EXPANDING OUR HORIZONS

2022
SAGICOR FINANCIAL COMPANY LTD.
ANNUAL REPORT

Sagicor

OUR VISION

**To be a great company
committed to improving
the lives of people
in the communities
in which we operate.**

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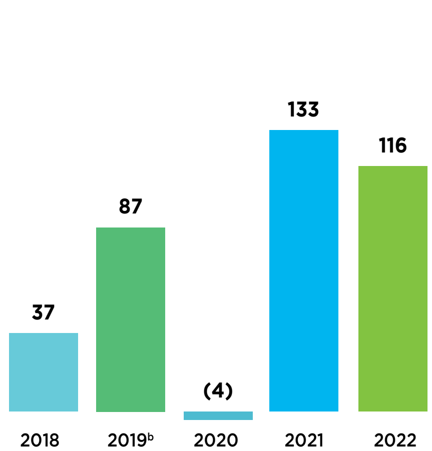
Financial Highlights

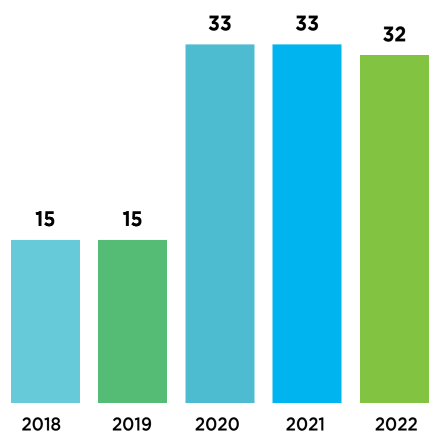
Amounts in US $ millions unless otherwise stated

SHAREHOLDER RETURNS

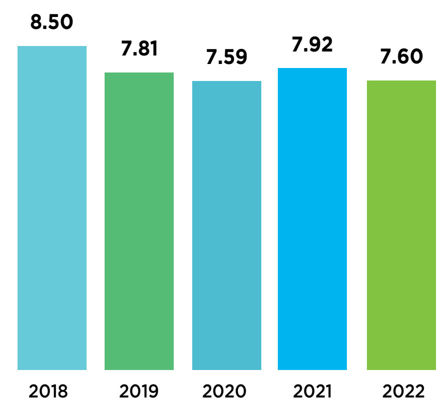
NET INCOME [a]



COMMON DIVIDENDS



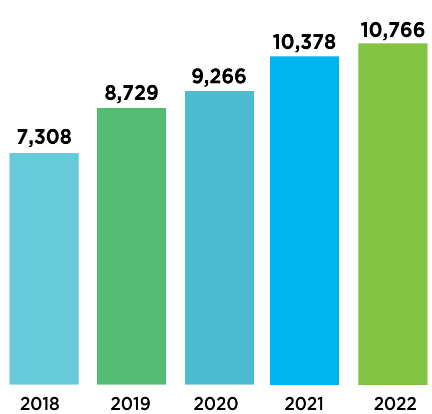
BOOK VALUE PER SHARE



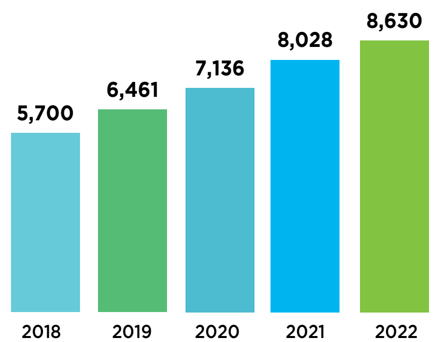
	2018	2019[b]	2020	2021	2022
Basic earnings per share[a]	51.7¢	57.5¢	(2.4¢)	91.9¢	80.9¢
Return on shareholder's equity[b]	6.20%	10.50%	(0.3%)	12.6%	10.7%

GROUP FINANCIAL POSITION

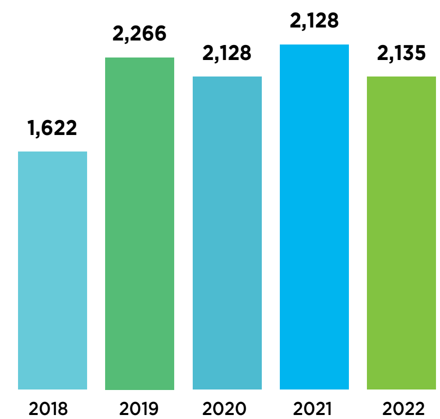
ASSETS [a]



OPERATING LIABILITIES



EQUITY & DEBT CAPITAL (TOTAL CAPITAL)



	2018	2019[b]	2020	2021	2022
Debt to Capital	30.20%	22.80%	22.20%	29.1%	29.6%
MCCSR	234%	253%	252%	269%	270%

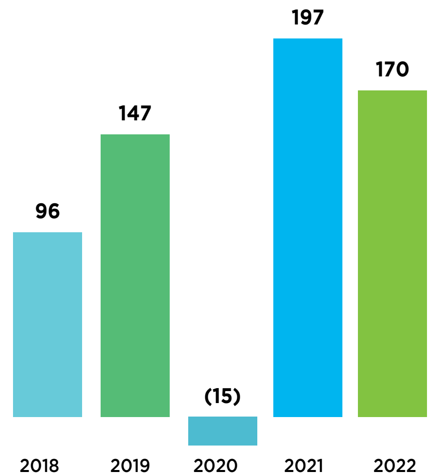
(a) from continuing operations. (b) before Alignvest Acquisition II Corporation transaction costs.
Under the Alignvest transaction, Sagicor Financial Corporation Limited common shares not purchased for cash, were exchanged for common shares of Sagicor Financial Company Ltd on an exchange ratio of one 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 2018 and prior years outstanding shares to the Sagicor Financial Company Ltd equivalent. The earnings per share ratio for 2018 has been adjusted to reflect the Exchange Ratio.

Financial Highlights

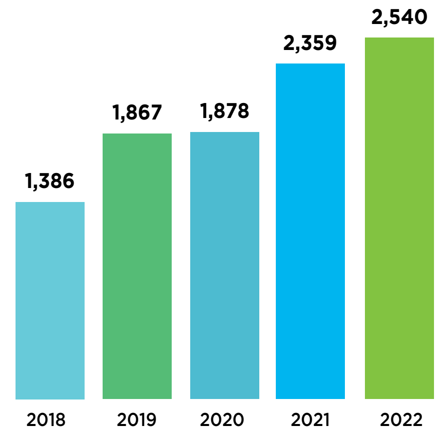
Amounts in US $ millions unless otherwise stated

GROUP RESULTS [a]

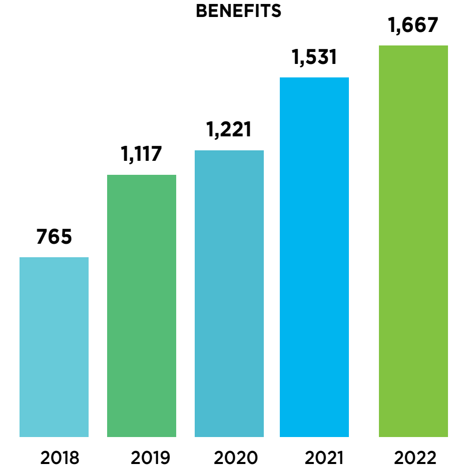
NET INCOME [a]



REVENUE

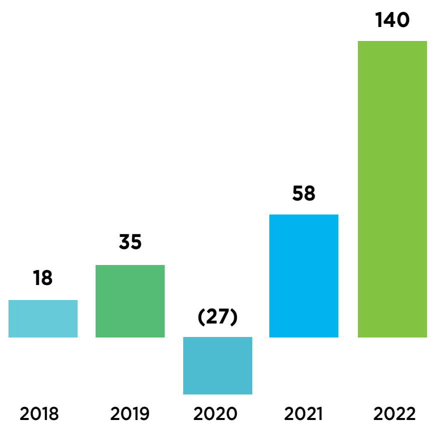


BENEFITS



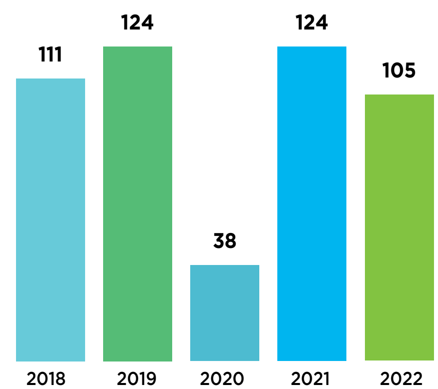
SEGMENT RESULTS

SAGICOR LIFE USA - NET INCOME [a]



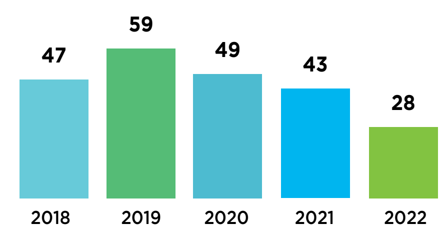
	2018	2019[b]	2020	2021	2022
Revenue	421	562	679	1,068	1,294
Assets	2,293	2,842	3,383	4,284	4,816

SAGICOR JAMAICA - NET INCOME [a]



	2018	2019[b]	2020	2021	2022
Revenue	586	735	632	719	674
Assets	3,104	3,482	3,455	3,443	3,451

SAGICOR LIFE - NET INCOME [a]



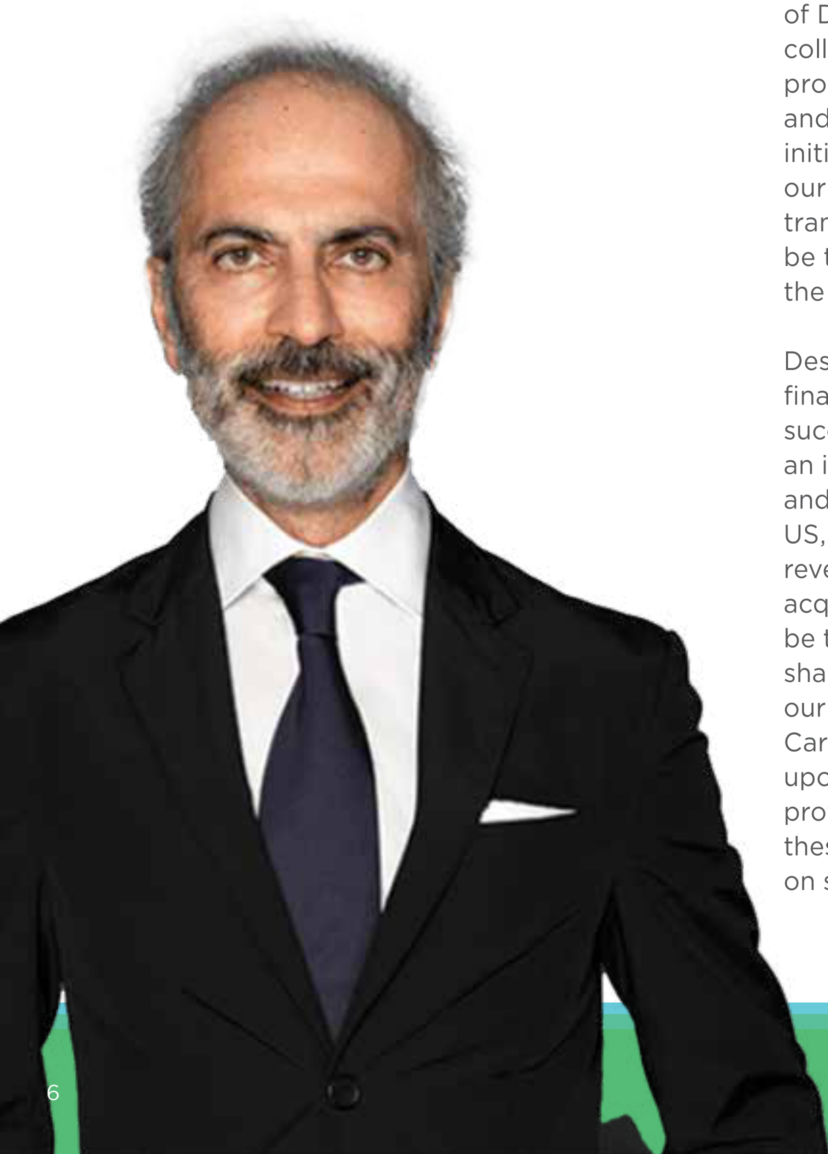
	2018	2019[b]	2020	2021	2022
Revenue	340	533	523	505	554
Assets	2,008	2,116	2,279	2,389	2,472

(a) from continuing operations. (b) excludingAlignvest Acquisition transaction cost.

Chairman's Message

Chairman's Message

Mahmood Khimji, Chair of the Board of Directors



Dear Fellow Shareholders,

It is such a privilege to be writing to you in my second year as Chair of the Board of Directors of Sagicor. Through our collective efforts, we made significant progress towards our objectives in 2022, and we are looking forward to achieving key initiatives in 2023. Our success to achieving our key initiaves will make an important transition in Sagicor's history that should be transformational for us and position the Company for growth and prosperity.

Despite global economic uncertainty and financial market volatility, 2022 was another successful year for Sagicor. We achieved an important strategic objective of growing and scaling our annuities business in the US, with the segment generating record revenue and net income. We announced the acquisition of ivari, which has the potential to be transformative to our Company and our shareholders. We continued to work with our teams at Sagicor Life in the southern Caribbean and Sagicor Group Jamaica to build upon our market leadership and enhance the profitability of our operations. While achieving these objectives, we were also laser focused on strengthening our capital position in response to an unprecedented rise in interest rates. The rising interest rate environment, although challenging in the near term, will position Sagicor for increased profitability in the years to come as we are able to offer better financial terms to policyholders and generate higher returns from our assets.

One of our major initiatives for 2023 is completing the ivari transaction. The addition of ivari will nearly double the size of Sagicor's balance sheet and increase our exposure to investment grade markets. Behind the scenes, our team is working diligently to finalise our transition to IFRS (International Financial Reporting Standards) 17, the new insurance accounting standard which will radically remake our financial statements. We have launched our all-new digital bank, Sagicor Bank Barbados, which has garnered tremendous enthusiasm from that market. This initiative will serve as a precursor to major technological transformation across all lines of our business that we will execute on in the coming years.

This year also marked major executive transition. I would like to acknowledge and express my sincere gratitude to Dodridge Miller, who retired as our President and Chief Executive Officer in March, after more than 30 years of service to Sagicor and over two decades as our Chief Executive. Dodridge is a visionary leader who inspired his teams and built Sagicor on the legacy of The Barbados Mutual into the great Company it is today. Dodridge has touched countless lives in our communities, and we are grateful for his leadership and invaluable contribution to Sagicor. Dodridge will be remaining on our Board of Directors where we look forward to his continued guidance and wisdom.

Next, I would like to congratulate Andre Mousseau on his appointment as President and Chief Executive Officer. Andre joined Sagicor in 2019 and was elevated from Group Chief Operating Officer and Chief Financial Officer. During his time at Sagicor, Andre worked closely alongside Dodridge, and the Board had the opportunity to closely observe Andre's contributions to the development and execution of Sagicor's strategies. Working closely with the Board of Directors, Andre will be tasked with continuing to strengthen our executive team, execute on our strategic initiatives, and deliver value to all our stakeholders. Andre has the full support of our Board and our executive team, and I wish him success in his new role.

In addition to executive transitions, I would like to express my appreciation and gratitude to Stephen McNamara who will be retiring from the Board of Directors in June of this year. Mr. McNamara joined the Board of The Barbados Mutual, now Sagicor, in 1997 and became its chairman in 2010. As chairman, he presided over many of the transformational events in the life of this great Company and guided the Board and management through several significant global events over the last two decades. During his tenure as a director and as chairman, Mr. McNamara demonstrated a passion for corporate and professional development in support of his deep commitment to the Caribbean. This was evident in how he conducted both his corporate and social life. In this regard, he is respected throughout the region for his ideas and his contribution to the development of the region. For his significant contribution, in 2015, he was made a Commander of the Order of the British Empire (CBE) and was awarded an Honorary doctorate (LLD) from the University of the West Indies. Mr. McNamara will continue as a director of several of the companies within the Sagicor Group.

Furthermore, I would also like to welcome Alan Ryder to Sagicor's Board. Alan is an experienced insurance and reinsurance executive who will bring a strong technical and strategic vision to our group. As we plan to expand with the ivari transaction, Alan will also bring a wealth of knowledge regarding the Canadian insurance market that will help guide the Board and executive team during the transition.

On behalf of the Board of Directors, I would like to express my gratitude and appreciation for our customers, business partners, and shareholders for their continued trust in Sagicor. To the rest of the Board, I want to thank you for your wise counsel and dedication to strengthening the Company. To our Sagicor team members, the Board recognises and appreciates your continued commitment to serving the needs of our clients and supporting our communities. I am confident in our ability to execute on our vision for 2023 and beyond with this team. As a fellow shareholder, I can assure you that we are aligned in delivering shareholder value while staying true to our roots and core values. Thank you and best wishes for a prosperous year ahead.

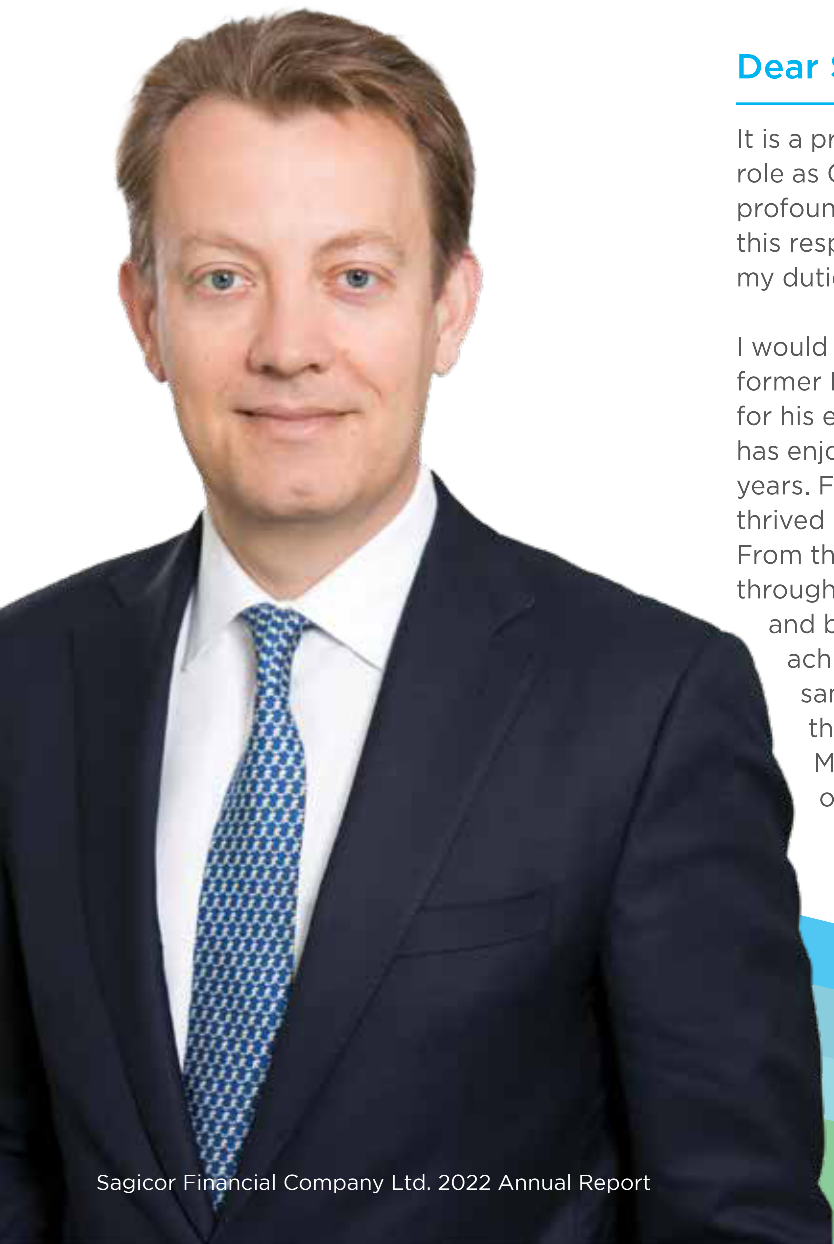
Sincerely yours,

Mahmood Khimji
Chair of the Board of Directors

Group President and Chief Executive Officer's Message

Group President and Chief Executive Officer's Message

Andre Mousseau, Group President and Chief Executive Officer



Dear Shareholders,

It is a privilege to write to you in my new role as Group President and CEO. I am profoundly honoured to have been given this responsibility. I pledge to discharge my duties with great passion and care.

I would like to start by thanking our longtime former President and CEO, Dodridge Miller, for his exceptional service to Sagicor. Sagicor has enjoyed immense success over its 182 years. For over 20 of those years our team has thrived under the sage leadership of Mr. Miller. From the time of the very naming of Sagicor, through its expansion across the Caribbean and beyond, Dodridge and Sagicor's achievements have been one and the same. Everyone at Sagicor echoes the Chairman in acknowledging Mr. Miller's unwavering commitment to our organisation, leading this organisation through a tremendous period of growth, while relentlessly supporting our communities.

As we look back on 2022, the Sagicor team should be proud of our achievements. We delivered another exceptional year of profitability while navigating rapid change in global markets. We pushed forward on our internal projects and embarked on some new ones that will transform Sagicor in the decades to come.

2022 in Review

As I reflect on 2022, I am extremely proud of our results and our team's ability to navigate rapid change in global markets while delivering on key initiatives that will position Sagicor well for the future.

Following a record 2021, our total revenue increased a further 8% to US$2.5 billion, and we delivered net income to our shareholders of US$116 million, our second highest ever. All three of our primary business segments made strong contributions to these results. Our wholly owned businesses in the Southern Caribbean continued to work diligently through the lingering effects of the global pandemic in the region, which is now showing signs of abating. Our subsidiary in Jamaica showed great resilience and delivered solid profitability. And our U.S. business delivered an exceptional year of growth and net income, as our team was energized by a greater focus on annuities products, a change that the market embraced.

These results were delivered in a period of extraordinary macroeconomic volatility. Rapidly rising interest rates throughout 2022, put in place by governments globally to curb inflationary pressures, caused the value of global fixed income investments to fall. However, the diligence of our team, our sophisticated risk and asset liability management practices, and the careful adjudication of credit allowed us to emerge from the year virtually unscathed and very well capitalised. I am particularly proud of the way our team collaborated to work through this volatility to maintain a strong balance sheet on behalf of our policyholders and shareholders.

