	8,728.9	7,308.2
Notes and loans payable	**632.5**	683.4	471.6	517.7	490.3
Total equity attributable to common shareholders	**1,084.2**	1,134.0	1,109.8	1,154.1	600.9

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

In US $millions, unless otherwise noted	**2022**	**2021**	**2020**	**2019**	**2018**
Net income attributable to common shareholders by operating					
Sagicor Life	**28.1**	43.9	47.7	60.9	39.6
Sagicor Jamaica	**50.9**	60.4	50.5	61.4	55.7
Sagicor Life USA	**140.1**	57.6	(27.1)	35.4	18.3
Head office, other & inter-segment eliminations	**(103.5)**	(28.7)	(74.7)	(113.7)	(77.1)
Net income attributable to common shareholders	**115.6**	133.2	(3.6)	44.0	36.5
Net income attributable to common shareholders before listing expense and other transaction costs	**115.6**	133.2	(3.6)	87.4	36.5

Exchange ratio

On December 5, 2019 Sagicor and Alignvest announced they had completed the business combination involving the transfer of all issued and outstanding shares in Sagicor to Alignvest. As a result of the completion of the transaction, all issued and outstanding shares in Sagicor were transferred to Alignvest, with former shareholders of Sagicor receiving cash or shares in Alignvest, which was renamed Sagicor Financial Company Ltd. Under the Alignvest transaction, Sagicor Financial Corporation Limited common shares (other than those purchased for cash), were exchanged for common shares of Sagicor Financial Company Ltd. on an exchange ratio of one Sagicor Financial Company Ltd. common share for 4.328 of Sagicor Financial Corporation Limited common shares ("Exchange Ratio"). This exchange ratio has been used to convert the 2019 outstanding shares to the Sagicor Financial Company Ltd. equivalent. All per share ratios for 2018 to 2019 have been adjusted to reflect the Exchange Ratio.