In the midst of this volatility, we continued to take actions to solidify our growth into the future. On August 25, 2022, we announced a definitive agreement to acquire ivari, a leading life insurer targeting middle-market customers in Canada. ivari, formerly Transamerica Life Canada, has approximately 700,000 policyholders across Canada. The acquisition of ivari aligns with Sagicor's business strategy of growing in business lines we understand well like individual life insurance and expanding into adjacent geographic markets to increase our scope for growth. Canada has a large, well-established, and growing life insurance market. The acquisition of ivari has the potential to be truly transformational for our company. Sagicor will nearly double the assets on our balance sheet, and further increase the proportion of our assets that are investment grade. We are diligently pursuing our approvals on this acquisition which we expect to close later this year.

In 2022 we also made significant progress towards the launch of Sagicor Bank Barbados, the first fully digitally enabled bank in the Caribbean. We are pleased to announce that it has now opened its virtual doors to customers and is enjoying early success. This initiative is the first of a wave of digital transformation we intend to pursue across Sagicor that will help us engage with our customers in powerful new ways and revolutionise how we administer our businesses.

We have also diligently worked towards our transition to IFRS 17, which became effective on January 1, 2023. This new accounting standard fundamentally changes the way we recognise the sale of insurance policies on our financial statements. As you will see in our report on Q1 financial results in May, our income statement and balance sheet will look very different; however, be guided that this is simply an accounting change, and that the fundamental economics of our business will not be affected. We believe that our financial disclosures provided under IFRS 17 will ultimately provide greater transparency to help shareholders understand the intrinsic value of our company.

Ensuring a sustainable future

While we are pleased to see a growing focus on climate change across the financial services industry, Sagicor has been at it for more than a decade given our strong presence in the Caribbean, which has been more susceptible to the effects of climate change, including a higher frequency of extreme-weather events. During that time, we enhanced our operational readiness and evolved our risk management practices to mitigate the impacts of climate-related disruptions on our operations, while supporting our communities in helping us all transition to a more climate resilient economy. We acknowledge that this is a journey and more can be done, and as such, remain committed to embedding environmental factors into our decision-making process.

Beyond climate related initiatives, it remains important to us to continue to play a key role in supporting our local communities. In 2022, we contributed over US$1.9 million to various educational, community and health initiatives and US$110 million in taxes, which in turns helps finance various government-led initiatives in our communities.

Being an employer of choice is also important to us, and we seek to foster an inclusive environment for our highly diverse workforce in a flexible and hybrid work model, to ensure we have a talented group of engaged employees serving the needs of our clients every day.

2023 and beyond

Looking forward, I am tremendously excited about what 2023 can bring. As our industry experiences numerous changes driven by technology, demographics, and the global convergence of financial services, we are in a privileged position to continue to transform Sagicor into an organisation that will thrive for generations to come. Over the last three years we have navigated unprecedented global challenges and laid the foundation for the next phase of Sagicor's growth. Now with recovering economies in the Caribbean, a transformational acquisition, and energising technology initiatives, we are poised for future success. I look forward to further engagement with equity market investors to show the compelling value that our equity represents when our acquisition of ivari closes, and we have our new financial statements under IFRS 17.

I thank our board for its stewardship, and the trust it has shown in our team through these transformative times. And I thank you, our shareholders, for your continued support. I look forward to 2023 and beyond. Finally, I would like to thank the entire Sagicor team. Their exceptional capabilities are matched only by their dedication. Together we begin this new chapter of Sagicor's journey, while continuing to honour our history, our legacy, and our core strength in the Caribbean. I look forward to what we will deliver in 2023 and beyond.

Yours sincerely

Andre Mousseau
Group President and Chief Executive Officer

Board of Directors

Board of Directors

MAHMOOD KHIMJI

Chair of the Board of Directors

Mr Mahmood Khimji is Chair of the Board at Sagicor.

Mr Khimji is a founding Principal of Highgate, a real estate investment and hospitality management company, and has been involved in all aspects of Highgate's development since its founding in 1988. Prior to founding Highgate, Mr Khimji practiced law at Paul, Weiss, Rifkind, Wharton & Garrison. Mr Khimji is on the Board of Directors of Playa Hotels & Resorts and American Hotel Income Properties and is a member of the Young Presidents' Organisation (YPO) and the Real Estate Forum. He previously held board positions at MeriStar Hospitality Corporation, Interstate Hotels, and Morgans Hotel Group. Mr Khimji also serves on the National Committee of Aga Khan Foundation USA and on the boards of Aga Khan Museum, and the Asia Society. Additionally, Mr Khimji serves on the Board of Visitors for Columbia Law School. He attended the University of British Columbia, holds a B.A., summa cum laude, from the University of Houston and a J.D. from Columbia Law School.

ANDRE MOUSSEAU

Group President and Chief Executive Officer

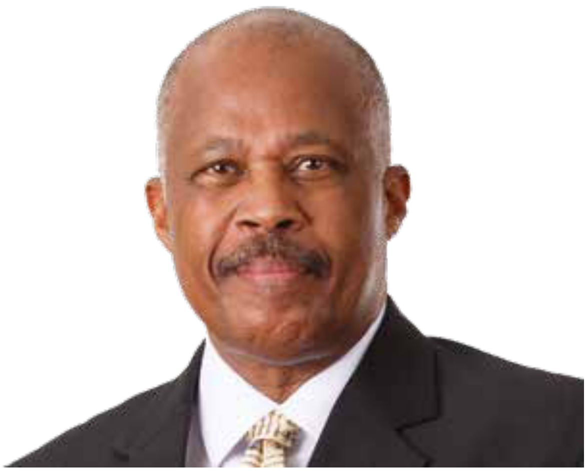
Andre Mousseau was appointed as Group President and Chief Executive Officer on April 1, 2023. He is also a director of the Company as well as certain of its subsidiaries. He was appointed President and Chief Executive Officer of Sagicor USA, Inc. in July 2022. Mr. Mousseau previously held the positions of Group Chief Operating Officer and Chief Financial Officer from 2021 to 2023. From 2019 to 2023, Mr. Mousseau's primary responsibilities included oversight of the planning, implementation, and management of the Group's financial activities. Andre's prior directorships include Aurigen reinsurance, a Bermuda-based life reinsurance provider; Impark Corp., one of North America's largest parking management providers; and Premier Lotteries. He was also an alternate board member of Camelot Group PLC, the operator of UK National Lottery. Mr. Mousseau has 20 years' experience in the financial services industry. His experience includes former roles as a Partner with Alignvest Private Capital, a Portfolio Manager for the Long-Term Equities Group at the Ontario Teachers' Pension Plan and a Principal at EdgeStone Capital Partners, a leading independent private equity manager in Canada. Andre holds an undergraduate degree in Economics from McGill University and an MBA from the Richard Ivey School of Business, University of Western Ontario.

DODRIDGE MILLER

Former Group President & Chief Executive Officer

Dodridge D. Miller was Group President and Chief Executive Officer of SFCL from July 2002 until his retirement on March 31, 2023 and has been a director since December 2002. Mr. Miller joined SFCL in 1989 and has more than 30 years' experience in the banking, insurance and financial services industries. He previously held the positions of Treasurer and Vice President, Finance and Investments, Deputy Chief Executive Officer and Chief Operating Officer. Mr. Miller is also a director of a number of subsidiaries within Sagicor. Mr. Miller is a Fellow of the Association of Chartered Certified Accountants (FCCA) and obtained his MBA from the University of Wales and the Manchester Business School. He holds an LL.M in Corporate and Commercial Law from the University of the West Indies and in 2008 was conferred with an honorary Doctor of Laws degree by that institution.

PROFESSOR SIR HILARY MCD BECKLES



Sir Hilary was elected an independent director of SFCL in 2005. He is Vice Chancellor of The University of the West Indies. He is President of Universities Caribbean, Chairman of the Caribbean Examinations Council, Chairman of the Caribbean Community (CARICOM) Commission on Reparation and Social Justice, an editor of the UNESCO General History of Africa series and a Director of the Global Tourism Resilience and Crisis Management Centre. He also serves on the Council of the United Nations University and the Association of Commonwealth Universities. Sir Hilary received his higher education in the United Kingdom and is Professor of Economic History. He has received numerous awards, including the Degrees of Honorary Doctor of Letters from Brock University, the University of Glasgow, the University of Hull, the University of the Virgin Islands and the Kwame Nkrumah University of Science and Technology, Ghana, in recognition of his major contribution to academic research on transatlantic slavery, popular culture, and sport. He also received the Sisserou Award of Honour from the Government of Dominica for his contribution to the Commonwealth of Dominica and the region in the field of education, the Governor General Award for Excellence in Antigua and the prestigious Martin Luther King Award for global advocacy, academic scholarship and intellectual leadership in support of social justice, institutional equity, and economic development for marginalised and oppressed ethnicities and nations. The American Historical Association named him 2022 Honorary Foreign Member of the Association.

DR ARCHIBALD CAMPBELL

Dr Archibald Campbell is a director of the Company. He is currently Chairman of JMMB and most of its subsidiaries. He is Chairman of the Board of Trustees of the JMMB Pension Fund. Prior to this he served as a Director at the University Hospital of the West Indies, a member of the Sugar Industry Divestment negotiation team and also as director of several companies that included Hotels, Property Management, Banks and a number of non-profit organisations. He also served as Bursar of the University of The West Indies and Chief Financial Officer with responsibility for maintaining relations with the seventeen Contributing Caribbean countries with regard to funding. He is a Chartered Accountant and has served as an accounting expert in an arbitration. Archibald is a past president of the Institute of Chartered Accountants of Jamaica. He was awarded the honour of being the 2020 Distinguished Member. Archibald has a Doctorate in Business Administration (DBA) and a M.Sc. in Accounting from the University of the West Indies. In 2021 he was conferred with the Honour of the Order of Distinction, Commander Class by the Government of Jamaica for Exemplary service to the fields of Accounting and Finance.

PETER CLARKE

Mr Clarke is a director of the Company as well as certain of its subsidiaries. Mr Clarke is a Financial Consultant who practiced as a Barrister-at-Law before embarking on a 22-year career in stockbroking. From 1984-2000, he was the Managing Director of Money Managers Limited, and served as the Chief Executive of West Indies Stockbrokers Limited from 2001 to 2005, when he retired. From 2002 to 2005, he was also a director of the Trinidad and Tobago Chamber of Industry and Commerce. From 1995 to 1999, he was Chairman of the Trinidad and Tobago Stock Exchange, and he is currently a director of that organisation. From 1992 to 1995, Mr Clarke served as Deputy Chairman of the Trinidad and Tobago Free Zones Company, and he is currently the Chairman of Guardian Media Limited in Trinidad and Tobago, and a director of several other companies including Heritage Petroleum Company Limited. Mr Clarke is a member of the Finance Council of the Roman Catholic Archdiocese of Port-of-Spain. He obtained a Bachelor of Arts degree from Yale University and a law degree from Downing College, Cambridge University. Mr Clarke was called to the Bar as a member of Gray's Inn in London in 1979, and to the Bar of Trinidad and Tobago in 1980.

KEITH DUNCAN

Keith Duncan is a director of the Company. Since 2005 he has been the Chief Executive Officer of JMMB Group Ltd, with responsibility for the overall performance and charting the strategic direction of the business. Under his leadership, JMMB was conferred with the American Foundation for the University of the West Indies (AFUWI) Award for Excellence in Business Leadership in February 2020, and the 'Best of Chamber Award' from the Jamaica Chamber of Commerce in March 2011. Mr. Duncan served as President of the Private Sector Organisation of Jamaica (PSOJ) between 2019 – 2022 and also served as Vice President of the PSOJ between 2012 – 2014. Mr. Duncan is also a Past President of the Jamaica Securities Dealers' Association (JSDA) and currently chairs the Government of Jamaica's Economic Programme Oversight Committee. In 2020, Mr. Duncan was awarded the National Honour, the Order of Distinction in the rank of Commander – by the Government of Jamaica, for his exceptional service in the field of Finance, Business, Youth Empowerment and Community Development. Additionally, in April 2022, Keith Duncan received the International Achievement Award from The American Friends of Jamaica (AFJ) for his leadership and work in the area of National Development. Mr. Duncan obtained a Bachelor of Arts degree in Economics from the University of Western Ontario in Canada and holds the Chartered Financial Analyst accreditation.

MONISH DUTT

Monish Dutt is a Consultant on Emerging Markets and a seasoned investment professional. He is a Director of several Sagicor group companies including SFCL, SLIC, SRBL, SBJ and SIJL, his relationship with the group commencing in 2012. He is also a Director of Peak Reinsurance of Hong Kong, part of the Fosun Group. In addition, he is a Director of FINCA Microfinance USA which operates in Africa and Central Asia. Furthermore, between 2017 and 2019, he was a Director of Ecobank Africa with assets of over US $20 billion. Until 2017, he was for four years a Director of Religare Enterprise, an Indian financial services group with assets of US $4 billion. Earlier, he worked for 25 years (through 2011) with the IFC/World Bank Group. He held various investment positions focused on financial institutions globally with increasing responsibilities over the years, rising to the position of Chief Credit Officer for Global Financial Institutions and Private Equity Funds at the time of his retirement from the organisation in 2011. Before joining the IFC, Monish worked as an auditor for Ernst & Young, London for four years. Monish has an MBA from the London Business School, London University, and a BA in economics from St. Stephen's College, Delhi University. Monish is a Fellow of the Institute of Chartered Accountants, London, England (equivalent to a CPA).

STEPHEN FACEY

Mr Stephen Facey is a Director of Sagicor Group Jamaica Limited and Sagicor Financial Company Ltd. He is the Chairman of PanJam Investment Limited and Chairman of a number of other organisations, including Jamaica Property Company Limited, New Castle Group of Companies, Caribbean Policy Research Institute (CAPRI), Kingston Restoration Company Limited and the New Kingston Civic Association. Mr Facey serves as Chairman of the C.B. Facey Foundation, the charitable arm of PanJam Investment Limited. He is a Director of the National Gallery of Jamaica and Devon House Development Limited and a Trustee of the Institute of Jamaica. A Registered Architect with the Architect Registration Board of Jamaica, he has over 40 years' experience in architecture and urban development, real estate development and management, and private equity investing. Mr Facey holds a Bachelor's degree in Architecture from Rice University and a Master's degree in Architecture from the University of Pennsylvania. In 2018 he was conferred with the Honour of the Order of Distinction, Commander Class by the Government of Jamaica for outstanding contribution to Real Estate Development, Banking and Financial Insurance Sectors.

DENNIS HARRIS

Dennis Harris is a director and is Chair of the Group's Audit Committee. He is the former Managing Director of Unicomer Jamaica Limited (Courts), with responsibility for the Jamaica and New York operations. Prior to this, he was the Regional Finance Director for Courts Caribbean business heading up finance, treasury, credit and information technology functions across the Caribbean. Mr Harris has also served in senior management roles at Reed Business Publishing Ltd. (UK) where he was employed for 15 years. He has been a director of the JMMB Group Limited since 2000 and currently serves as Chairman of JMMB Bank (Jamaica) Limited and the Group Risk Committee. Mr Harris also serves as a non-executive director on the Board of Gallagher Caribbean Group Limited and is a former director of Unicomer Jamaica Limited. He is a Chartered Accountant (FCCA).

STEPHEN MCNAMARA

Stephen McNamara is Vice-Chair of the Board (the "Vice-Chair"), is a director of Sagicor Group Jamaica Limited, and serves on the board of a number of other subsidiaries within the Sagicor Group of companies, including as Chairman of Sagicor's main operating subsidiaries, Sagicor Life Inc., Sagicor USA and Sagicor Finance Inc. Mr McNamara was also Chairman of SFCL between January 2010 and December 2019. The senior partner of McNamara & Company, Attorneys-at-Law of St. Lucia, Mr McNamara was called to the Bar at Lincoln's Inn and in St. Lucia in 1972. He specialises in the representation of foreign investors in St. Lucia in the tourism, manufacturing and banking sectors and served as Chairman of the St. Lucia Tourist Board for nine years. His St. Lucia-based service also includes the board of directors of St. Lucia Electricity Services Ltd. where he served as Chairman from 2015 until his retirement at the end of 2017, and as President of the St. Lucia Tennis Association. In the 2015 Queen's Birthday Honours, Mr McNamara was made a Commander of the Order of the British Empire for public service and services to the legal profession. Also, in 2015, he was awarded an honorary doctorate from the University of the West Indies for his outstanding achievements and contribution to the region in the areas of business, sport and general philanthropy for more than 40 years.

GILBERT PALTER

Gilbert Palter is the Co-Founder and Chief Investment Officer of EdgeStone Capital Partners, an alternative asset management firm. He is also the Chairman and CEO of EGADS Group, which invests in public and private companies. Mr Palter was the founding Chairman of Aurigen Capital Limited, a Bermuda-based life reinsurer, leading the CA $500 million initial funding. He is the former Chairman of Affinion Group Holdings Inc., which operated Affinion Benefits Group, LLC, a U.S. accidental death and dismemberment business. Over his 30-year career as a private equity investor he has served on numerous private company boards and, overseeing EGADS Group's investments on the public boards of Atlantic Power Corporation 2015-2021, RPX Corporation from 2016-2018, and Tenerity Group Inc. since 2017. In his early career Mr Palter worked at Morgan Stanley, McKinsey & Company, Clairvest Group, and Smith Barney. Mr Palter received an MBA from Harvard Business School where he graduated as a Baker Scholar and the winner of the John L Loeb Fellowship in Finance, and he earned a B.Sc. degree in Computer Science and Economics at the University of Toronto, where he was the Gold Medalist in his class. He was a 2003 recipient of "Canada's Top 40 Under 40" award, and a recipient of the Ernst & Young Entrepreneur of The Year® Award 2006.

ALAN RYDER

Alan Ryder is a director of the Company. In 2006 he was a co-founder, and became CEO, of Aurigen Capital Limited, a Bermuda-based holding company focused on the Canadian and US life reinsurance markets. In 2017, this business was acquired by PartnerRe and Mr. Ryder became CEO of its North America Life business unit. Prior to Aurigen, Mr. Ryder served as the President of Employers Reassurance Canada, successfully establishing it in the Canadian life reinsurance market. He began his career in 1980 as a pricing actuary with Munich Re in Toronto. Subsequently, he joined Canadian General Life Insurance Company where he ultimately served as Chief Financial Officer and Chief Actuary. He later established and led the US life reinsurance business of Winterthur Swiss Insurance Company. In addition to his career in the life insurance industry, Mr. Ryder has broad consulting experience focused on market assessment, strategy formulation, capital management, mergers and acquisitions, product development, valuation of liabilities, and asset/liability management. He graduated from the University of Waterloo in 1980, with a Bachelor of Mathematics degree in actuarial science and computer science, and completed his professional training in 1982, being admitted as a Fellow of the Society of Actuaries and as a Fellow of the Canadian Institute of Actuaries. He has extensive board experience with both public and private companies.

REZA SATCHU

Reza Satchu is a director of the Company. He is Managing Partner and co-founder of AMC, a private investment firm. Previously, Mr Satchu was the President, Chief Executive Officer and a director of AQY, where he participated in sourcing, evaluating and executing the qualifying acquisition. He has co-founded, built and/or managed several operating businesses from inception, including AMC; SupplierMarket, a supply chain software company that was sold to Ariba Inc.; StorageNow, which became one of Canada's largest self- storage companies prior to being sold to Instorage REIT; and KGS-Alpha Capital Markets L.P., a U.S. fixed income broker dealer, that was sold to BMO Financial Group. Previously, Mr Satchu was a General Partner at Fenway Partners, a US$1.4 billion private equity firm and was also a Financial Analyst at Merrill Lynch in the High Yield Finance and Restructuring Group. He currently serves on the faculty at the Harvard Business School where he teaches several courses including The Entrepreneurial Manager, Launching Technology Ventures and Founder's Journey. He is also the Founding Chairman of Next Canada, an entrepreneurship Programme for Canadian entrepreneurs. He has received Canada's "Top 40 Under 40" Award and the 2011 Management Achievement Award from McGill University. Mr Satchu has a Bachelor's degree in economics from McGill University and an MBA from Harvard University.

AVIVA SHNEIDER

Aviva Shneider is a director of the Company. She is a Principal and Operating Partner with CVC Capital Partners. Prior to joining CVC, she founded Bayes Ventures, a consulting firm. From 2015 to 2018, Ms. Shneider was a part of the private equity team at Caisse de Depot et Placement du Quebec (CDPQ), initially as an Operating Partner and subsequently as Co-Head of Direct Private Equity investments in the United States and Latin America. Prior to this, she spent ten years with Silver Point Capital, a credit and special situation focused hedge fund based in Greenwich, Connecticut, and has also worked at McKinsey & Company. She has previously served on the boards of AlixPartners, Alliant National Title Insurance Co, 2-10 Home Buyers Warranty, LifeCare Hospitals and Cyrus Re among others. Ms. Shneider is a trained actuary (ACAS, ASA), with a Bachelor's degree in Math from the University of Waterloo and an MBA from the Wharton School at the University of Pennsylvania.

Executive Management

Executive Management

ANDRE MOUSSEAU, BA, MBA

Group President and Chief Executive Officer

- Appointed Group President and Chief Executive Officer in April 2023.
- Appointed President and Chief Executive Officer of Sagicor USA, Inc. in July 2022.
- He previously held the positions of Group Chief Operating Officer from 2021 to 2023, and Group Chief Financial Officer from 2019 to 2023 with oversight of and primary responsibility for the planning, implementation and management of the Group's financial activities.
- His prior directorships also span the boards of Aurigen Reinsurance, a Bermuda-based life reinsurance provider, Impark Corp., one of North America's largest parking management providers, and Premier Lotteries. He was also an alternate board member of Camelot Group PLC, the operator of UK National Lottery.
- Holds an undergraduate degree in Economics from McGill University, and an MBA from the Richard Ivey School of Business, University of Western Ontario.
- Has 20 years of experience in the financial services industry.
- Formerly a Partner with Alignvest Private Capital, Portfolio Manager for the Long-Term Equities Group at the Ontario Teachers' Pension Plan (OTPP), and Principal at EdgeStone Capital Partners, a leading independent private equity manager in Canada.

DODRIDGE D MILLER, FCCA, MBA, LL.M, LL.D (Hon)

Former Group President & Chief Executive Officer

- Retired March 31, 2023.
- Appointed Group President and Chief Executive Officer in 2002, and has been a Director since December 2002.
- Fellow of the Association of Chartered Certified Accountants (FCCA), and obtained his MBA from the University of Wales and Manchester Business School.
- Holds an LL.M in Corporate and Commercial Law from the University of the West Indies and, he was conferred with an Honorary Doctor of Laws degree by the University of the West Indies, in October 2008.
- More than 30 years' experience in the banking, insurance and financial services industries.
- Prior to his appointment as Group President and Chief Executive Officer, he held the positions of Treasurer and Executive Vice President – Finance and Investments, Deputy Chief Executive Officer and Chief Operating Officer.
- Joined the Group in 1989. He is a Director of Sagicor Life Inc, Sagicor USA, Sagicor Group Jamaica Limited, Sagicor Life Jamaica Limited, Sagicor Investments Jamaica Limited and other subsidiaries within the Group.

DONALD S AUSTIN, FCCA, BSc, MBA

Chief Executive Officer, Sagicor Life (Eastern Caribbean) Inc

- Appointed Chief Executive Officer, Sagicor Life (Eastern Caribbean) Inc. in 2015. Head of Individual Life line of business, Digitilisation Initiative 2021
- Board Member of Sagicor Funds Inc and Sagicor Asset Management Inc.
- Former Chairman of the Boards of Directors of LIME Grenada and LIME Dominica, former Director of LIME Barbados and President & CEO Cable and Wireless, Barbados.
- Holds a BSc Honors in Electronic Engineering, University of Bristol; an MBA from Manchester Business School; International Management, NYU Stern School of Business, New York; a Fellow of the Association of Chartered Certified Accountants.
- A Barbados Exhibition Scholarship winner, a Commonwealth Scholarship winner.

RONALD B BLITSTEIN, BA, MBA

Group Chief Information Officer

- Joined Sagicor Financial Corporation in 2013.
- Holds both a BA in Political Science, and an MBA in Finance from Syracuse University.
- IT professional, with knowledge in all areas of information technology and its application to driving improved business outcomes.
- Previously served as Director, Business Technology and Strategies Practice for a global advisory firm, supporting Fortune 500 clients, national governments and United Nations agencies.
- Held key executive leadership positions at Revlon, Pitney Bowes, BOC Group, and Xerox Corporation.
- Served as a Six Sigma Champion for firms pursuing enterprise operational excellence.

ANTHONY O CHANDLER, CPA, CGA, MBA

Group Chief Financial Controller

- Appointed Group Chief Financial Controller in 2013.
- Member of the Chartered Professional Accountants of British Columbia, Canada and holds an MBA from the University of Manchester.
- Prior to this, he served as Executive Vice President and Chief Financial Officer of Sagicor Life Inc from 2011.
- Joined Sagicor in 1995 as Financial Accountant, and was transferred to the Group subsidiary, Island Life Insurance Company Ltd in 2000.
- Has over 20 years of experience in the insurance industry.
- In 2003 he joined the management of Life of Jamaica as Head of its Internal Audit function, before returning to Barbados in the position of Vice President, Finance, of Sagicor Life Inc later in the same year.
- In 2006 he was promoted to Vice President and Chief Financial Officer of Sagicor Life Inc.

J. ANDREW GALLAGHER, FSA, FCIA, CERA, BMath

Chief Executive Officer, Sagicor Reinsurance Bermuda Ltd.

- Appointed CEO, Sagicor Re Bermuda in December 2018.
- Prior to this appointment, he held the position of Chief Risk Officer for the Group since 2007.
- Joined Sagicor in 1997 as Resident Actuary.
- Holds a Bachelor of Mathematics degree from the University of Waterloo.
- Fellow of Canadian Institute of Actuaries, Fellow of the Society of Actuaries and a Chartered Enterprise Risk Analyst.
- Member of the Caribbean Actuarial Association.
- More than 30 years in the insurance industry.

LYNDA GAUTHIER, B Com, MBA

Group Chief Risk Officer and Chief Sustainability Officer

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- Joined Sagicor Financial Company Ltd in August 2022
- Prior to joining Sagicor, was VP, Risk Governance and Reporting, for a large global financial institution, where she led the development of risk reports to the board, senior management, regulators, and the financial community, led the advancements of various risks governance, controls, and policies, and oversaw the early development of the organisation's climate-related risk efforts
- 19 years of experience in the financial services industry, where she held progressively senior positions across risk management, investor relations and capital markets in both Canada and the U.S.
- Holds a BCom (Finance) from Concordia University
- Holds an MBA from the University of Chicago Booth School of Business
- Chair of the Finance, Audit & Risk Committee, Swim Drink Fish (Canada)

ALTHEA C HAZZARD, LL.B (Hons). LL.M (Cantab), FCG, FICA

Executive Vice President, General Counsel and Corporate Secretary

- Appointed Executive Vice President, General Counsel and Corporate Secretary of Sagicor Financial Corporation in 2014, having previously served in the positions of Vice President, Legal and Compliance of Sagicor Life Inc and Corporate Secretary of Life of Barbados Limited.
- An Attorney-at-Law, Chartered Secretary and Compliance Professional, Mrs. Hazzard joined the Group in 1997 after an eight-year attachment to a leading corporate law firm in Barbados, specialising in international business.
- Holds a Bachelor of Laws Honors Degree from the University of the West Indies and a Certificate in Legal Education from the Hugh Wooding Law School in Trinidad, and was called to the Bar in Barbados and Trinidad and Tobago in 1989. She obtained her Master of Laws degree from the University of Cambridge, United Kingdom, and also holds international diplomas in Compliance and Anti-money Laundering from the International Compliance Association in the United Kingdom and the Executive Diploma in Management from the Sagicor Cave Hill School of Business and Management.
- Fellow of the International Compliance Association and a Fellow of the Chartered Governance Institute of Canada (formerly the Institute of Chartered Secretaries and Administrators in Canada).

KESTON D HOWELL, BSc, (Hons), MBA

President and Chief Executive Officer, Sagicor General Insurance Inc

- Holds a BSc Management Studies from University of the West Indies and an MBA from the University of London.
- More than 36 years in the Insurance and Banking industries.
- Joined Sagicor in April 2005 as Executive Vice-President Merchant Banking, responsible for the establishment of Sagicor Merchant Bank and overall Banking Strategy of the Group; in 2007 this role was expanded to include responsibility for Investments and Asset Management for Sagicor Southern Caribbean
- Assumed executive responsibility for Sagicor Life operations in the Dutch Caribbean and Central America in April 2013.
- Appointed President and Chief Executive Officer of Sagicor General Insurance Inc. in October 2017; in October 2021 he also assumed executive responsibility for Investments, Asset Management, Wealth Management and Risk for Sagicor Southern Caribbean
- Past President of the Securities Dealers Association of Trinidad & Tobago
- Director - General Insurance of the Association of Insurance Companies of Trinidad & Tobago

R PAUL INNISS, MBA, FCIP, FLIM, CRM

Executive Vice President and General Manager – Sagicor Life Inc. Barbados

- Appointed Executive Vice President and General Manager, Sagicor Life Inc. Barbados in April, 2020.
- More than 30 years' experience in the insurance and banking industries, both regionally and internationally, with extensive knowledge and experience in leading high-performance teams.
- Councillor – Barbados Chamber of Commerce & Industry.
- Director of The Insurance Association of the Caribbean and the Barbados Jazz Society.
- Previously served as a Director of Insurance, CIBC FirstCaribbean International Bank.
- Previously held the position of Chief Operating Officer of Island Heritage Insurance Company
- Former General Manager for Barbados & Eastern Caribbean Islands with Pan American Life Insurance Group.
- Former Past President of the General Insurance Association of Barbados (GIAB).
- Fellow of the Life Management Institute
- Fellow, Chartered Insurance Professional – Specialization, Risk Management
- Holds an MBA from Heriot-Watt University, Edinburgh Business School.

KATHRYN JENKINS, B COM, CPA, CA

Group Chief Financial Officer

- Appointed Group Chief Financial Officer in March 2023
- More than 20 years in the Insurance and Financial Services industries
- Previously held senior finance positions in major global financial services organisations including two major Canadian banks and most recently was CFO of the Investment Management Corporation of Ontario
- Holds a Bachelor of Commerce from the University of Toronto, as well as Chartered Professional Accountant CPA, CA and Certified Public Accountant, CPA (Illinois) designations. In 2014, she obtained her ICD.D. designation from the Institute of Corporate Directors
- She is a member of the Business Board of the University of Toronto

NARI PERSAD, BSc Actuarial Science, BSc Biochemistry, FSA, FCIA

Group Chief Actuary

- Appointed Group Chief Actuary in August 2017.
- Appointed Senior Vice President and Chief Actuary, Sagicor Life Insurance Company in June 2021.
- Holds a BSc Specialist in Actuarial Science and Biochemistry from the University of Toronto.
- Fellow of the Canadian Institute of Actuaries, Fellow of the Society of Actuaries.
- Member of the Caribbean Actuarial Association.
- Previously served as Partner – Canadian Life Actuarial Practice Leader with Ernst & Young and Principal of Eckler Ltd.
- More than 30 years of experience in the insurance industry, including positions at Crown Life Insurance Company, Canada Life Assurance Company, Toronto Dominion Life Insurance Company, Swiss Re Life and Health and Dion Durrell + Associates.

GEORGE SIPSIS, CFA

Executive Vice President, Corporate Development and Capital Markets

- Appointed Executive Vice President, Corporate Development and Capital Markets in March, 2023.
- Joined Sagicor Financial Company Ltd. in 2021.
- He is responsible for the leadership of Group corporate development and capital market activities including M&A, capital raising, investor relations and rating agencies engagement.
- Prior to joining Sagicor, he held progressively senior roles in the real estate and financial services groups of Scotiabank's investment banking division in Toronto.
- Holds a Masters of Financial Economics degree from the University of Toronto, a Masters of Management of Innovation degree from the University of Toronto, a Bachelor of Medical Sciences degree from Western University and is a CFA® charterholder.

ROBERT J L TRESTRAIL, BA

President and Chief Executive Officer, Sagicor Life Inc

- Appointed President and Chief Executive Officer, Sagicor Life Inc in January 2021.
- Prior to this, he served as Executive Vice President and General Manager, Trinidad & Tobago since 2007.
- Assumed executive responsibility for Dutch Caribbean and Sagicor Life Aruba N.V. in 2017.
- Graduate of the University of Toronto (Bachelor Arts - Economics).
- More than 20 years in the Insurance and Financial Services Industry.
- Board Member of Sagicor Investments Trinidad & Tobago Limited, Nationwide Insurance Company Limited, RGM Limited and several of its subsidiaries.
- President of the Trinidad & Tobago Insurance Institute (TTII) Board of Governors.
- Former President of the Trinidad & Tobago Chamber of Industry and Commerce (TTCIC) 2015-2016, having served as a Board Member of the Trinidad & Tobago Chamber of Industry and Commerce (TTCIC) 2006-2018.

CHRISTOPHER W ZACCA, CD, BSc, MBA

President and Chief Executive Officer, Sagicor Group Jamaica Limited

- Appointed President and CEO of Sagicor Group Jamaica Limited in May 2017.
- Holds a BSc in Engineering from the Massachusetts Institute of Technology and an MBA from the University of Florida.
- More than 30 years of experience in public and private sector management, in particular, during the period 1982-2009 where he held various Senior Management positions in the private sector namely, Vice President, Engineering - Desnoes & Geddes Limited (t/a Red Stripe), Brewers of Red Stripe Beer and Manufacturers of Soft Drinks; Managing Director - Caribrake Products Limited, Manufacturers and Distributors of Automotive Parts and Accessories; Managing Director – Appliance Traders Limited, Dealers in Air Conditioning, Appliance and Commercial Equipment; Chief Executive Officer, Air Jamaica Limited, former National Airline of Jamaica.
- Served as President of the Private Sector Organisation of Jamaica from December 2006 to June 2009, and from June 2012 to December 2014.
- Former Chairman of the Development Bank of Jamaica and the National Health Fund and has also served on numerous State boards, including the Factories Corporation, National Education Trust and JAMPRO.
- Served as special advisor to the Prime Minister of Jamaica from 2009 to 2011.
- In 2014, he was conferred with the National Honour of the Order of Distinction in the rank of Commander (CD) for his invaluable contribution to the private and public sectors in Jamaica.

Environmental, Social and Governance Report

Environmental, Social and Governance Report

Sustainability at Sagicor
For several years, Sagicor has been committed to sustainability by balancing the present and future needs of our organisation, with the desire to create long-term sustainable value for our organisation, our clients and our communities. To build on our existing achievements and to continue to address the more pressing social and environmental challenges of our time, we have appointed our first Chief Sustainability Officer last August, who is responsible for developing a comprehensive sustainability strategy, and together with management, setting our priorities to focus on what we can most impact.

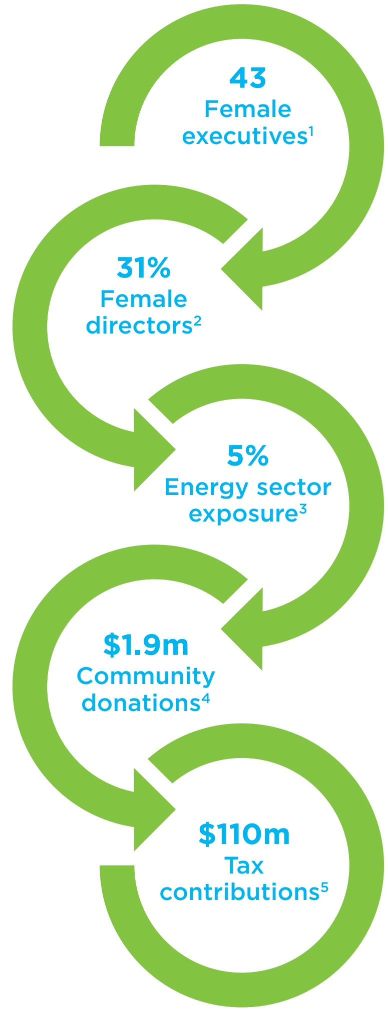
Social

- Sagicor is an integral part of the communities in which we operate, reflecting their societal values, and contributing to their social and economic well-being.
- Sagicor contributed US$ 1.9 million in support of educational initiatives, community activities, and health and wellness programmes in 2022.
- As an employer, diversity and inclusion is paramount as is reflected by our diverse workforce.
- We source products and services from a diversified base of suppliers.

Environmental

- Sagicor operates in a number of countries or regions that are more susceptible to extreme weather-related events, such as hurricanes, earthquakes, and tropical storms.
- Over the years, we have evolved our risk management practices and operational readiness to help mitigate the impacts of climate-related disruptions on our operations in our more vulnerable regions.
- We have also provided support to our local governments, clients, and communities to facilitate our collective transition to a climate resilient economy.

Sustainability in Action



Footnotes:
1. Includes Vice President, Senior Vice President, Executive Vice President, President and CEO roles as of December 31, 2022.
2. Includes directors of Sagicor and its various subsidiaries as at December 31, 2022.
3. Includes our lending and investment portfolios as at December 31, 2022.
4. Includes funding provided to and investments in clean technology companies in 2022.
5. Tax contribution comprised of taxes born by shareholders and taxes collected in 2022.

Corporate & Social Responsibility

Across the Sagicor Group of Companies, corporate social responsibility (CSR) is driven by a shared vision, “To be a great company committed to improving the lives of people in the communities in which we operate.” This is underpinned by a programme that focuses on four key pillars, where we can make the greatest impact.

- Health,
- Education
- Community Development
- Sport

By supporting our communities, Sagicor continues to provide and facilitate important opportunities and experiences for communities to grow socially and economically.

Health

Pinktober

Southern Caribbean

Pinktober 2022 saw Sagicor join the globe in bringing awareness to the importance of screening for early breast cancer detection. Sagicor’s campaign asked the pointed question, “Are You Seeing the Signs?”, mobilising both women and men alike to get their checks done as well as not to ignore the signs of breast cancer. With an investment over US $50,000, the robust awareness campaign featured print and radio advertising, out-of-home executions at Sagicor offices, malls and other public places, a regional webinar, social media survivor stories and in-territory activations.

Sagicor Sigma Corporate Run

Jamaica

The 24th Sagicor Sigma Corporate Run, was held in March 2022 and surpassed its target to raise over JA $52 million to procure medical equipment for Jamaica’s Kingston Public Hospital (KPH). Due to the gathering restrictions, the charity road race was held over two weekends which featured corporate groups running in their own ‘bubble’ with approximately 1000 participants.

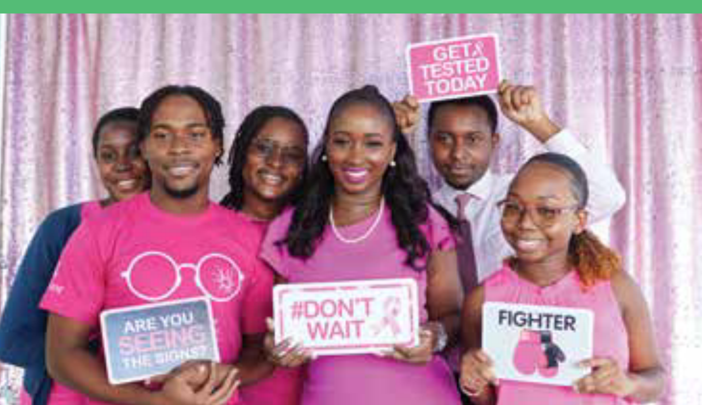
Phoenix Children’s Hospital

United States of America

Sagicor made a US $10,000 donation to Phoenix Children’s Hospital’s annual telethon and radiothon events, as well as the hospital’s Christmas meals programme for

Left to right:

- Team members at Sagicor Life Inc in Barbados sported the colour pink and shared the message of early detection in the fight against breasts cancer for the global campaign, “Are You Seeing The Signs”.
- (l –r) Regional Director for the South East Regional Health Authority, Errol Greene, and Kingston Public Hospital’s CEO, Dr Natalie Whylie, receive $52 million form Sagicor Group Jamaica’s Chief Revenue Officer, Mark Chisholm at the 2022 Sigma Run. Sharing in the occasion are Olympic 100m hurdles bronze medallist Megan Tapper, Head of Surgery, Dr Lindberg Simpson and Olympic 110m hurdles champion Hansle Parchment.
- Team members from Sagicor USA volunteered at the Phoenix Children’s Hospital Telethon and Radiothon. They happily presented the donation on behalf of Sagicor Life Insurance Company.



patients and their families. Team members continued to support this cause volunteering their time to work at the phone bank, answering calls and talking donations.

World Diabetes Day 5k Walk and Run

Barbados

Sagicor partnered with the Lions Club of St. Michael Barbados for its 5k Walk/Run in recognition of World Diabetes Day, donating US $1,000 to the organisation. The Lions Club is notably devoted to helping those in need.

One Healthy Day

Aruba

Sagicor Life Aruba supported the staging of “One Happy Day”, to raise awareness for health and self-care within the Dutch Caribbean communities. The event, hosted by One Happy Bowl, and the National Centre for Social Development (CEDE) Aruba, was an empowering one-day festival, promoting healthy lifestyles, with free sports and other health related activities taking place across the island.

ClareVue Psychiatric Hospital

Antigua and Barbuda

For a second year, Sagicor and its team members supported the ClareVue Psychiatric Hospital by conducting a drive to raise funds for the continued mental health care of patients at the facility. Team Antigua visited the hospital to deliver a variety of grocery and cleaning supplies, all of which were donated by the team members.

Free Medical Screening

St Kitts and Nevis

Sagicor’s St. Kitts & Nevis Agency hosted a free health screening clinic in collaboration with Windsor University School of Medicine. More than 40 students conducted a variety of health screenings and almost 100 health-conscious participants benefited from receiving free blood pressure checks, blood sugar level checks, body mass index checks, temperature checks as well as free medical advice.

Education

Adopt-A-School

Southern Caribbean

For the second consecutive year, Sagicor launched the next cycle of its Adopt-a-School programme. Over US $50,000 was committed to improved educational support for then wellbeing and development of our region’s children. Six public primary schools have been adopted and will receive support to improve either physical environment, health, developmental and educational

Left to right:

- Walkers lead the race at the World Diabetes Day 5K Walk and Run, hosted by the Lions Club, and raised funds to fight the prevalent non-communicable disease.
- (l-r) Sagicor Life Aruba’s General Manager, Randall Croes, and members of his team represented Sagicor at the “One Happy Day” health and self-care festival, promoting healthy lifestyles.
- Sagicor representatives attended the ClareVue Psychiatric Hospital to deliver much needed grocery and cleaning supplies to assist in the day-to-day mental health care of the patients.

programmes and safety. Team members from across the Southern Caribbean actively participated in the initiative by nominating the schools and giving their volunteer time.

Adopt-A-School

Jamaica

The Adopt-A-School Programme continued with increased investments into early childhood education. Renovations were completed at the Bermaddy Basic School in Linstead, St Catherine, and John Anglin Basic School in Warsop, Trelawny, at a combined value of over JA $25 million. Sagicor Foundation also facilitated a health fair, a reading and play day on National Children's Day at Hope Zoo, and special treat for the closing-out ceremony.

Computer Donations

Jamaica

The Sagicor foundation donated 15 desktop computers, valued at JA $2.5 million to Liberty Academy at the Priory. A donation of laptops and tablets were also made to ten student athletes attending high schools across the island on behalf of Olympic hurdler and Sagicor Sigma Run 2022 patron, Megan Tapper.

Scholarship Programme

Jamaica

The Sagicor Foundation invested over JA $33 million in its scholarship programme for new and renewing scholarships. The programme funded a total of 114 new tertiary and secondary scholars to support the students' educational journeys. New scholarships were awarded to 30 tertiary level students, 60 tertiary level educational grants and 22 scholarships to Primary Exit Profile students, and scholarships for the two champion boys and champion girl in the 2022 Jamaica Teachers' Association/ Sagicor National Athletic Championships.

Metropolitan Ministries

United States of America

Sagicor donated US $15,250, to support eight (8) culinary students with scholarships to the 6th Annual Tampa Bay Food Fight, highlighting their skills, and assisting them on their educational jouneys.

M.A.G.I.C - Making a Giant Impact In Children

Curaçao

Sagicor contributed US $10,000 to support several education-driven initiatives, as the Sales Team engaged NGOs in their

Left to right:

- Students from early childhood institutions in the Sagicor Foundation's Adopt-A-School Programme pet a rabbit at Hope Zoo as part of a treat for the children on National Children's Day.
- Liberty Academy at the Priory student, Lianna Burgess (seated), gives a thumbs up with Sagicor Life financial advisor, Nicolene Taylor (left) and Liberty Academy at the Priory founder and executive Suzanne Williams, after receiving 15 new desktop computer suites.
- Sagicor USA team members helped to "Inspire Hope" at Metropolitan Ministries' Tampa Bay Food Fight, after gifting a donation in support of culinary scholarships.

respective communities to with this project, reaching over 500 students.

Trinidad and Tobago's 60th Anniversary

In celebration of Trinidad and Tobago's 60th anniversary as an independent nation, Sagicor donated US $10,000 to 60 students from various communities to assist with their expenses for the new academic year.

Belize Autism Association

Belize

Sagicor acknowledged and gave support to the autistic community through the launch of an internal autism acceptance campaign. Educational and general use items were donated to the Autism Unit at the Irving Wilson School to assist with the learning and development of the students participating in the Independent Living Programme.

Community Development

Helping Hands

Southern Caribbean

In 2022, we sought to uplift NGOs with our first-ever Helping Hands initiative. The inaugural Helping Hands programme sought to bring awareness to the activities of NGOs across the Caribbean. NGOs including charities, service clubs and community-based organisations were asked to nominate their charities for support as well as the opportunity to work with Sagicor for 3 months. Over 250 NGOs from across our Southern Caribbean footprint submitted nominations and three were selected:

The Deaf Heart Project (Barbados) – a non-profit organisation serving the deaf community in Barbados and across the Caribbean.

SERVOL Limited (Trinidad and Tobago) – a community-based, social impact agency oriented towards building the capacities of local communities to meet their needs through the development and implementation of various human development programmes.

Lake Health and Wellness (St. Kitts and Nevis) – an NGO founded to tackle the high rate of non-communicable diseases in St Kitts and Nevis, where 63% of deaths are due to these types of diseases. They are dedicated to improving the health and wellbeing of our local, regional and online communities through research, support, health related events, campaigns and public health interventions.

Habitat for Humanity

United States of America

Sagicor continued its partnership with a US $2,000 donation and golf ball markers

Left to right:

- General Manager, Anneke Soedhoe (centre), presented supplies to teachers and pupils at one of many selected schools selected for the "Adopt-A-School" programme.
- To mark the Nation's 60th anniversary, Sagicor Life Inc's Assistant Vice President, Asha Nabbie (left) and Sagicor General Insurance Inc's Henrique Anderson, Manager - Agencies (right), donated funds to assist 60 students with their educational expenses.
- Participants at the Lake Health and Wellness event sponsored by Sagicor, received their personal copy of "Living a Healthy Life With Chronic Conditions" as part of a drive to combat non-communicable diseases.

to Habitat for Humanity's Charity Golf Tournament in conjunction with Leadership Tampa Bay. The event raised over US $40,000 to build a community park and playground in Habitat for Humanity's Silvio Palms affordable housing development and over US $13,000 for Leadership Tampa Bay's community foundation.

St. Vincent de Paul

United States of America, Phoenix

Sagicor's drive to support St. Vincent de Paul in the greater Phoenix area resulted in making US $30,000 donations. The funding provided much needed relief for families to stay hydrated while enduring the hot, dry summers, to feed the needy at Christmas and to assist children from low-income families with a shopping spree at the Thrift Store for the Holiday season.

Intervention Programme for At-Risk Youth

Jamaica

The Sagicor Foundation donated JA $7 million to the Joy Town Community Development Foundation's in-school intervention Programme for at-risk youth. The year-long programme will close in May 2023.

Adopt-A-Family

Barbados

The Sagicor team gladly donated US $12,000 and assisted the families of the 2022 Adopt-a-Family Initiative of the Optimist Club of Barbados Central, providing financial and educational support to ten underprivileged families.

The Deaf Calypso Project

Barbados

Sagicor contributed US $10,000 to this ground-breaking music and arts project designed to unite and empower the Deaf community in Barbados. This project drew on the vibrant history of Calypso music, blending it with Hip-Hop and digital music, to emphasise the island's culture and the deaf community.

Regional Corporations

Trinidad and Tobago

Sagicor donated US $20,000 to the Disaster Management Units in the Couva/Tabaquite/Talparo, and Penal/Debe regional corporations. Food hampers and cleaning supplies to help residents of affected communities were also donated.

The Shelter for Battered Women and Children

Trinidad and Tobago

Sagicor continued its commitment from 2021 in donating US $2,500 to The Shelter

Left to right:

- Team Sagicor USA rolled up their sleeves to help build a community park and playground in a housing development for Habitat for Humanity.
- (l-r) Sagicor USA team members, Lauren Ruiz, Paul Boudreau, Tyler Denison and Michael Stricker, Chief Administration Officer volunteered to make pizza for the needy as part of their support to St Vincent de Paul.
- Vice President of the Optimist Club of Barbados Central, Ann Wallace-Elcock, received Sagicor's donation from Executive Vice President and General Manager, Paul Inniss after outlining the club's new Adopt-a-Family programme during a media briefing.

for Battered Women and Children, a non-governmental organisation (NGO) dedicated to helping female victims of domestic abuse to being survivors. This forms part of the Protect Our Women campaign and our Empower Her initiative.

Dominica Council on Ageing

Dominica

During the "Month of the Elderly", Sagicor supported a special Appreciation Dinner, honouring 45 specially selected individuals. The dinner was hosted by the Dominica Council on Ageing and the chosen guests were individuals who, in the past, made outstanding contributions to the welfare of older persons.

Sports

Positive Coaching Alliance

United States of America

The Triple-Impact Competitor® scholarship programme provided 25 scholarships to Tampa Bay area student-athletes and 15 scholarships to those from Arizona, for an investment of US $65,000. Sagicor partnered with Positive Coaching Alliance (PCA) with a donation of US $2,500 for the 2nd Annual Beat the Heat Golf Classic in Scottsdale, Arizona. PCA provides online and tangible educational materials to youth and high school sports coaches, parents, administrators and student-athletes to approximately 3,500 schools and youth sporting organisations.

Ballaz Football Academy

Jamaica

In June, Sagicor Group donated JA $4 million to the Ballaz Football Academy to assist with the refurbishment of their facility, branding, new gear and supporting their participation in local and overseas tournaments. Sagicor also sponsored the Jamaica Premier League for the second consecutive year in 2022. In addition to an initial cash sponsorship of JA $6 million, Sagicor also gave a donation of JA $500,000 to Dunbeholden Football Club – the team assigned to Sagicor in the tournament which was second overall in the competition.

Left to right:

- Representatives from the Council for the Disabled accepted a sponsorship cheque from Paul Inniss, Executive Vice President and General Manager (first right) to stage the first of its kind, "Deaf Calypso Project".
- General Manager and Sagicor Branch Representative, Cheryl Rolle and Agency Manager Brenton Hilaire celebrated "Month of the Elderly" by presenting a donation to a member of the Dominica Council on Ageing to host their appreciation dinner.
- Michael Stricker, Chief Administration Officer for Sagicor USA posed for a selfie with awardees of the Positive Coaching Alliance's Triple Impact Competitor Scholarship Programme.

Sunshine Girls – Jamaica National Netball Team

Jamaica

Sagicor Group Jamaica renewed its ongoing support of Jamaica's national team, the Sunshine Girls, with JA $1 million in sponsorship. The cheque was handed to the team before they departed Jamaica for the Commonwealth Games in Birmingham, United Kingdon, where they placed second overall.

Sagicor Junior International Tennis Tournament

St. Lucia

Sagicor partnered with the St Lucia Tennis Association for the third instalment of the "Sagicor Junior International Tennis Tournament" with a sponsorship investment of US $9,300. St. Lucia hosted over 70 young tennis players from the USA, Northern Caribbean & the Lesser Antilles.

The Curaçao Junior Softball League

Curaçao

Sagicor sponsored the Curaçao Junior League in the amount of US $5000, as they participated in the Latin America Little League softball Tournament.

Primary School Netball

Saint Vincent and the Grenadines

Sagicor supported the Ministry of the Public Service, Consumer Affairs and Sports with US $1,850 in sponsorship towards the top tier awards for the 2022 Inter-Schools Primary Netball competition.

Sagicor Southeast Football Club

Dominica

The Sagicor Southeast Football Club continues to excel, as two-time winners of the Dominica Premier League and as participants in regional tournaments. Sagicor provided US $2,775 in sponsorship in 2022.

Left to right:

- Tennis players from the USA, and across the Caribbean waved their national flags at the opening ceremony of the Sagicor Junior International Tennis Tournament in St Lucia.
- The Curacao Junior Softball team posed for the camera at the Latin America Little League Softball Tournament.
- Two-time winners of the Dominica Premier League, the Sagicor Southeast FC Team.

Human Capital Report

Our 3,600+ employees were the driving force behind our strong results this year, all while successfully navigating a return to work on premises once the remaining COVID-19 restrictions began to lift. They have also remained resilient in the face of this uncertainty and maintained their unwavering focus on serving our clients and the communities in which we operate. One of our key priorities is to ensure that Sagicor remains well-positioned for the future and have focused our Human Resource programmes on the key areas of:

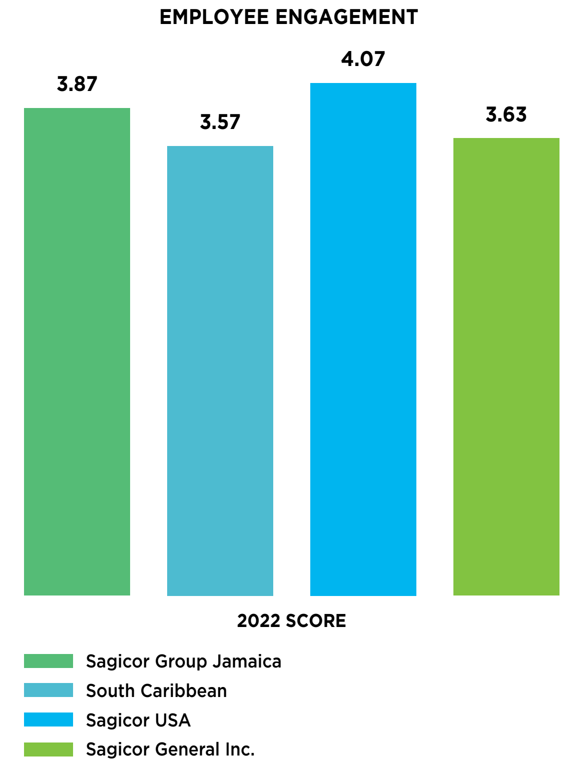
- Health and safety
- Employee engagement
- Diversity and inclusion
- Organisational restructuring
- Succession planning
- Employee training and development

Employee Health and Safety

Over the past year, our operating segments have implemented flexible and hybrid work arrangements to ensure the well-being of our employees and our conformance with public health guidelines, while ensuring we maintain our high standards for customer service. We continue to strive to find the right balance between a hybrid work environment and a work on premise environment, to foster deeper connectivity between employees. We remain focused on ensuring the health and safety of our employees, and over the past year, as part of our annual Health and Safety review, we periodically conducted assessment of workstations and of our general workplace environment. We also increased our focus on the mental health of our employees and their families given the unprecedented pressures they faced or continue to face since the pandemic. For example, Sagicor Group Jamaica has designated certain months to focus on Mental Health and provided employees opportunities to attend a series of wellness workshops and meetings with psychologists, to engage in discussions with team members on how to take care of themselves and their mental health. Sagicor USA supported employees with training and supplied information to help support employees' mental well-being, particularly in areas such as stress reduction, work-life balance, anxiety awareness and crisis management.

Employee Engagement

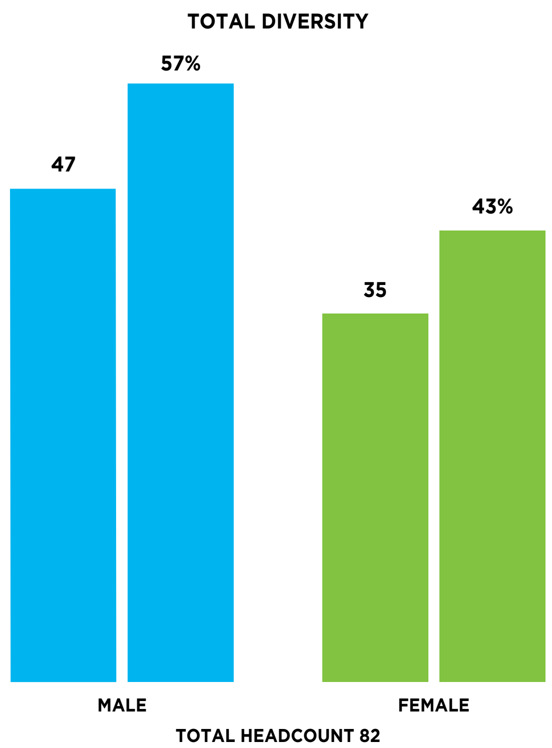
Ensuring a highly engaged workforce remains a focus for our organisation. In general, most of our key operating subsidiaries scored 3.57 or higher out of 5. While we saw a meaningful improvement in one of our operating subsidiaries, we saw minor declines in a few of others, which, in large part, due to our transition out of the restrictive pandemic environment.



The scores represent a simple average as recommended by the Manager-Research & Business Intelligence. This is as a result of our employee engagement metrics in each market. SLI & SGI Southern Caribbean, are non-standardised and as such, each score may represent market nuances based on items included in the instrument.

Diversity and Inclusion

We continue to accelerate our progress on diversity and inclusion, particularly around gender diversity, where we now have 43% of executive roles filled by female employees. Furthermore, 31% of our directors across the Group of Companies are female.



Organisational Restructuring and Succession Planning

We have implemented several organisational changes to streamline and strengthen our operations, as well as transform our businesses, while allowing us to deepen our focus on our clients. These changes also provided opportunities to further the development of senior managers and key executives.

We also introduced changes to the composition of our leadership team at the Group and operating subsidiary levels, by supplementing the existing leadership team with new expertise to support the company's digitisation strategy and adding depth in our functional areas such as risk management, finance, legal and compliance, human resources and sustainability.

Employee Training and Development

We continuously need to invest in the training and development of our employees to ensure Sagicor is not only relevant today but also remains relevant in the future. Sagicor's training and development activities support such efforts and is centered around improving the client experience and supporting new product and service launches, professional development programmes, particularly for our functional areas like finance, actuarial and risk management, as well as technological advancements and diversity and inclusion training. All employees and our sales agent are required to complete at least 10-12 hours of training annually on compliance and ethics.

Technology and Innovation

Sagicor's information technology strategy is focused on driving the creation of new areas of competitive advantage and shareholder value. We continue to build on the technology advancement made over the years, that have allowed our employees to work fully remotely during the pandemic, to continue to automate business processes to improve the client experience when delivering our financial services and products. The Company continued to roll out and further develop IT programmes designed to automate several of our business processes and enhance the sales experience through new e-channel marketing programmes and new electronic applications.

New Automated Processes

We automated numerous processes across our regions in 2022 to improve the client experience when delivering our financial services and products. Below are some of the most notable initiatives:

- **Annuity eDelivery (USA)**: Enabled an electronic delivery process for Multi-Year Guaranteed Annuity contracts enhancing the user experience while reducing the cost of issuing a new policy.
- **Automated Client Notification (Caribbean)**: Sagicor Life clients are now receiving automated notifications when payments are processed from a policy to their bank account.
- **Wealth Management Digitization (Caribbean)**: We updated Sagicor Investments Trinidad & Tobago Limited's digital applications and the automated funding of accounts, plus delivered improvements to the Client Portal.
- **Automation of Pension Benefits (Caribbean)**: We automated the defined contribution pension plans in Jamaica to allow clients immediate access to their benefit options. We also introduced Sagicor Plus which uses facial recognition technology to assess proof of life, a first for Jamaica.
- **Payroll and Human Resources Information System (USA)**: This is a new platform to manage the employee database in the USA and Canada, automating human resourses related functions and providing employees with self-services and easy access to benefits and policies.
- **Schoox (Caribbean):** This is a new Learning Management System, for administering and hosting all e-learning programmes and mandatory compliance training, which has significantly improved the efficiency and effectiveness of managing and delivering training.

Enhanced Sales and eCommerce

We implemented a new e-channel marketing programmes in our Caribbean regions in 2022.

- **The eLife Direct to Consumer (Caribbean)**: We implemented an e-commerce platform in Barbados, Dominica, Grenada, St. Vincent, and Trinidad & Tobago, including a product suite featuring the new Maximum Protector Plus, eZChoice and eZTerm products.
- **The Individual Health (IH) New Business Electronic Application (Caribbean)**: We provided an electronic application for Advisors in Trinidad & Tobago to complete and submit online with automated integration into Sagicor's existing insurance administration systems.
- **Sagicor Connect (Caribbean)**: Sagicor Bank Jamaica successfully launched its first fully end-to-end digital marketing insurance campaign offering a variety of group insurance products to the bank's customers with over 1,000 members enrolling and purchasing insurance.

Management Discussion & Analysis

Management Discussion and 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.

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ACRONYMS

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

Acronym	Phrase
AA	Appointed Actuary
AC	Amortised Cost
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

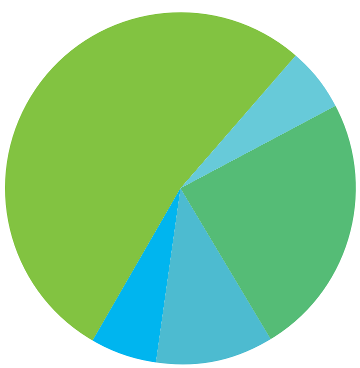
(in millions of US $, unless otherwise noted)	Three months ended December 31			Year ended December 31		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
Profitability						
Group net income	**32.3**	56.4	(43%)	**169.6**	196.5	(14%)
Net income attributable to common shareholders	**13.1**	41.9	(69%)	**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)

(in millions of US $, unless otherwise noted)	Three months ended December 31			Year ended December 31		
	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

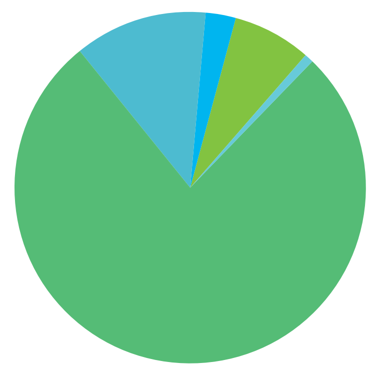
REVENUE BY GEOGRAPHICAL SEGMENTS
For the year ended December 31, 2022



Barbados - **6%**
Jamaica - **24%**
Trinidad & Tobago - **11%**
Other Caribbean - **6%**
USA - **53%**

DECEMBER 2022 REVENUE: **US $2,540.3M**

REVENUE BY LINE OF BUSINESS
For the year ended December 31, 2022



Hospitality & other - **1%**
Life, health and annuity insurance issued to individuals - **77%**
Life, health and annuity insurance issued to groups - **12%**
Property & Casualty Insurance - **3%**
Banking, investment management and other financial services - **7%**

DECEMBER 2022 REVENUE: **US $2,540.3M**

[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)

[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 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 (annualised) for the three-month period ended December 31, 2022, was 5.0%, compared to 15.1% for the same period in 2021.

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.

"Net income for the year ended December 31, 2022, reflected very strong earnings in Sagicor Life USA."

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

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 46.

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 46.

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

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

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.

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.

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

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 46. 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 46. 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.

“The Group also benefited from a positive movement in the net change in actuarial liabilities reserve of US $17.5 million.”

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											
	Sagicor Life		Sagicor Jamaica		Sagicor Life USA		Head office & other		Adjustments		Total	
(in millions of US $)	**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

5. RESULTS BY SEGMENT (continued)

	Year-to-date (twelve-month period) – December 31											
	Sagicor Life		Sagicor Jamaica		Sagicor Life USA		Head office & other		Adjustments		Total	
(in millions of US $)	**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)

[7] *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 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.

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).

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

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 organisation 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.

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

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.

New initiatives and developments

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

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

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 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%)

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

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 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

(in millions of US $)	**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.

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.

[11 & 12] Represents a non-IFRS measure: refer to Section 10 - Non-IFRS Financial Measures in this document for relevant information about such measures.

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.

	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.

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.

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

(in millions of US $)	December 31, 2022 Carrying value	Fair value	December 31, 2021 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.

	Three months ended December 31			Year ended December 31		
(in millions of US $)	**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 finalised 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.

"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.

"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."

[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.

	As of December 31, 2022		As of December 31, 2021	
(in millions of US $, except percentages)	**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%

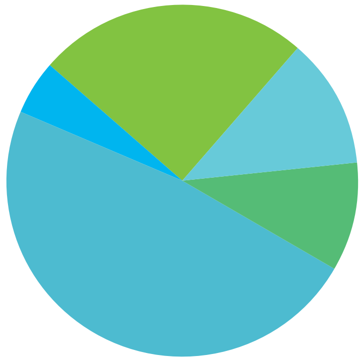
(1) Included in equity securities are exchange-traded funds of US $306.3 million as at December 31, 2022 (US $446.3 million as at December 31, 2021).

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

	As of		
(in millions of US $)	**December 31, 2022**	**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



DECEMBER 2022 DEBT SECURITIES: **US $6.6BN**

INVESTMENTS PORTFOLIO AS OF DECEMBER 31, 2022
Carrying Value (As a % of Total Investment Portfolio)

DECEMBER 2022 FINANCIAL INVESTMENTS: **US $9.0BN**

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%

(in millions of US $)	Three months ended December 31 2022	2021	Change	Year ended December 31 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

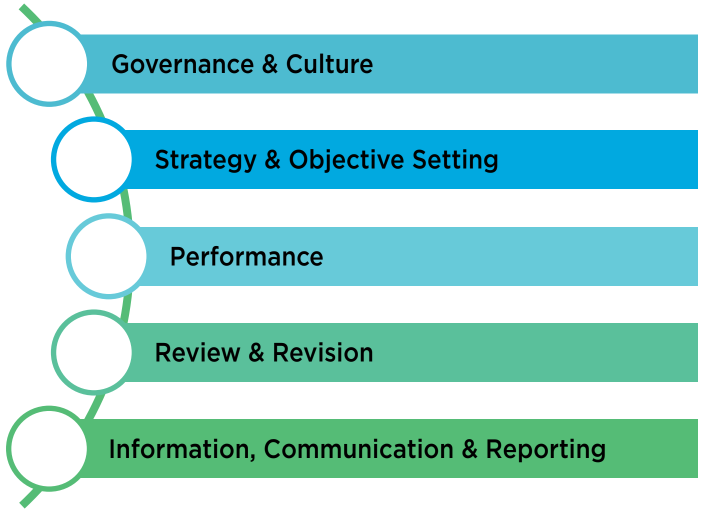
The amount of liabilities held in respect of long-term or recurring insurance or investment contracts is a measure of the quantum of business held from such contracts. The liabilities of such contracts are summarised in the following table.

(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 organisation. Our framework, which is based on the ERM guidance developed by the Committee of Sponsorship Organisations 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 organisation, 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 Market Credit Liquidity Capital	Pricing Reserving Underwriting	Business Continuity Physical Resources Fraud / Wrongdoing Human Resources Technology / Cybersecurity Litigation Compliance Process / Execution Model Third Party	Strategy Competitor Legislation Governance Strategic / External Relations International

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 ofInsurance. 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 organisation, 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				
	ECL Staging				
(in US $millions)	**Stage 1**	**Stage 2**	**Stage 3**	**POCI [c]**	**Total**
FVOCI debt securities[b]:					
Gross value	5,154.4	107.7	-	28.2	5,290.3
Loss allowance	(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 allowance	(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 allowance	(0.4)	-	-	-	(0.4)
Net value	159.6	-	-	-	159.6

	Credit exposure – December 31, 2022				
	ECL Staging				
(in US $millions)	**Stage 1**	**Stage 2**	**Stage 3**	**POCI [c]**	**Total**
Mortgage loans[a]					
Gross value	540.0	33.2	26.5	-	599.7
Loss allowance	(1.7)	(0.6)	(3.8)	-	(6.1)
Net value	538.3	32.6	22.7	-	593.6
Finance loans [a]					
Gross value	634.8	22.5	8.8	-	666.1
Loss allowance	(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 allowance	-	-	-	-	-
Net value	32.3	-	-	-	32.3
Deposits [a]					
Gross value	119.2	0.6	-	-	119.8
Loss allowance	(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 classification.
(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 rate**	**2021 average rate**
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

"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."

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	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 liabilities	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 liabilities	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, 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	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 programmes 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 organisation.

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 organisation 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 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

[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.

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 contracts		
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 amount	Fair Value Asset	Fair Value 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.

Sagicor Real Estate X-Fund Limited

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.

Jamziv MoBay Jamaica Portfolio Limited

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.

ivari

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

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

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

Disposal of insurance operations

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 Organisation 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	**N/A**	N/A	N/A	14.0%	N/A
Annualised return on shareholders' equity[19]	**11%**	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 segment:					
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.

Index to the Consolidated Financial Statements

Acronyms

Certain acronyms have been used throughout the financial statements and notes thereto to substitute phrases.

The more frequent acronyms and associated phrases are set out below.

Acronym	Phrase
AA	Appointed Actuary
EAD	Exposure at Default
ECL	Expected Credit Losses
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit and Loss
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFRS IC	International Financial Reporting Standards Interpretations Committee
IFRS 9	International Financial Reporting Standard No.9 – Financial Instruments
IFRS 16	International Financial Reporting Standard No.16 – Leases
LGD	Loss Given Default
MCCSR	Minimum Continuing Capital and Surplus Requirement
OCI	Other Comprehensive Income
PD	Probability of Default
POCI	Purchased or Originated Credit-Impaired
SICR	Significant Increase in Credit Risk
SPPI	Solely Payments of Principal and Interest

Actuary's Report

ECKLER

Sagicor

SAGICOR FINANCIAL COMPANY LTD.

APPOINTED ACTUARY'S

2021 & 2022 REPORT TO THE SHAREHOLDERS AND POLICYHOLDERS

I have performed or reviewed the valuation of the consolidated policy liabilities of Sagicor Financial Company Ltd. (Sagicor) which includes the policy liabilities of its life insurance subsidiaries, namely

- A — Sagicor Life Inc. (Barbados) (SLI),
- B — Capital Life Insurance Company Bahamas Limited (Bahamas) (CLIC),
- C — Sagicor Life Aruba NV (Aruba),
- D — Sagicor Panamá SA (Panama),
- E — Nationwide Insurance Company Limited (Trinidad & Tobago),
- F — Sagicor Life (Eastern Caribbean) Inc. (SLECI) *,
- G — Sagicor Life Jamaica Limited (Jamaica) *,
- H — Sagicor Life of the Cayman Islands Limited (Cayman Islands) *, and
- I — Sagicor Life Insurance Company (USA) *,

for the balance sheets, at 31st December 2021 and at 31st December 2022, and their change in the respective consolidated statement of operations, for the years then ended, for each organization and on a consolidated basis in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods.

The valuation of Sagicor and its Life Insurance Subsidiaries was conducted by myself, or other actuaries (indicated by a "*" above), using either the Policy Premium Method (PPM) or the Canadian Asset Liability Method (CALM) where appropriate, assuming best-estimate assumptions together with margins for adverse deviations in accordance with the Standards of Practice (Life) of the Canadian Institute of Actuaries. For those where other actuaries completed the valuation, I have reviewed and accepted their respective valuation, and I have relied on their work in order to issue this certificate.

In my opinion, the amount of policy liabilities makes appropriate provision for all policyholder obligations and the financial statements fairly represent the results of the valuation.

Sylvain Goulet, FCIA, FSA, MAAA Affiliate Member of the Institute and Faculty of Actuaries Member of the Caribbean Actuarial Association		10th March 2023
Appointed Actuary of Sagicor Financial Company Ltd. and the above Life Subsidiaries A to E	Signature	Date

Auditor's Report

pwc

Independent auditor's report

To the Shareholders of Sagicor Financial Company Ltd.

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sagicor Financial Company Ltd. (the Company) and its subsidiaries (together 'the Group') as of December 31, 2022 and December 31, 2021, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

Sagicor Financial Company Ltd.'s consolidated financial statements comprise:

- the consolidated statements of financial position as of December 31, 2022 and December 31, 2021;
- the consolidated statements of income for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers SRL, The Financial Services Centre, Bishop's Court Hill, P.O. Box 111, St. Michael, BB14004, Barbados, West Indies
T: (246) 626 6700, F: (246) 436 1275, www.pwc.com/bb

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Actuarial methodologies and assumptions used in the valuation of actuarial liabilities *Refer to Note 3 Critical accounting estimates and judgements, and Note 13 Actuarial liabilities, to the consolidated financial statements.* The Group's total actuarial liabilities were $5.2 billion as of December 31, 2022 and was the most significant liability on the Group's statement of financial position. We focused on this area as it involves significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of long-term policyholder liabilities. Economic assumptions, such as investment return, associated discount rates and borrowing rates, policy expenses, and operating assumptions such as mortality, morbidity and persistency are the key inputs used by management to estimate these long-term liabilities. Management uses qualified internal actuaries and an independent external actuary to assist in determining these assumptions and in valuing the actuarial liabilities.	Our approach to addressing the matter involved the following procedures, amongst others: • updated our understanding for any changes impacting the assumptions, specifically, investment returns, associated discount rates and borrowing rates, policy expenses and operating assumptions such as mortality, morbidity and persistency. • assessed the competence and capability of management's actuarial experts. • evaluated the methodologies and assumptions utilized by management's actuaries, considering published industry studies, market data and component specific facts and circumstances with the assistance of our actuarial experts. • tested the accuracy and completeness of the transfer of data from policy administration systems to the actuarial valuation systems. • tested a sample of contracts to assess whether contract features corresponded to the data in the actuarial valuation systems.

Auditor's Report

pwc

Key audit matter	How our audit addressed the key audit matter
Expected Credit Loss (ECL) - Probabilities of Default & Forward-Looking Assumptions of financial investments *Refer to Note 3 Critical accounting estimates and judgements and Note 40.2 Credit risk exposure, to the consolidated financial statements.* The Group's total financial investments subject to credit risk were $8.7 billion as of December 31, 2022 and the related credit impairment losses in relation to those financial investments was $6.3 million for the year ended December 31, 2022. We have focused on the following areas because there are a number of significant management determined judgements within the ECL model, including the following: • Probabilities of default (PD): These represent the likelihood of a borrower defaulting on its obligation over the next twelve months or over the remaining lifetime of the obligation. PDs are developed with reference to external data collated by international credit rating agencies, with specific adjustments for industries and country specific risks, where necessary. • Use of multiple forward looking economic scenarios. Management performed regression analysis to determine the impact of future economic conditions on probabilities of default in the countries and industries where the Group has investment securities. A macroeconomic indicator is determined, which is statistically linked to the credit risk of the sovereign exposure and/or corporate exposure. Management engaged a credit modeller expert to assist in the more complex aspects of the design of the expected credit loss model.	Our approach to addressing the matter, with the assistance of our valuation experts, involved the following procedures, amongst others: • updated our understanding of management's ECL model including any changes to source data, assumptions and tested the mathematical integrity of the model. • evaluated the design and tested the operating effectiveness of the relevant controls for the forward-looking information in the ECL determination, by inspection of the review and approval of key assumptions, judgements and forward-looking assumptions prior to being incorporated within the ECL model. • on a sample basis, tested the critical data fields used in the ECL model for the PD determination, such as the credit rating, date of default (if any), and type of debt security by tracing back to source documents including external public information where available. • evaluated the appropriateness of management's judgements pertaining to forward looking information, including macroeconomic factors, which is the basis of the multiple economic scenarios used. Sensitised the various inputs and assumptions as part of our reasonability tests.

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Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Report

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Gerald Mahon.

PricewaterhouseCoopers SRL

PricewaterhouseCoopers SRL
Bridgetown, Barbados
March 24, 2023

Amounts expressed in US $000

	Note	2022	2021
ASSETS			
Investment property	5	77,359	75,954
Property, plant and equipment	7	178,855	266,781
Associates and joint ventures	6	60,939	55,261
Intangible assets	8	105,313	89,101
Financial investments	9	8,346,683	7,889,752
Financial investments repledged	9	623,871	608,343
Reinsurance assets	10	544,659	630,717
Income tax assets	11	80,248	47,161
Miscellaneous assets and receivables	12	299,733	276,752
Restricted cash		80,074	78,135
Cash		368,137	359,975
Total assets		**10,765,871**	**10,377,932**

These financial statements have been approved for issue by the Board of Directors on March 20, 2023.

....
Director

....
Director

	Note	2022	2021
LIABILITIES			
Actuarial liabilities	13	5,182,739	4,792,627
Other policy liabilities	14	362,912	341,441
Investment contract liabilities	15	472,297	468,094
Total policy liabilities		6,017,948	5,602,162
Notes and loans payable	16	632,535	683,388
Lease liabilities	48	33,294	32,836
Deposit and security liabilities	17	2,182,271	1,996,373
Other liabilities / retirement benefit liabilities	18	65,696	81,513
Income tax liabilities	19	82,882	61,926
Accounts payable and accrued liabilities	20	248,393	253,521
Total liabilities		**9,263,019**	**8,711,719**
EQUITY			
Share capital	21	1,426	1,431
Share premium	21	734,922	737,114
Reserves	22	(189,982)	(60,472)
Retained earnings		537,878	455,897
Total shareholders' equity		1,084,244	1,133,970
Participating accounts	23	181	581
Non-controlling interests	4.4	418,427	531,662
Total equity		**1,502,852**	**1,666,213**
Total liabilities and equity		**10,765,871**	**10,377,932**

Amounts expressed in US $000

	Note	2022	2021
REVENUE			
Premium revenue	24	2,159,785	1,817,497
Reinsurance premium expense	24	(111,709)	(104,347)
Net premium revenue		2,048,076	1,713,150
Gain on derecognition of amortised cost investments		4,316	23,177
Gain on derecognition of assets carried at FVOCI		1,187	22,778
Interest income earned from financial assets measured at amortised cost and FVOCI	26	432,735	337,414
Other investment (loss) / income	26	(114,741)	92,383
Credit impairment losses		(6,289)	4,328
Fees and other revenue	27	174,968	165,864
Total revenue, net		**2,540,252**	**2,359,094**
BENEFITS			
Policy benefits and change in actuarial liabilities	25	1,650,112	1,499,804
Policy benefits and change in actuarial liabilities reinsured	25	(45,972)	(11,070)
Net policy benefits and change in actuarial liabilities		1,604,140	1,488,734
Interest costs	28.1	62,381	42,673
Total benefits		**1,666,521**	**1,531,407**
EXPENSES			
Administrative expenses		392,912	349,787
Commissions and related compensation		137,471	135,998
Premium and asset taxes		17,659	17,524
Finance costs	28.2	39,626	45,054
Depreciation and amortisation		30,950	32,701
Total expenses		**618,618**	**581,064**

	Note	2022	2021
OTHER			
Gain arising on business combinations, acquisitions and divestitures	37	1,685	10,706
Share of operating income of associates and joint ventures	6.1	6,106	7,404
Total other income		**7,791**	**18,110**
INCOME BEFORE TAXES		262,904	264,733
Income taxes	32	(93,302)	(68,257)
NET INCOME FOR THE YEAR		**169,602**	**196,476**
Net income is attributable to:			
Common shareholders		115,565	133,179
Participating policyholders		166	(622)
Non-controlling interests	4.1	53,871	63,919
		169,602	196,476
Earnings per common share:	34		
Basic earnings per common share		80.9 cents	91.9 cents
Fully diluted earnings per common share		79.8 cents	90.7 cents

Amounts expressed in US $000

OTHER COMPREHENSIVE INCOME	Note	2022	2021
Items net of tax that may be reclassified subsequently to income:	35		
Financial assets measured at FVOCI:			
Losses on revaluation		(490,762)	(40,514)
Gains transferred to income		(566)	(19,599)
Net change in actuarial liabilities		312,318	16,168
Cash flow hedges		-	3,448
Retranslation of foreign currency operations		3,690	(71,841)
		(175,320)	(112,338)
Items net of tax that will not be reclassified subsequently to income:	35		
Gains on revaluation of owner-occupied and owner-managed property		13,445	12,176
Gains / (losses) on defined benefit plans		8,856	(15,628)
		22,301	(3,452)
OTHER COMPREHENSIVE LOSS		**(153,019)**	**(115,790)**

TOTAL COMPREHENSIVE INCOME	2022	2021
Net income	169,602	196,476
Other comprehensive loss	(153,019)	(115,790)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**16,583**	**80,686**
Total comprehensive income is attributable to:		
Common shareholders	(16,598)	72,946
Participating policyholders	(225)	(841)
Non-controlling interests	33,406	8,581
	16,583	80,686

Amounts expressed in US $000

	Share Capital (note 21)	Share Premium (note 21)	Reserves (note 22)	Retained Earnings	Total Shareholders' Equity	Participating Accounts (note 23)	Non-controlling Interests	Total Equity
2022								
Balance, December 31, 2021	1,431	737,114	(60,472)	455,897	1,133,970	581	531,662	1,666,213
Total comprehensive income	-	-	(132,531)	115,933	(16,598)	(225)	33,406	16,583
Transactions with holders of equity instruments:								
Allotment of common shares	7	3,907	-	-	3,914	-	-	3,914
Repurchase of shares (note 21)	(12)	(6,095)	-	104	(6,003)	-	-	(6,003)
Movement in treasury shares	-	(4)	-	-	(4)	-	-	(4)
Changes in reserve for equity compensation benefits	-	-	399	(244)	155	-	64	219
Dividends declared (note 21)	-	-	-	(32,141)	(32,141)	-	(20,807)	(52,948)
Changes in ownership interest in subsidiaries	-	-	-	399	399	-	9,976	10,375
Disposal of interest in subsidiaries	-	-	-	-	-	-	(136,918)	(136,918)
Transfers and other movements	-	-	2,622	(2,070)	552	(175)	1,044	1,421
Balance, December 31, 2022	**1,426**	**734,922**	**(189,982)**	**537,878**	**1,084,244**	**181**	**418,427**	**1,502,852**

Amounts expressed in US $000

	Share Capital (note 21)	Share Premium (note 21)	Reserves (note 22)	Retained Earnings	Total Shareholders' Equity	Participating Accounts (note 23)	Non-controlling Interests	Total Equity
2021								
Balance, December 31, 2020	1,463	753,490	(14,868)	369,695	1,109,780	1,607	546,823	1,658,210
Total comprehensive income	-	-	(51,300)	124,246	72,946	(841)	8,581	80,686
Transactions with holders of equity instruments:								
Allotment of common shares	8	4,162	-	-	4,170	-	-	4,170
Repurchase of shares (note 21)	(40)	(20,539)	-	600	(19,979)	-	-	(19,979)
Movement in treasury shares	-	1	-	-	1	-	-	1
Changes in reserve for equity compensation benefits	-	-	(606)	8	(598)	-	35	(563)
Dividends declared (note 21)	-	-	-	(32,539)	(32,539)	-	(19,132)	(51,671)
Changes in ownership interest in subsidiaries	-	-	-	(2)	(2)	-	(22)	(24)
Disposal of interest in subsidiaries	-	-	-	(13)	(13)	-	(3,181)	(3,194)
Transfers and other movements	-	-	6,302	(6,098)	204	(185)	(1,442)	(1,423)
Balance, December 31, 2021	**1,431**	**737,114**	**(60,472)**	**455,897**	**1,133,970**	**581**	**531,662**	**1,666,213**

Amounts expressed in US $000

	Note	2022	2021
OPERATING ACTIVITIES			
Income before taxes		262,904	264,733
Adjustments for non-cash items, interest and dividends	36.1	675,710	396,330
Interest and dividends received		459,292	389,798
Interest paid		(97,412)	(90,633)
Income taxes paid		(47,670)	(66,276)
Net change in investments and operating assets	36.1	(1,557,753)	(1,084,876)
Net change in operating liabilities	36.1	150,426	315,806
Net cash flows - operating activities		**(154,503)**	**124,882**
INVESTING ACTIVITIES			
Property, plant and equipment, net	36.2	(17,446)	(10,638)
Associates and joint ventures, net	37.7	-	50,068
Dividends received from associates and joint ventures		1,000	1,060
Purchase of intangible assets		(4,353)	(4,312)
Acquisition of subsidiaries, net of cash and cash equivalents	37.1	(17,113)	(23)
Proceeds on disposal of subsidiary, net of cash and cash equivalents	37.3	11,292	-
Net cash flows - investing activities		**(26,620)**	**36,155**

	Note	2022	2021
FINANCING ACTIVITIES			
Repurchase of common shares		(6,003)	(19,979)
Movement of treasury shares		(4)	1
Shares purchased from non-controlling interests		903	(1,551)
Issuance of notes and loans payable	36.3	61,734	552,304
Repayments on notes and loans payable	36.3	(71,748)	(330,777)
Lease liability principal paid	36.4	(7,600)	(7,845)
Dividends paid to common shareholders		(32,151)	(32,548)
Dividends paid to non-controlling interests		(20,773)	(19,132)
Proceeds on disposal of interest in subsidiary	37.3	10,376	-
Net cash flows - financing activities		**(65,266)**	**140,473**
Effects of exchange rate changes		2,335	(11,927)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(244,054)**	**289,583**
Cash and cash equivalents, beginning of year		836,791	547,208
CASH AND CASH EQUIVALENTS, END OF YEAR	36.5	**592,737**	**836,791**

1 GENERAL INFORMATION

Sagicor Financial Company Ltd. (TSX: SFC, "Sagicor" or the "Company") is a leading financial services provider in the Caribbean, with over 180 years of history. SFC'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.

On November 27, 2018, Sagicor Financial Corporation Limited ("SFCL") entered into a definitive arrangement agreement as amended on January 28, 2019 with Alignvest Acquisition II Corporation, a special purpose acquisition company, pursuant to which on December 5, 2019, Alignvest acquired all of the issued and outstanding shares of SFCL by way of an Ontario court approved plan of arrangement and a Bermuda court approved scheme of arrangement. On closing, Alignvest Acquisition II Corporation changed its name to Sagicor Financial Company Ltd., whose operations continue as SFC, and owns 100% of the shares in the capital of SFCL.

The Company trades on the Toronto Stock Exchange under the new symbols "SFC" and "SFC.WT". 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.

1 GENERAL INFORMATION (continued)

Sagicor and its subsidiaries ("the Group") operate across the Caribbean and in the United States of America (USA). Details of Sagicor's holdings and operations are set out in note 4.

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.

For ease of reference, when the term "insurer" is used in the following notes, it refers to either one or more Group subsidiaries that engages in insurance activities.

These consolidated financial statements for the year ended December 31, 2022 have been approved by the Board of Directors on March 20, 2023. Neither the Company's owners nor others have the power to amend the financial statements after issue.

2 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements are prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS).

The Group has adopted accounting policies for the computation of actuarial liabilities of life insurance and annuity contracts using approaches consistent with the principles of the Canadian standards of practice. As no specific guidance is provided by IFRS for computing actuarial liabilities, management has judged that the Canadian standards of practice should continue to be applied. The adoption of IFRS 4 – Insurance Contracts, permits the Group to continue with this accounting policy, with the modification required by IFRS 4 that rights under reinsurance contracts are measured separately.

The consolidated financial statements are prepared under the historical cost convention except as modified by the revaluation of investment property, owner-occupied property, financial assets carried at fair value through other comprehensive income, financial asset and liabilities held at fair value through income, actuarial liabilities and associated reinsurance assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas when assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

All amounts in these financial statements are shown in thousands of United States dollars, unless otherwise stated.

2.1 Basis of preparation (continued)

The Group has adopted the amendments to IFRS and IAS set out in the following tables. None of these amendments have a material effect on the Group's financial statements.

Amendment to existing IFRS effective April 1, 2021

Standard	Description of amendment
IFRS 16 – Leases; COVID-19 related rent concessions	This amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. Lessees can elect to account for such rent concessions in the same way they would if they were not lease modifications.

Amendments to existing IFRS and IAS effective January 1, 2022

Standard	Description of amendment
IFRS 3 – Business combinations	These amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
Amendments to IAS 16 – Property, plant and equipment	These amendments prohibit a company from deducting from the cost of property, plant and equipment, amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets	These amendments specify which costs a company includes when assessing whether a contract will be loss-making.

Amounts expressed in US $000

2 Basis of preparation (continued)

The annual improvements set out below are effective January 1, 2022. None of these amendments have a material effect on the Group's financial statements.

Annual Improvements to Standards	Description of amendment
IFRS 1 - First-time Adoption of International Financial Reporting Standards	To simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter of IFRS after its parent company has already adopted them. The amendment relates to the measurement of cumulative translation differences.
IFRS 9 - Financial Instruments	To clarify the fees a company includes in assessing the terms of a new or modified financial liability to determine whether to derecognise a financial liability.
Illustrative Examples accompanying IFRS 16 Leases	To remove the potential for confusion regarding lease incentives by amending an Illustrative Example accompanying IFRS 16.
IAS 41 - Agriculture	To align the fair value measurement in IAS 41 with those in other IFRS.

IFRS IC clarification on Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)

In October 2022, the IASB finalised the IFRS IC agenda decision addressing a request for clarification on how the lessor, in an operating lease, accounts for a rent concession which involves only the forgiveness of lease payments from the lessee under the following scenarios:

(i) The lessor has recorded receivables and income relating to lease payments which are contractually due but unpaid;
(ii) There are lease payments which are not yet contractually due.

2 Basis of preparation (continued)

IFRS IC clarification on Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16) (continued)

Standard	Description of impact
IFRS 9 – Financial instruments	Where there is forgiveness of lease payments relating to recorded receivables, the lessor is required to apply the impairment requirements using the Expected Credit Losses (ECL) model in IFRS 9 to the gross carrying amounts of the operating lease receivables from the date of recognition of the amounts receivable. For lessors that previously applied IFRS 16 to forgiveness of lease payments relating to recorded receivables, the guidance will represent a change in accounting policy.
IFRS 16 - Leases	Forgiveness of lease payments which are not yet contractually due is accounted for as a lease modification under IFRS 16, as a new lease. The revised future lease payments (including any prepaid or accrued lease payments relating to the original lease) under the new lease are subsequently recognised as income on a straight-line or another systematic basis.

The IFRS IC agenda decision does not have a material effect on the Group's financial statements.

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group has control over an entity when the Group is exposed to the variable returns from its ownership interest in the entity and when the Group can affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group, and subsidiaries are de-consolidated from the date on which control ceases.

2.2 Basis of consolidation (continued)

(a) Subsidiaries (continued)

All material intra-group balances, transactions and gains are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group uses the acquisition method of accounting when control over entities and insurance businesses is obtained by the Group. The cost of an acquisition is measured as the fair value of the identifiable assets given, the equity instruments issued, and the liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. Acquisition-related costs are expensed as incurred.

The excess of the cost of the acquisition, the non-controlling interest recognised and the fair value of any previously held equity interest in the acquiree, over the fair value of the net identifiable assets acquired is recorded as goodwill. If there is no excess and there is a shortfall, the Group reassesses the net identifiable assets acquired. If after reassessment, a shortfall remains, the acquisition is deemed to be a bargain purchase and the shortfall is recognised in income as a gain on acquisition.

Subsequent ownership changes in a subsidiary, without loss of control, are accounted for as transactions between owners in the statement of changes in equity.

Non-controlling interest balances represent the equity in a subsidiary not attributable to Sagicor's interest.

On an acquisition by acquisition basis, the Group recognises, at the date of acquisition, the components of any non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's net identifiable assets. The latter option is only available if the non-controlling interest component is entitled to a proportionate share of net identifiable assets of the acquiree in the event of liquidation. For certain components of non-controlling interests, other IFRS may override the fair value option.

Non-controlling interest balances are subsequently re-measured by the non-controlling's proportionate share of changes in equity after the date of acquisition.

2.2 Basis of consolidation (continued)

(b) Sale of subsidiaries

On the sale of or loss of control of a subsidiary, the Group derecognises the related assets, liabilities, non-controlling interest and associated goodwill of the subsidiary. The Group reclassifies its share of balances of the subsidiary previously recognised in other comprehensive income either to income or to retained earnings as appropriate. The gain (or loss) on sale recorded in income is the excess (or shortfall) of the fair value of the consideration received over the derecognised and reclassified balances.

(c) Associates and joint ventures

The investments in associated companies, which are not majority-owned or controlled but where significant influence exists, are included in these consolidated financial statements under the equity method of accounting. Investments in companies are accounted for as associates in instances when significant influence exists even though the shareholding may be less than 20%.

Investments in associate and joint venture companies are originally recorded at cost and include intangible assets identified on acquisition.

Accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Assets of certain associates include significant proportions of investment property and financial instruments invested in investment property which are carried at fair value in accordance with the valuation procedures outlined in note 2.5.

The Group recognises in income its share of associate and joint venture companies' post-acquisition income and its share of the amortisation and impairment of intangible assets which were identified on acquisition. Unrealised gains or losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest.

The Group recognises in other comprehensive income, its share of post-acquisition other comprehensive income. The Group recognises an impairment of its net investment in an associate or a joint venture when there is objective evidence that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the associate's or joint venture's fair value less costs to sell and its value in use.

2.2 Basis of consolidation (continued)

(d) Pension and investment funds

Insurers have issued deposit administration and unit linked contracts in which the full return of the assets supporting these contracts accrues directly to the contract-holders. As these contracts are not operated under separate legal trusts, they have been consolidated in these financial statements.

The Group manages segregated pension funds, mutual funds and unit trusts. These funds are segregated and investment returns on these funds accrue directly to unitholders. Consequently, the assets, liabilities and activity of these funds are not included in these consolidated financial statements unless the Group has a significant holding in the fund. Where a significant holding exists, the Group either consolidates the assets, liabilities and activity of the fund and accounts for any non-controlling interest as a financial liability or accounts for the fund as an associate.

(e) Employees share ownership plan (ESOP)

The Company has established an ESOP Trust, which either acquires Company shares on the open market, or is allotted new shares by the Company. The Trust holds the shares on behalf of employees until the employees' retirement or termination from the Group. Until distribution to employees, shares held by the Trust are accounted for as treasury shares. All dividends received by the Trust are applied towards the future purchase of Company shares.

2.3 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each reporting unit of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). A reporting unit may be an individual subsidiary, a branch of a subsidiary or an intermediate holding company group of subsidiaries.

The consolidated financial statements are presented in thousands of United States dollars, which is the Group's presentational currency.

(b) Reporting units

The results and financial position of reporting units that have a functional currency other than the Group's presentational currency are translated as follows:

(i) Income, other comprehensive income, movements in equity and cash flows are translated at average exchange rates for the year.
(ii) Assets and liabilities are translated at the exchange rates ruling on December 31.
(iii) Resulting exchange differences are recognised in other comprehensive income.

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.

	2022 closing	2022 average	2021 closing	2021 average
Barbados dollar	2.0000	2.0000	2.0000	2.0000
Eastern Caribbean dollar	2.7000	2.7000	2.7000	2.7000
Jamaica dollar	151.0082	153.2954	153.9200	149.7042
Trinidad & Tobago dollar	6.7414	6.7402	6.7626	6.7426

2.3 Foreign currency translation (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recorded in other comprehensive income. On the disposal or loss of control of a foreign entity, such exchange differences are transferred to income.

Goodwill and other intangible assets recognised on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the rate ruling on December 31.

(c) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses, which result from the settlement of foreign currency transactions and from the retranslation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary assets and liabilities, primarily deferred policy acquisition costs and unearned premiums, are maintained at the transaction rates of exchange.

The foregoing exchange gains and losses which are recognised in the income statement are included in other revenue.

Exchange differences on the retranslation of the fair value of non-monetary items such as equities held at fair value through income are reported as part of the fair value gain or loss. Exchange differences on the retranslation of the fair value of non-monetary items such as equities held as FVOCI are reported as part of the fair value gain or loss in other comprehensive income.

2.4 Segments

Reportable operating segments have been defined in accordance with performance and resource allocation decisions of the Group's Chief Executive Officer.

2.5 Investment property

Investment property consists of freehold lands and freehold properties which are held for rental income and/or capital appreciation. Investment property is recorded initially at cost. In subsequent financial years, investment property is recorded at fair values as determined by independent valuation, with the appreciation or depreciation in value being taken to investment income. Fair value represents the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at the valuation date. Fair values are derived using the market value approach and the income capitalisation approach, which reference market-based evidence, using comparable prices adjusted for specific factors such as nature, location and condition of property.

Investment property includes property partially owned by the Group and held under joint operations with third parties for which the Group recognises its share of the joint operation's assets, liabilities, revenues, expenses and cash flows.

Transfers to or from investment property are recorded when there is a change in use of the property. Transfers to owner-occupied property or to real estate developed for resale are recorded at the fair value at the date of change in use. Transfers from owner-occupied property are recorded at their fair value and any difference with carrying value at the date of change in use is dealt with in accordance with note 2.6.

Investment property may include property of which a portion is held for rental to third parties and the other portion is occupied by the Group. In such circumstances, the property is accounted for as an investment property if the Group's occupancy level is not significant in relation to the total available occupancy. Otherwise, it is accounted for as an owner-occupied property.

Rental income is recognised in accordance with note 2.10(a).

2.6 Property, plant and equipment

Property, plant and equipment are recorded initially at cost. Subsequent expenditure is capitalised when it will result in future economic benefits to the Group.

Amounts expressed in US $000

2.6 Property, plant and equipment (continued)

Owner-occupied properties and owner-managed hotel properties are re-valued at least every three years to their fair value as determined by independent valuation. Fair value represents the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at valuation date. Revaluation of a property may be conducted more frequently if circumstances indicate that a significant change in fair value has occurred. Movements in fair value are reported in other comprehensive income, unless there is a cumulative depreciation in respect of an individual property, which is then recorded in income. Accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset.

Owner-occupied properties include property held under joint operations with third parties for which the Group recognises its share of the joint operation's assets, liabilities, revenues, expenses and cash flows. On the disposal of the property, the amount included in the fair value reserve is transferred to retained earnings.

The Group, as lessor, enters into operating leases with third parties to lease certain property, plant and equipment. Income from these activities is recognised in accordance with note 2.10(a) in accordance with IFRS 16 - Leases.

Depreciation is calculated on the straight-line method to write down the cost or fair value of property, plant and equipment to residual value over the estimated useful life. Estimated useful lives are reviewed annually and are as follows:

Asset	Estimated useful life
Owner-occupied buildings	40 to 50 years
Owner-managed hotel buildings	40 to 50 years
Furnishings and leasehold improvements	2 to 10 years, or lease term
Computer and office equipment	1 to 10 years
Vehicles	4 to 5 years
Right-of-use assets	1.5 to 12 years

Lands are not depreciated.

2.6 Property, plant and equipment (continued)

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Gains or losses recognised in income on the disposal of property, plant and equipment are determined by comparing the net sale proceeds to the carrying value.

2.7 Intangible assets

(a) Goodwill

Goodwill (defined in note 2.2(a)) arising from an acquisition of a subsidiary or insurance business is allocated to appropriate cash generating units which are defined by the Group's operating segments. Goodwill arising in a reportable operating segment is allocated to that segment. Goodwill arising in a Group entity, which is not within a reportable operating segment, is allocated to that entity's own operations, or, if that entity is managed in conjunction with another Group entity, to their combined operations.

Goodwill arising from an investment in an associate is included in the carrying value of the investment.

Goodwill is tested annually for impairment and whenever there is an indication of impairment. Goodwill is carried at cost less accumulated impairment. An impairment loss is recognised for the amount by which the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is the higher of an operating segment's (or operation's) fair value less costs to sell and its value in use.

On the disposal of a subsidiary or insurance business, the associated goodwill is derecognised and is included in the gain or loss on disposal. On the disposal of a subsidiary or insurance business forming part of a reportable operating segment, the proportion of goodwill disposed is the proportion of the fair value of the asset disposed to the total fair value of the operating segment.

2.7 Intangible assets (continued)

(b) Other intangible assets

Other intangible assets identified on acquisition are recognised only if future economic benefits attributable to the asset will flow to the Group and if the fair value of the asset can be measured reliably. In addition, for the purposes of recognition, the intangible asset must be separable from the business being acquired or must arise from contractual or legal rights. Intangible assets acquired in a business combination are initially recognised at their fair value.

Other intangible assets, which have been acquired directly, are recorded initially at cost.

On acquisition, the useful life of the asset is estimated. If the estimated useful life is definite, then the cost of the asset is amortised over its life, and the asset is tested for impairment when there is evidence of same. If the estimated useful life is indefinite, the asset is tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The estimated useful lives of recognised intangible assets are as follows:

Class of intangible asset	Asset	Estimated useful life
Customer-related	Customer relationships	5 - 20 years
	Broker relationships	10 years
	Trade names	10 years
Contract-based	Licences	15 years
Technology-based	Software	2 – 5 years

2.8 Real estate developed or held for resale

Lands being made ready for resale along with the cost of infrastructural works are classified as real estate held for resale and are stated at the lower of carrying value and fair value less costs to sell. Real estate acquired through foreclosure is classified as real estate held for resale and is stated at the lower of carrying value and fair value less costs to sell.

Gains and losses realised on the sale of real estate are included in revenue at the time of sale.

2.9 Financial investments

(a) Classification of financial assets

The Group utilises a principles-based approach to the classification of financial assets. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortised cost based on the nature of the cash flows of these assets and the Group's business model. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to profit or loss.

Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost, at FVOCI or at FVTPL. Financial assets are recognised when the Group becomes a party to the contractual provision of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

(b) Classification of debt instruments

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories.

Measured at amortised cost

Debt instruments that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs.

2.9 Financial investments (continued)

Measured at fair value through other comprehensive income (FVOCI)

Debt instruments held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. These comprise primarily debt securities and money market funds.

Measured at fair value through profit and loss (FVTPL)

Debt instruments are classified in this category if they meet one or more of the criteria set out below and are so designated irrevocably at inception:

- the use of the designation removes or significantly reduces an accounting mismatch;
- when the performance of a group of financial assets is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;
- when the debt instruments are held for trading and are acquired principally for the purpose of selling in the short-term or if they form part of a portfolio of financial assets in which there is evidence of short-term profit-taking.

Business model assessment

Business models are determined at the level which best reflects how the Group manages portfolios of assets to achieve business objectives. Judgement is used in determining business models, which is supported by relevant, objective evidence including:

- The nature of liabilities, if any, funding a portfolio of assets;
- The nature of the market of the assets in the country of origination of a portfolio of assets;
- How the Group intends to generate profits from holding a portfolio of assets;
- The historical and future expectations of asset sales within a portfolio.

2.9 Financial investments (continued)

Solely payments of principal and interest ("SPPI")

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at FVTPL.

(c) Unit linked funds fair value model

The Group's liabilities include unit linked funds which are components of insurance contracts issued or unit linked investment contracts issued with terms that the full investment return earned on the backing assets accrue to the contract-holders. Where these liabilities are accounted for at FVTPL, the financial investments backing these liabilities are consequently classified as and measured at FVTPL. This is to eliminate any accounting mismatch.

(d) Impairment of financial assets measured at amortised cost and FVOCI

At initial recognition of a financial asset, allowance (or provision in the case of some loan commitments and financial guarantees) is required for Expected Credit Losses (ECL) resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ('12-month ECL').

2.9 Financial investments (continued)

In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL are recognised are defined as 'Stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is objective evidence of impairment are defined as being in default or otherwise credit-impaired are in 'Stage 3'. Purchased or originated credit-impaired financial assets ("POCI") are treated differently as set out below.

To determine whether the lifetime credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available, including information from the past and forward-looking information. Factors, such as whether payments of principal and interest are in default, an adverse change in credit rating of the borrower and adverse changes in the borrower's industry and economic environment, are considered in determining whether there has been a significant increase in the credit risk of the borrower.

(e) Purchased or originated credit-impaired assets (POCI)

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. These financial assets are credit-impaired on initial recognition. The Group calculates the credit-adjusted effective interest rate, which is calculated based on the fair value origination of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. The ECL of these assets is always measured on a lifetime basis.

At each reporting date, the Group shall recognise in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss. The Group will recognise favourable changes in lifetime expected credit losses as an impairment gain, the gain occurs when the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

2.9 Financial investments (continued)

(f) Definition of default

The Group determines that a financial instrument is credit-impaired and in Stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for 90 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

(g) Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

(h) The general approach to recognising and measuring ECL

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort, at the reporting date, about past events, current conditions and forecasts of future economic conditions.

2.9 Financial investments (continued)

Measurement

Expected credit losses are calculated by multiplying three main components, being the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to contract and other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the lifetime ECL on initial recognition (i.e. Stage 3). For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience; but given that IFRS 9 requirements have only been applied since January 1, 2018, the historical period for such review is limited. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions, remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling, and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, and particularly to changes in economic and credit conditions across wide geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD. Stage 3 estimates will continue to leverage pre-January 1, 2018 processes for estimating losses on impaired loans; however, these processes will be updated as experience develops, including the requirement to consider multiple forward-looking scenarios. An expected credit loss estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating expected credit losses.

2.9 Financial investments (continued)

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

For defaulted financial assets, based on management's assessment of the borrower, a specific provision of expected lifetime losses which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

Forward-looking information

The estimation and application of forward-looking information will require significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each macroeconomic scenario used in the expected credit loss calculation will have forecasts of the relevant macroeconomic variables – including, but not limited to, unemployment rates and gross domestic product, for a three-year period, subsequently reverting to long-run averages. Our estimation of expected credit losses in Stage 1 and Stage 2 will be a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Our base case scenario will be based on macroeconomic forecasts where available. Upside and downside scenarios will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

2.9 Financial investments (continued)

Scenario design, including the identification of additional downside scenarios will occur on at least an annual basis and more frequently if conditions warrant. Scenarios will be probability-weighted according to our best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights will be updated on a quarterly basis.

(i) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Group assesses whether the new terms are substantially different from the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit-share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency in which the loan is denominated.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial investment and recognises a new investment at fair value and recalculates the new effective interest rate for the investment. The date of negotiation is consequently considered to the be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk.

(j) Reclassified balances

The Group reclassifies debt securities when and only where its business model for managing those investments changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

2.9 Financial investments (continued)

(k) Classification of equity instruments

The Group classifies and subsequently measures all equity investments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

(l) Embedded derivatives

The Group may hold debt securities and preferred equity securities which may contain embedded derivatives. The embedded derivative of a financial investment is classified in the same manner as the host contract.

(m) Presentation in the statements of income and other comprehensive income (OCI)

Financial instruments measured at FVTPL

Realised changes in fair value, unrealised changes in fair value, interest income and dividend income are included in other investment income.

Financial instruments at amortised cost

- Interest income is included in interest income earned from financial assets measured at amortised cost in the consolidated statement of income.
- Credit impairment losses are included in the consolidated statement of income.
- Gain or loss on derecognition of debt securities is presented in the consolidated statement of income.

Financial instruments measured at FVOCI

- Interest income is included in interest income earned from financial assets measured at FVOCI in the consolidated statement of income.
- Credit impairment losses are included in the consolidated statement of income.
- Unrealised gains and losses arising from changes in fair value are presented in OCI.
- On derecognition, the cumulative fair value gain or loss is transferred from OCI and is presented in the consolidated statement of income.

2.9 Financial investments (continued)

Equity securities measured at FVOCI

- Dividend income is included in other investment income.
- Unrealised changes in fair value presented in OCI. Any impairment losses are included with fair value changes.
- On derecognition, the cumulative gain or loss in OCI remains in the fair value reserve for FVOCI assets.

2.10 Leases

(a) Leases held as lessor

The Group holds finance leases with third parties to lease assets. Finance leases are leases in which the Group has transferred substantially the risks of ownership to the lessee. The finance lease, net of unearned finance income, is recorded as a receivable and the finance income is recognised over the term of the lease using the effective yield method. Impairment of finance lease receivables is measured in accordance with the requirements for amortised cost debt instruments.

The Group holds operating leases primarily for the rental of investment property and certain owner-occupied property. The Group recognises revenue from these activities on a straight-line basis or on another systematic basis if that basis is more representative of the pattern of use of the underlying asset.

(b) Leases held as lessee

At the inception of a rental contract for office space or a contract for the use of an asset, the Group assesses whether the contract contains a lease. A contract is, or contains, a lease if it conveys to the Group the right to control the use of the office space or asset for a time period in exchange for consideration. The Group has elected to use the exemption for lease periods with a term of 12 months or less, or those leases for which the underlying asset has a low value, in which case the lease payments are recognised in administrative expenses. Low value assets comprise IT equipment and small items of office furniture.

2.10 Leases (continued)

For a contract that contains a lease, the Group may account for the lease component separately from the non-lease component. As a practical expedient, the Group elected, by class of underlying asset, not to separate the non-lease and lease components, and instead account for the contract as a lease.

As of the date the asset is available for use by the Group (the commencement date), a right-of-use asset and a corresponding lease liability are recognised.

The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the Group; and
(d) restoration costs.

The Group recognises the costs described in paragraph (d) as part of the cost of the right-of-use asset when it incurs an obligation for those costs.

Right-of-use assets are presented within property, plant and equipment and are subsequently measured at cost less depreciation. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

At the commencement date, the Group measures the lease liability as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2.10 Leases (continued)

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments, less any lease incentives receivable;
(b) amounts expected to be payable by the lessee under residual value guarantees;
(c) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options need to be approved by the lessor. There are no variable lease payments and there were no residual value guarantees on leases.

Lease payments are allocated between principal and finance cost. The Group recognises interest on the lease liability in each accounting period during the lease term, which is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

After the commencement date, the lease liability is measured by:

(a) increasing the carrying amount to reflect interest on the lease liability;
(b) reducing the carrying amount to reflect the principal portion of lease payments made; and
(c) remeasuring the carrying amount to reflect reassessment or lease modifications, or to reflect revised fixed lease payments.

Lease liabilities are included in lease liabilities in the statement of financial position. The associated interest is included in finance costs in the statement of income. Leases give rise to lease liability principal elements and interest elements in the statement of cash flows.

2.11 Financial liabilities

During the ordinary course of business, the Group issues investment contracts or otherwise assumes financial liabilities that expose the Group to financial risk.

Classification

Financial liabilities are measured at initial recognition at fair value and are classified as and subsequently measured either at amortised cost, or at fair value through profit and loss (FVTPL). Financial liabilities are recognised when the Group becomes a party to the contractual provision of the instrument.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The financial liabilities described under the unit linked fair value model (note 2.9 (c)) are classified and measured at FVTPL as the Group is obligated to provide investment returns to the unit holder in direct proportion to the investment returns on a specific portfolio of assets, which are also carried at FVTPL. Derivative financial liabilities are carried at FVTPL (note 2.12). All other financial liabilities are carried at amortised cost. It is noted that the financial liabilities measured at FVTPL do not have a cumulative own credit adjustment gain or loss.

The recognition and measurement of the Group's principal types of financial liabilities are disclosed in note 2.14(b) (vii) and in the following paragraphs.

(a) Securities sold for repurchase

Securities sold for repurchase are treated as collateralised financing transactions and are recorded at the amount at which the securities were sold. Securities sold subject to repurchase are not derecognised but are treated as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The difference between the sale and repurchase price is treated as interest and is accrued over the life of the agreements using the effective yield method.

The liability is extinguished when the obligation specified in the contract is discharged, assigned, cancelled or has expired.

2.11 Financial liabilities (continued)

(b) Deposit liabilities

Deposits are recognised initially at fair value and are subsequently stated at amortised cost using the effective yield method.

(c) Loans and other debt obligations

Loans and other debt obligations are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, obligations are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the loan obligations using the effective yield method.

Obligations undertaken for the purposes of financing operations and capital support are classified as notes or loans payable. Loan obligations undertaken for the purposes of providing funds for on-lending, leasing or portfolio investments are classified as deposit and security liabilities.

(d) Fair value

Fair value amounts represent the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at valuation date.

(e) Presentation in the statement of income

For notes and loans payable measured at amortised cost, the associated interest is included in finance costs.

For deposit and security liabilities measured at amortised cost, the associated interest expense is included within interest costs.

For financial liabilities measured at FVTPL, the associated interest and fair value changes are included within interest costs.

2.12 Derivative financial instruments and hedging activities

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives for three primary purposes: to create risk management solutions for customers, for proprietary trading purposes, and to manage its own exposure to credit and market risk.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at each financial statement date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as risk management objectives and strategies for undertaking various hedging transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedges, gains and losses relating to the effective portion of changes in the fair value of derivatives are initially recognised in other comprehensive income; and are transferred to the statement of income when the forecast cash flows affect income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of income.

Gains and losses from changes in the fair value of derivatives that do not qualify for hedge accounting are included in net investment income or interest expense.

2.13 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Policy contracts

(a) Classification

The Group issues policy contracts that transfer insurance risk and/or financial risk from the policyholder.

The Group defines insurance risk as an insured event that could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transaction.

Insurance contracts transfer insurance risk and may also transfer financial risk. Once a contract has been classified as an insurance contract, it remains an insurance contract for its duration, even if the insurance risk reduces significantly over time. Investment contracts transfer financial risk and no significant insurance risk. Financial risk includes credit risk, liquidity risk and market risk.

A reinsurance contract is an insurance contract in which an insurance entity cedes assumed risks to another insurance entity.

2.14 Policy contracts (continued)

Certain insurance contracts contain a discretionary participation feature. A discretionary participation feature entitles the holder to receive, supplementary to the main benefit, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- for which the amount or timing is contractually at the discretion of management; and
- that are contractually based on:
  - the performance of a specified pool of contracts;
  - investment returns on a specified pool of assets held by the insurer; or
  - the profit or loss of a fund or insurer issuing the contract.

Policy bonuses and policy dividends constitute discretionary participation features which the Group classifies as liabilities.

Residual gains in the participating accounts constitute discretionary participation features which the Group classifies as equity (see also note 2.21).

(b) Recognition and measurement

(i) Property and casualty insurance contracts

Property and casualty insurance contracts are generally one-year renewable contracts issued by the insurer covering insurance risks over property, motor, accident and liability.

Property insurance contracts provide coverage for the risk of property damage or of loss of property. Commercial property, homeowners' property, motor and certain marine property are common types of risks covered. For commercial policyholders, insurance may include coverage for loss of earnings arising from the inability to use property which has been damaged or lost.

Casualty insurance contracts provide coverage for the risk of causing physical harm or financial loss to third parties. Personal accident, employers' liability, public liability, product liability and professional indemnity are common types of casualty insurance.

2.14 Policy contracts (continued)

Premium revenue is recognised as earned on a pro-rated basis over the term of the respective policy coverage. If alternative insurance risk exposure patterns have been established over the term of the policy coverage, then premium revenue is recognised in accordance with the risk exposure. The provision for unearned premiums represents the portion of premiums written relating to the unexpired terms of coverage.

Claims and loss adjustment expenses are recorded as incurred. Claim reserves are established for both reported and unreported claims. Claim reserves represent estimates of future payments of claims and related expenses less anticipated recoveries with respect to insured events that have occurred up to the date of the financial statements.

An insurer may obtain reinsurance coverage for its property and casualty insurance risks. The reinsurance ceded premium is expensed on a pro-rata basis over the term of the respective policy coverage or of the reinsurance contract as appropriate. Reinsurance claim recoveries are established at the time of the recording of the claim liability and are computed on a basis which is consistent with the computation of the claim liability. Profit-sharing commission due to the Group is accrued as commission income when there is reasonable certainty of earned profit.

Commissions and premium taxes payable are recognised on the same basis as premiums earned. At the date of the financial statements, commissions and premium taxes attributable to unearned premiums are recorded as deferred policy acquisition costs. Profit-sharing commission payable by the Group arises from contracts between an insurer and a broker; it is accrued on an individual contract basis and recognised when the reinsurance premium is recorded.

(ii) Health insurance contracts

Health insurance contracts are generally one-year renewable contracts issued by the insurer covering insurance risks for medical expenses of insured persons.

Premium revenue is accrued when due for contracts where the premium is billed monthly. For contracts where the premium is billed annually or semi-annually, premium revenue is recognised as earned on a pro-rata basis over the term of the respective policy coverage. The provision for unearned premiums represents the portion of premiums written relating to the unexpired terms of coverage.

2.14 Policy contracts (continued)

Claims are recorded on settlement. Reserves are recorded as described in note 2.15.

An insurer may obtain reinsurance coverage for its health insurance risks. The reinsurance ceded premium is expensed on a pro-rata basis over the term of the respective policy coverage or of the reinsurance contract as appropriate.

Commissions and premium taxes payable are recognised on the same basis as premiums earned.

(iii) Long-term traditional insurance contracts

Long-term traditional insurance contracts are generally issued for fixed terms of five years or more, or for the remaining life of the insured. Benefits are typically a death, disability or critical illness benefit, a cash value on termination and/or a monthly annuity. Annuities are generally payable until the death of the beneficiaries with a proviso for a minimum number of payments. Some of these contracts have a discretionary participation feature in the form of regular bonuses or dividends. Other benefits such as disability and waiver of premium on disability may also be included in these contracts. Some contracts may allow for the advance of policy loans to the policyholder and may also allow for dividend withdrawals by the policyholder during the life of the contract.

Premium revenue is recognised when due. Typically, premiums are fixed and are required to be paid within the due period for payment. If premiums are unpaid, either the contract may terminate, an automatic premium loan may settle the premium, or the contract may continue at a reduced value.

Policy benefits are recognised on the notification of death, disability or critical illness, on the termination or maturity date of the contract, on the declaration of a cash bonus or dividend, or on the annuity payment date. Policy loans advanced are recorded as loans and receivables in the financial statements and are secured by the cash values of the respective policies. Policy bonuses may be “non-cash” and utilised to purchase additional amounts of insurance coverage. Accumulated cash bonuses and dividends are recorded as interest-bearing policy balances.

Reserves for future policy liabilities are recorded as described in note 2.15.

2.14 Policy contracts (continued)

An insurer may obtain reinsurance coverage for death benefit insurance risks. Typically, coverage is obtained for individual coverage exceeding prescribed limits. The reinsurance premium is expensed when due, which generally coincides with when the policy premium is due. Reinsurance claim recoveries are established at the time of claim notification.

Commissions and premium taxes payable are recognised on the same basis as earned premiums.

(iv) Long-term universal life and unit linked insurance contracts

Universal life and unit linked insurance contracts are generally issued for fixed terms or for the remaining life of the insured. Benefits are typically a death, disability or critical illness benefit, a cash value on termination and/or a monthly annuity. Annuities are generally payable until the death of the beneficiaries with a proviso for a minimum number of payments. Benefits may include amounts for disability or waiver of premium on disability.

Universal life and unit linked contracts have either an interest-bearing investment account or unit linked investment accounts. Either gross premiums or gross premiums net of allowances are deposited to the investment accounts. Investment returns which are credited to the investment accounts and expenses, not included in the afore-mentioned allowances, are debited to the investment accounts. Interest-bearing investment accounts may include provisions for minimum guaranteed returns or returns based on specified investment indices. Allowances and expense charges are in respect of applicable commissions, cost of insurance, administrative expenses and premium taxes. Fund withdrawals may be permitted.

Premium revenue is recognised when received and consists of all monies received from the policyholders. Typically, premiums are fixed at the inception of the contract or periodically thereafter, but additional non-recurring premiums may be paid.

Policy benefits are recognised on the notification of death, disability or critical illness, on the receipt of a withdrawal request, on the termination or maturity date of the contract, or on the annuity payment date. Reserves for future policy liabilities are recorded as described in note 2.15.

2.14 Policy contracts (continued)

An insurer may obtain reinsurance coverage for death benefit insurance risks. Typically, coverage is obtained for individual coverage exceeding prescribed limits. The reinsurance premium is expensed when due, which generally coincides with when the policy premium is due. Reinsurance claims recoveries are established at the time of claim notification.

Commissions and premium taxes payable are generally recognised only on settlement of premiums.

(v) Reinsurance contracts assumed

Reinsurance contracts assumed by an insurer are accounted for in a similar manner as if the insurer has assumed the risk directly from a policyholder.

Reinsurance contracts assumed include blocks of life and annuity policies assumed from third party insurers. In some instances, the Group also administers these policies.

(vi) Reinsurance contracts held

As noted in sections (i) to (iv) above, an insurer may obtain reinsurance coverage for insurance risks underwritten. The Group cedes insurance premiums and risk in the normal course of business in order to limit the potential for losses arising from its exposures. Reinsurance does not relieve the originating insurer of its liability.

Reinsurance contracts held by an insurer are recognised and measured in a similar manner to the originating insurance contracts and in accordance with the contract terms. Reinsurance premium ceded and reinsurance recoveries on claims are offset against premium revenue and policy benefits in the income statement.

The benefits to which an insurer is entitled under its reinsurance contracts held are recognised as reinsurance assets or receivables. Reinsurance assets and receivables are assessed for impairment. If there is evidence that the asset or receivable is impaired, the impairment is recorded in the statement of income. The obligations of an insurer under reinsurance contracts held are included in accounts payable and accrued liabilities and in actuarial liabilities.

Reinsurance balances are measured consistently with the insurance liabilities to which they relate.

2.14 Policy contracts (continued)

(vii) *Deposit administration and other investment contracts*

Deposit administration contracts are issued by an insurer to registered pension schemes for the deposit of pension plan assets with the insurer.

Deposit administration liabilities are recognised initially at fair value and are subsequently stated at:

- amortised cost where the insurer is obligated to provide investment returns to the pension scheme in the form of interest;
- fair value through profit and loss (FVTPL) where the insurer is obligated to provide investment returns to the pension scheme in direct proportion to the investment returns on specified blocks of assets.

Deposit administration contributions are recorded directly as liabilities. Withdrawals are deducted directly from the liability. The interest or investment return provided is recorded as an interest expense.

In addition, the Group may provide pension administration services to the pension schemes. The Group earns fee income for both pension administration and investment services.

Other investment contracts are recognised initially at fair value and are subsequently stated at amortised cost and are accounted for in the same manner as deposit administration contracts which are similarly classified.

(c) Embedded derivatives

Certain insurance contracts contain embedded derivatives which are options for which value may vary in response to changes in interest rates or other market variables.

The Group does not separately measure embedded derivatives that are closely related to the host insurance contract or that meet the definition of an insurance contract. Options to surrender an insurance contract for a fixed amount are also not measured separately. In these cases, the entire contract liability is measured as set out in note 2.15.

2.14 Policy contracts (continued)

(d) Liability adequacy tests

At the date of the financial statements, liability adequacy tests are performed by each insurer to ensure the adequacy of insurance contract liabilities, using current estimates of the related expected future cash flows. If a test indicates that the carrying value of insurance contract liabilities is inadequate, then the liabilities are adjusted to correct the deficiency. The deficiency is included in the income statement under benefits.

2.15 Actuarial liabilities

(a) Life insurance and annuity contracts

The determination of actuarial liabilities of long-term insurance contracts has been done using approaches consistent with the principles of the Canadian standards of practice. These liabilities consist of the amounts that, together with future premiums and investment income, are required to provide for future policy benefits, expenses and taxes on insurance and annuity contracts. Canadian standards may change from time to time, but infrequently.

The process of calculating life insurance and annuity actuarial liabilities for future policy benefits necessarily involves the use of estimates concerning such factors as mortality and morbidity rates, future investment yields, future expense levels and persistency, including reasonable margins for adverse deviations. As experience unfolds, these resulting provisions for adverse deviations will be included in future income to the extent they are released when they are no longer required to cover adverse experience. Assumptions used to project benefits, expenses and taxes are based on insurer and industry experience and are updated annually.

2.15 Actuarial liabilities (continued)

Net insurance contract liabilities represent the amount which, together with estimated future premiums and net investment income, will be sufficient to pay projected future benefits, policyholder dividends and refunds, taxes (other than income taxes) and expenses on policies in-force net of reinsurance premiums and recoveries.

The determination of net insurance liabilities is based on an explicit projection of cash flows using current assumptions plus a margin for adverse deviation for each material cash flow item. Investment returns are projected using the current asset portfolios and projected reinvestment yields. The period used for the projection of cash flows is the policy lifetime for most individual insurance contracts.

The Group segments assets to support liabilities by major product segment and geographic market and establishes investment strategies for each liability segment. Projected net cash flows from these assets and the policy liabilities being supported by these assets are combined with projected cash flows from future asset purchases to determine expected rates of return on these assets for future years. Investment strategies are based on the target investment policies for each segment and the reinvestment returns are derived from current and projected market rates for fixed income investments. Investment return assumptions for each asset class make provision for expected future asset credit losses, expected investment management expenses and a margin for adverse deviation.

Under this methodology, assets of each insurer are selected to back its actuarial liabilities. Changes in the carrying value of these assets may generate corresponding changes in the carrying amount of the associated actuarial liabilities. These assets include financial investments, for which unrealised gains or losses in fair value are recorded in other comprehensive income. The fair value reserve for actuarial liabilities has been established in the statement of changes in equity for the accumulation of changes in actuarial liabilities which are recorded in other comprehensive income and which arise from recognised unrealised gains or losses in FVOCI.

2.15 Actuarial liabilities (continued)

Certain life insurance policies issued by the insurer contain equity-linked policy side funds. The investment returns on these unitised funds accrue directly to the policies with the insurer assuming no credit risk. Investments held in these side funds are accounted for as financial assets at fair value through profit and loss and unit values of each fund are determined by dividing the value of the assets in the fund at the date of the financial statements by the number of units in the fund. The resulting liability is included in actuarial liabilities.

(b) Health insurance contracts

The actuarial liabilities of health insurance policies are estimated in respect of claims that have been incurred but not yet reported or settled.

2.16 Presentation of current and non-current assets and liabilities

In note 40.5, the maturity profiles of financial and insurance assets and liabilities are identified. For other assets and liabilities, balances presented in notes 5 to 8, 10 to 12, 14, 18, 19 and 33 are non-current unless otherwise stated in those notes.

2.17 Employee benefits

(a) Pension benefits

Group companies have various pension schemes in place for their employees. Some schemes are defined benefit plans and others are defined contribution plans.

The liability in respect of defined benefit plans is the present value of the defined benefit obligation at December 31 less the fair value of plan assets. The defined benefit obligation is computed using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using appropriate interest rates on government bonds for the maturity dates and currency of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income and retained earnings or non-controlling interest in the period in which they arise. Past service costs are charged to income in the period in which they arise.

For defined contribution plans, the Group pays contributions to the pension schemes on a mandatory or contractual basis. Once paid, the Group has no further payment obligations. Contributions are recognised in income in the period in which they are due.

Where a minimum funding requirement exists, the Group assesses the obligation, to determine whether the additional contributions would affect the measurement of the defined benefit asset or liability.

(b) Other retirement benefits

Certain Group subsidiaries provide supplementary health and life insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income and retained earnings or non-controlling interest in the period in which they arise.

2.17 Employee benefits (continued)

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on various profit and other objectives of the Group or of individual subsidiaries. An accrual is recognised where there are contractual obligations or where past practice has created a constructive obligation.

(d) Equity compensation benefits

The Group has a number of share-based compensation plans in place for administrative, sales and managerial staff.

(i) Equity-settled share-based transactions with staff

The services received in an equity-settled transaction with staff are measured at the fair value of the equity instruments granted. The fair value of those equity instruments is measured at grant date.

If the equity instruments granted vest immediately and the individual is not required to complete a further period of service before becoming entitled to those instruments, the services received are recognised in full on grant date in the income statement for the period, with a corresponding increase in equity.

Where the equity instruments do not vest until the individual has completed a further period of service, the services received are expensed in the income statement during the vesting period, with a corresponding increase in the reserve for equity compensation benefits or in non-controlling interest.

Non-market vesting conditions are included in assumptions about the number of instruments that are expected to vest. At each reporting financial statement date, the Group revises its estimates of the number of instruments that are expected to vest based on the non-marketing vesting conditions and adjusts the expense accordingly.

Amounts held in the reserve for equity compensation benefits are transferred to share capital or non-controlling interest either on the distribution of share grants or on the exercise of share options.

2.17 Employee benefits (continued)

The grant by the Company of its equity instruments to employees of Group subsidiaries is treated as a capital contribution in the financial statements of the subsidiary. The full expense relating to the grant is recorded in the subsidiary's income statement.

(ii) Cash-settled share-based transactions with staff

The services received in a cash-settled transaction with staff and the liability to pay for those services, are recognised at fair value as the individual renders service. Until the liability is settled, the fair value of the liability is re-measured at the date of the financial statements and at the date of settlement, with any changes in fair value recognised in income during that period.

(iii) Measurement of the fair value of equity instruments granted

The equity instruments granted consist either of grants of, or options to purchase, common shares of listed entities within the Group. For common shares granted, the listed price prevailing on the grant date determines the fair value. For options granted, the fair value is determined by reference to the Black-Scholes valuation model, which incorporates factors and assumptions that knowledgeable, willing market participants would consider in setting the price of the equity instruments.

(e) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the date of the financial statements are discounted to present value.

2.18 Taxes

(a) Premium taxes

Insurers are subject to tax on premium revenues generated in certain jurisdictions. The principal rates of tax are summarised in the following table.

Premium tax rates	Life insurance and non-registered annuities	Health insurance	Property and casualty insurance
Barbados	3% - 6%	4%	4% - 4.75%
Jamaica	Nil	Nil	Nil
Trinidad and Tobago	Nil	Nil	Nil
United States of America	0.75% - 3.5%	Nil	Nil

Premium tax is recognised gross in the statement of income.

(b) Asset tax

The Group is subject to an asset tax in Jamaica and Barbados. In Jamaica, the asset tax is levied on insurance, securities dealers and deposit-taking institutions, and is 0.25% 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 and is 0.35% of adjusted assets held at the end of a period. Taxes are accrued monthly.

(c) Income taxes

The Group is subject to taxes on income in the jurisdictions in which business operations are conducted. Rates of taxation in the principal jurisdictions for the current year are set out in the next table.

Amounts expressed in US $000

2.18 Taxes (continued)

Income tax rates	Life insurance and non-registered annuities	Registered annuities	Other lines of business
Barbados	2% of profit before tax	2% of profit before tax	2% of profit before tax
Jamaica	25% of profit before tax	Nil	25% - 33.33% of profit before tax
Trinidad and Tobago	15% (deductions granted only in respect of expenses pertaining to long-term business investment income)	Nil	30% of net income
United States of America	21% of net income	Nil	Nil

(i) *Current income taxes*

Current tax is the expected tax payable on the taxable income for the year, using the tax rates in effect for the year. Adjustments to tax payable from prior years are also included in current tax.

(ii) *Deferred income taxes*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are computed at tax rates that are enacted or substantially enacted by the end of the reporting period. Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the asset may be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to do so and they relate to the same entity. Deferred tax, related to fair value re-measurement of FVOCI investments and cash flow hedges which are recorded in other comprehensive income, is recorded in other comprehensive income and is subsequently recognised in income together with the deferred gain or loss.

2.19 Other liabilities / Retirement benefit liabilities

Liabilities are recognised when the Group has a legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.20 Common shares

In exchange for consideration received, the Company has issued common shares that are classified as equity. Incremental costs directly attributable to the issue of common shares are recorded in share capital as a deduction from the share issue proceeds.

Where a Group entity purchases the Company's common shares, the consideration paid, including any directly attributable cost, is deducted from share capital and is recorded as treasury shares. Where such shares are subsequently sold to a third party, the deduction from share capital is reversed, and any difference with net consideration received is recorded in retained earnings.

On the declaration by the Company's directors of common share dividends payable, the total value of the dividend is recorded as an appropriation of retained earnings.

2.21 Participating accounts

(a) "Closed" participating account

For participating policies of Sagicor Life Inc in force at de-mutualisation, Sagicor Life Inc established a closed participating account in order to protect the guaranteed benefits and future policy dividends, bonuses and other non-guaranteed benefits of the afore-mentioned policies. The rules of this account require that premiums, benefits, actuarial reserve movements, investment returns, expenses and taxes, attributable to the said policies, are recorded in a closed participating fund. Policy dividends and bonuses of the said policies are paid from the participating fund on a basis substantially the same as prior to de-mutualisation.

2.21 Participating accounts (continued)

Distributable profits of the closed participating account are distributed to the participating policies in the form of declared bonuses and dividends. Undistributed profits remain in the participating account for the benefit of participating policyholders.

The participating account also includes an ancillary fund comprising the required provisions for adverse deviations as determined in the computation of actuarial liabilities of the said policies. Changes in the ancillary fund are not recorded in the participating account, but are borne by the general operations of Sagicor Life Inc.

(b) <u>"Open" participating account</u>

Sagicor Life Inc also established an open participating account for participating policies it issues after de-mutualisation. The rules of this account require that premiums, benefits, actuarial reserve movements, investment returns, expenses and taxes, attributable to the said policies are recorded in an open participating account.

The open participating account was established at de-mutualisation. On February 1, 2005, Sagicor Life Inc amalgamated with Life of Barbados Limited, and participating policies of the latter were transferred to the open participating account. Accordingly, the liabilities of these participating policies and matching assets were transferred to the open participating account. The liabilities transferred included an ancillary fund comprising the provisions for adverse deviations on the transferred policies. Changes in the ancillary fund are not recorded in the participating account, but are borne by the general operations of Sagicor Life Inc.

Additional assets to support the profit distribution to shareholders (see below) were also transferred to the account.

Distributable profits of the open participating account are shared between participating policies and shareholders in a ratio of 90:10. Profits are distributed to the participating policies in the form of declared bonuses and dividends. Profits which are distributed to shareholders are included in the allocation of Group net income to shareholders. Undistributed profits / (losses) remain in the participating account in equity.

2.21 Participating accounts (continued)

(c) <u>Financial statement presentation</u>

The assets and liabilities of the participating accounts are included but not presented separately in the financial statements. The revenues, benefits and expenses of the participating accounts are also included but not presented separately in the financial statements. However, the overall surplus of assets held in the participating funds over the associated liabilities is presented in equity as the participating accounts. The overall net income and other comprehensive income that are attributable to the participating funds are disclosed as allocations.

The initial allocation of additional assets to the participating funds is recognised in equity as a transfer from retained earnings to the participating accounts. Returns of additional assets from the participating funds are accounted for similarly.

2.22 Statutory reserves

Statutory reserves are established when regulatory accounting requirements result in lower distributable profits or when an appropriation of retained earnings is required or permitted by law to protect policyholders, insurance beneficiaries or depositors.

2.23 Premium / (discount) paid on repurchase of shares

The premium / (discount) paid on repurchase of shares is recorded directly in retained earnings.

2.24 Interest income and interest expense

Interest income (expense) is computed by applying the effective interest rate to the gross carrying amount of a financial asset (liability), except for financial assets that are purchased, originated or subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (i.e. after deduction of the loss allowance). Interest includes coupon interest and accrued discount and premium on financial instruments. Dividend income is recorded when declared.

2.25 Fees and other revenue

The Group earns fee income from:

- the management and administration of third-party investment funds, pension plans and insurance benefit plans (managed funds or administrative service only (ASO) benefit plans);
- hotel revenue from room services, and food and beverage sales;
- certain of its insurance and investment contracts;
- the provision of corporate finance, stockbroking, trust and related services.

Other revenue includes:

- commission income on insurance contracts;
- hotel revenue from other services and sale of goods;
- rental income from owner-occupied property;
- foreign exchange gains / (losses).

<u>Service contract revenue</u>

Revenues from service contracts include management and administrative fees and hotel revenue from guest reservations. These service contracts generally impose single-performance obligations, each consisting of a series of similar related services to the customer. The Group's performance obligations within these service arrangements are generally satisfied over time as the customers simultaneously receive and consume contracted benefits.

Revenue from service contracts with customers is recognised when or as the Group satisfies the performance obligation. For obligations satisfied over time, revenue is recognised monthly or over the applicable period. For performance obligations satisfied at a point in time, service contract revenue is recognised at that point in time.

2.26 Cash flows

The following classifications apply to the cash flow statement.

Cash flows from operating activities consist of cash flows arising from revenues, benefits, expenses, taxes, operating assets and operating liabilities. Cash flows from investing activities consist of cash flows arising from long-term tangible and intangible assets to be utilised in the business and in respect of changes in subsidiary holdings, insurance businesses, and associated company and joint venture investments. Cash flows from financing activities consist of cash flows arising from the issue, redemption and exchange of equity instruments and notes and loans payable and from equity dividends payable to holders of such instruments.

Cash and cash equivalents comprise:

- cash balances,
- call deposits,
- money market funds,
- other liquid balances with maturities of three months or less from the acquisition date,
- less bank overdrafts which are repayable on demand.

Cash equivalents are subject to an insignificant risk of change in value and exclude restricted cash.

2.27 Future accounting developments and reporting changes

Certain new standards and amendments to existing standards have been issued but are not effective for the periods covered by these financial statements. The changes in standards and interpretations which may have a significant effect on future presentation, measurement or disclosure of the Group's financial statements are summarised in the following tables.

IFRS 17 – Insurance Contracts, effective January 1, 2023

Subject / Comments

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).

2.27 Future accounting developments and reporting changes (continued)

IFRS 17 – Insurance Contracts, effective January 1, 2023 (continued)

Subject / Comments

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.

2.27 Future accounting developments and reporting changes (continued)

IFRS 17 – Insurance Contracts, effective January 1, 2023 (continued)

Subject / Comments

- 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.

2.27 Future accounting developments and reporting changes (continued)

IFRS 17 – Insurance Contracts, effective January 1, 2023 (continued)

Subject / Comments

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.

2.27 Future accounting developments and reporting changes (continued)

Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction, effective January 1, 2023
Subject / Comments
In May 2021, these amendments were issued to clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. This standard will have no material effect on the Group.

Amendments to IAS 8 – Definition of accounting estimates, effective January 1, 2023
Subject / Comments
In February 2021, this amendment was issued to assist entities in distinguishing between accounting policies and accounting estimates. This standard will have no material effect on the Group.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies, effective January 1, 2023
Subject / Comments
In February 2021, this amendment was issued to assist preparers of financial statements in making decisions related to which accounting policies to disclose in financial statements. This standard will have no material effect on the Group.

2.27 Future accounting developments and reporting changes (continued)

Amendments to IAS 1 – Liabilities as current or non-current, effective January 1, 2024
Subject / Comments
In January 2020, the IASB made amendments to IAS 1 ‘Presentation of financial statements’ to clarify the criteria for classifying a liability as non-current. These are to be applied retroactively. The impact of this standard on the Group is currently being analysed.

Amendments to IFRS 16 – Leases on sale and leaseback, effective January 1, 2024
Subject / Comments
In September 2022, the IASB made amendments to IFRS 16 to explain how an entity should account for the lease liability in a sale and leaseback transaction after the transaction date. Sale and leaseback transactions most likely to be impacted are those where some or all of the lease payments are variable lease payments that do not depend on an index or rate. The amendments require that the entity does not recognise any gain or loss that relates to the right of use it retains. However, any gain or loss on partial or full termination of the lease may be recognised in the income statement. These amendments are to be applied retroactively. This standard will have no material effect on the Group.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Impairment of financial assets

In determining ECL (defined in note 2.9(d)), 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 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.

3.1 Impairment of financial assets (continued)

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.

3.1 Impairment of financial assets (continued)

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.

3.2 Fair value of securities not quoted in an active market

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

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

3.3 Recognition and measurement of intangible assets

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

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

3.4 Impairment of intangible assets

(a) Goodwill

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

The Group updates its business unit financial projections annually and applies discounted cash flow or earnings multiple models to these projections to determine if there is any impairment of goodwill. The assessment of whether goodwill is impaired can be highly sensitive to the inputs of cash flows, income after tax, discount rate, growth rate or capital multiple, which are used in the computation. Further details of the inputs used are set out in note 8.2.

(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.

3.5 Valuation of actuarial liabilities

(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.

3.5 Valuation of actuarial liabilities (continued)

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.

(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. 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.

Amounts expressed in US $000

4 SEGMENTS

The management structure of the Group consists of the parent company Board of Directors, the Group Chief Executive Officer (CEO), subsidiary company Boards of Directors and subsidiary company CEOs. For the parent company and principal subsidiaries, there are executive management committees made up of senior management who advise the respective CEOs. The principal subsidiaries have a full management governance structure, a consequence of them being regulated insurance and financial services entities, and of the range and diversity of their products and services.

The Group CEO serves as Board Chairman or as a Board Member of the principal subsidiaries and is the Group's Chief Operating decision-maker. Through subsidiary company reporting, the Group CEO obtains details of Group performance and of resource allocation needs. Summarisation of planning and results and prioritisation of resource allocation is done at the parent company level where strategic decisions are taken.

In accordance with the relevant financial reporting standard, the Group has determined that there are three principal subsidiary Groups which represent the reportable operating segments of Sagicor. These segments and other Group companies are set out in the following sections.

(a) <u>Sagicor Life</u>

This group comprises Sagicor Life Inc, its branches and associates, and certain of its subsidiaries in Barbados, Trinidad & Tobago, Eastern Caribbean, Dutch Caribbean, Bahamas and Central America.

The companies comprising this segment are set out in the following table.

4 SEGMENTS (continued)

Sagicor Life Segment Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Life Inc	Life and health insurance, annuities and pension administration services	Barbados	100%
Sagicor Life (Eastern Caribbean) Inc.[1]	Life and health insurance, annuities and pension administration services	St. Lucia	100%
Sagicor Life Aruba NV	Life and health insurance, annuities and pension administration services	Aruba	100%
Capital Life Insurance Company Bahamas Limited	Life insurance	The Bahamas	100%
Sagicor Panamá, SA	Life and health insurance	Panamá	100%
Nationwide Insurance Company Limited	Life insurance	Trinidad & Tobago	100%
Sagicor Life Insurance Trinidad & Tobago Limited.[2]	Life insurance	Trinidad & Tobago	100%
Sagicor General Insurance Trinidad & Tobago Limited.[3]	Property and casualty insurance	Trinidad & Tobago	100%
Sagicor International Management Services Inc	Investment management	USA	100%

(1) Sagicor Life (Eastern Caribbean) Inc. became a subsidiary of Sagicor Life Inc on December 31, 2021 when ownership was transferred from Sagicor Financial Corporation Limited.

(2) Sagicor Life Insurance Trinidad & Tobago Limited was incorporated on April 4, 2022. Effective January 31, 2023, the entity took over the operations which were carried on by Sagicor Life Inc Trinidad & Tobago branch.

(3) Sagicor General Insurance Trinidad & Tobago Limited was incorporated on March 5, 2022. Effective January 31, 2023, the entity took over the operations which were carried on by Sagicor General Insurance Inc Trinidad & Tobago branch.

Amounts expressed in US $000

4 SEGMENTS (continued)

Sagicor Life Segment Companies (continued)	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Associates			
FamGuard Corporation Limited	Investment holding company	The Bahamas	20%
Principal operating company: Family Guardian Insurance Company Limited	Life and health insurance and annuities	The Bahamas	20%
RGM Limited	Property ownership and management	Trinidad & Tobago	33%
Primo Holding Limited	Property investment	Barbados	38%

(b) Sagicor Jamaica

This segment comprises the Sagicor Jamaica Group of companies, which conduct life, health, annuity, property and casualty insurance business, pension administration services, banking and financial services, hospitality and real estate investment services in Jamaica, Cayman Islands, Costa Rica and USA. The companies comprising this segment are as follows:

Sagicor Jamaica Segment Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Group Jamaica Limited	Group holding company	Jamaica	49.11%
Sagicor Life Jamaica Limited	Life and health insurance and annuities	Jamaica	49.11%
Sagicor Cayman Limited	Holding company	The Cayman Islands	49.11%
Sagicor Life of the Cayman Islands Ltd.	Life insurance	The Cayman Islands	49.11%

4 SEGMENTS (continued)

Sagicor Jamaica Segment Companies (continued)	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Investments Cayman Ltd.	Investment services	The Cayman Islands	49.11%
Sagicor Pooled Investment Funds Limited	Pension fund management	Jamaica	49.11%
Employee Benefits Administrator Limited	Pension administration services	Jamaica	49.11%
Sagicor Re Insurance Limited	Property and casualty insurance	The Cayman Islands	49.11%
Sagicor Insurance Brokers Limited	Insurance brokerage	Jamaica	49.11%
Sagicor International Administrators Limited	Group insurance administration	Jamaica	49.11%
Sagicor Insurance Managers Limited	Captive insurance management services	The Cayman Islands	49.11%
Sagicor Property Services Limited	Property management	Jamaica	49.11%
Sagicor Investments Jamaica Limited	Investment banking	Jamaica	49.11%
Sagicor Bank Jamaica Limited	Commercial banking	Jamaica	49.11%
Alliance Financial Services Limited [1]	Financial services	Jamaica	49.11%
LOJ Holdings Limited	Insurance holding company	Jamaica	100%

[1] Effective April 1, 2022, Sagicor Group Jamaica Limited purchased 100% of the shares of Alliance Financial Services Limited. See Note 37.1.

Amounts expressed in US $000

4 SEGMENTS (continued)

(b) Sagicor Jamaica (continued)

Sagicor Jamaica Segment Companies (continued)	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Travel Cash Jamaica Limited	Microfinance	Jamaica	25.05%
Phoenix Equity Holdings Limited	Holding company	Barbados	49.11%
Advantage General Insurance Co. Limited	Property and casualty insurance	Jamaica	29.47%
Bailey Williams Limited	Real estate development	Jamaica	34.38%
Joint venture			
Sagicor Costa Rica, S.A.	Life insurance	Costa Rica	24.56%

Control of Sagicor Group Jamaica Limited is established through the following:

- The Group's effective shareholder's interest gives it the power to appoint the directors of the company and thereby direct relevant activities.
- The Group is exposed to the variable returns from its effective shareholder's interest.
- The Group has the ability to use the power to affect the amount of investor's returns.

During the year, Sagicor disposed of its interest in Sagicor X-Fund Real Estate Limited and its subsidiaries, X Fund Properties Limited and X Fund Properties LLC (see note 37.3). In addition, Jamziv Mobay Jamaica Portfolio Limited was wound up (see note 37.4).

4 SEGMENTS (continued)

(c) Sagicor Life USA

This segment comprises Sagicor's life insurance operations in the USA and comprises the following:

Sagicor Life USA Segment Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Life Insurance Company	Life insurance and annuities	USA - Texas	100%
Sagicor USA Inc	Insurance holding company	USA - Delaware	100%
Sagicor Financial Partners, LLC	Life insurance and annuities	USA - Delaware	51%

Sage Distribution, LLC and Sage Partners, LLC were dissolved as of September 20, 2022.

Amounts expressed in US $000

4 SEGMENTS (continued)

(d) Head office function and other operating companies

Head office and other Group Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Financial Company Ltd.	Group parent company	Bermuda	100%
Sagicor Financial Corporation Limited	Holding company	Bermuda	100%
Sagicor General Insurance Inc	Property and casualty insurance	Barbados	99.30%
Sagicor Finance Inc	Loan and lease financing, and deposit- taking	St. Lucia	70%
Sagicor Investments Trinidad & Tobago Limited	Investment management	Trinidad & Tobago	100%
Sagicor Asset Management Inc.	Investment management	Barbados	100%
Sagicor Asset Management (Eastern Caribbean) Limited	Investment management	Barbados	100%
Sagicor Special Opportunity Funds(1)	Investment management	Barbados	100%
Sagicor Bank (Barbados) Limited(2)	Commercial banking	Barbados	100%
Barbados Farms Limited	Farming and real estate development	Barbados	77%

(1) Sagicor Special Opportunity Funds became operational during the year. It is a segregated cell company which is licensed as an open-ended mutual fund to carry on mutual fund business.

(2) In April 2021, Sagicor Bank (Barbados) Limited was incorporated and was made a wholly-owned subsidiary of Sagicor Financial Company Ltd. in November 2021.

4 SEGMENTS (continued)

(d) Head office function and other operating companies (continued)

Head office and other Group Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Funds Incorporated	Mutual fund holding company	Barbados	100%
Sagicor Finance Limited	Group financing vehicle	The Cayman Islands	100%
Sagicor Finance (2015) Limited	Group financing vehicle	The Cayman Islands	100%
Sagicor Reinsurance Bermuda Limited	Reinsurance	Bermuda	100%
1222948 B.C. Ltd.	Corporate management	Canada	100%
The Estates Group Holdings Limited	Holding company	Barbados	100%
The Estates (Senior Care Services) Limited	Retirement Community	Barbados	100%
The Estates (Senior Care Properties) Limited	Retirement Community	Barbados	100%
The Estates (Residential Properties) Limited	Retirement Community	Barbados	100%
The Estates (Management Services) Limited	Retirement Community	Barbados	100%

Amounts expressed in US $000

4.1 Statement of income by segment

2022	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjustments	Total
Net premium revenue	431,205	368,912	1,211,835	36,124	-	2,048,076
Gain / (loss) on derecognition of amortised cost investments	567	3,778	(54)	25	-	4,316
Gain / (loss) on derecognition of assets carried at FVOCI	(159)	323	1,023	-	-	1,187
Interest income earned from financial assets measured at amortised cost and FVOCI	87,319	174,043	162,505	8,868	-	432,735
Other investment (loss) / income	5,912	(20,395)	(80,151)	(20,030)	(77)	(114,741)
Credit impairment losses	383	(4,011)	(2,615)	(46)	-	(6,289)
Fees and other revenue	6,412	151,170	1,776	16,202	(592)	174,968
Inter-segment revenue	22,369	-	-	45,462	(67,831)	-
Total revenue, net	**554,008**	**673,820**	**1,294,319**	**86,605**	**(68,500)**	**2,540,252**
Net policy benefits	285,260	242,249	200,229	16,909	-	744,647
Net change in actuarial liabilities	87,689	(22,099)	793,903	-	-	859,493
Interest costs	13,675	37,432	8,429	2,845	-	62,381
Administrative expenses	77,175	204,458	45,878	64,698	703	392,912
Commissions and premium and asset taxes	45,113	55,131	44,634	10,252	-	155,130
Finance costs	84	2,933	1,490	35,119	-	39,626
Depreciation and amortisation	7,281	16,994	3,922	2,753	-	30,950
Inter-segment expenses	339	1,202	10,917	21,649	(34,107)	-
Total benefits and expenses	**516,616**	**538,300**	**1,109,402**	**154,225**	**(33,404)**	**2,285,139**
Gain arising on business combinations, acquisitions and divestitures	-	1,685	-	-	-	1,685
Share of operating income of associates and joint ventures	3,236	2,870	-	-	-	6,106
Segment income / (loss) before taxes	**40,628**	**140,075**	**184,917**	**(67,620)**	**(35,096)**	**262,904**
Income taxes	(12,351)	(35,057)	(44,866)	(1,007)	(21)	(93,302)
Segment net income / (loss)	**28,277**	**105,018**	**140,051**	**(68,627)**	**(35,117)**	**169,602**
Net income / (loss) attributable to non-controlling interests	-	54,137	-	(266)	-	53,871
Total comprehensive income / (loss) attributable to shareholders	11,722	21,798	52,547	(68,821)	(33,844)	(16,598)

Amounts expressed in US $000

4.1 Statement of income by segment

2021	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjustments	Total
Net premium revenue	370,537	352,592	953,306	36,715	-	1,713,150
Gain / (loss) on derecognition of amortised cost investments	1,443	21,992	3	(261)	-	23,177
Gain on derecognition of assets carried at FVOCI	2,966	17,793	1,345	674	-	22,778
Interest income earned from financial assets measured at amortised cost and FVOCI	82,532	157,655	88,662	8,565	-	337,414
Other investment income	11,220	24,398	28,870	27,995	(100)	92,383
Credit impairment losses	1,469	(1,639)	4,027	471	-	4,328
Fees and other revenue	9,378	145,719	(8,521)	19,856	(568)	165,864
Inter-segment revenue	25,142	-	-	34,332	(59,474)	-
Total revenue, net	**504,687**	**718,510**	**1,067,692**	**128,347**	**(60,142)**	**2,359,094**
Net policy benefits	270,049	234,150	190,036	13,584	-	707,819
Net change in actuarial liabilities	43,560	25,345	712,010	-	-	780,915
Interest costs	13,792	28,008	(1,577)	2,450	-	42,673
Administrative expenses	70,058	183,884	43,782	51,457	606	349,787
Commissions and premium and asset taxes	46,815	56,026	40,679	10,002	-	153,522
Finance costs	75	5,154	353	39,472	-	45,054
Depreciation and amortisation	7,330	18,155	4,704	2,512	-	32,701
Inter-segment expenses	5,396	1,998	5091	24,093	(36,578)	-
Total benefits and expenses	**457,075**	**552,720**	**995,078**	**143,570**	**(35,972)**	**2,112,471**
(Loss) / gain arising on business combinations, acquisitions and divestitures	-	(1,557)	-	12,263	-	10,706
Share of operating income of associates and joint ventures	3,344	4,060	-	-	-	7,404
Segment income / (loss) before taxes	**50,956**	**168,293**	**72,614**	**(2,960)**	**(24,170)**	**264,733**
Income taxes	(7,720)	(43,727)	(15,018)	(1,764)	(28)	(68,257)
Segment net income / (loss)	**43,236**	**124,566**	**57,596**	**(4,724)**	**(24,198)**	**196,476**
Net income / (loss) attributable to non-controlling interests	-	64,202	-	(283)	-	63,919
Total comprehensive income / (loss) attributable to shareholders	38,359	16,940	50,340	(8,906)	(23,787)	72,946

4.2 Variations in segment income

Variations in segment income may arise from non-recurring or other significant factors. The most common factors contributing to variations in segment income are as follows:

(i) *Credit impairment losses - financial investments*

The determination of ECL involves judgement in establishing various assumptions based on economic conditions and historical trends. Changes in assumptions will impact the ECL allowances recorded in the income statement.

Significant changes in borrowers classified as Stage 3 will be triggered by changes affecting individual borrowers or groups of borrowers, leading to significant variations in losses recorded in the income statement.

(ii) *Fair value gains / (losses) of financial investments*

Significant gains and losses may be triggered by changes in market prices of assets carried at fair value.

For FVOCI investments, management may be able to time the disposal of such investments and consequently, impact the quantum of the realised gain or loss recognised in the statement of income.

For FVTPL investments, management may also able to time the disposal of such investments. However, since the majority of these assets fund unit linked liabilities, the impact to Group net income is mitigated by any increased return due to the holders of the unit linked liabilities.

4.2 Variations in segment income (continued)

(iii) *Gains on acquisitions and divestitures*

On acquisition of a business or portfolio, if the fair value of the net assets acquired exceeds the total consideration transferred, the difference is recognised directly in the statement of income. Similarly, on sale if the consideration received exceeds the carrying value of the business or portfolio a gain is recognised in the statement of income. As acquisitions and disposals occur infrequently and with no consistent trend, the gain or loss recorded in the income statement may vary significantly from year to year.

(iv) *Foreign exchange gains and losses*

Movements in foreign exchange rates may generate significant exchange gains or losses when the foreign currency denominated monetary assets and liabilities are retranslated to the relevant functional currency at the date of the financial statements.

(v) *Movements in actuarial liabilities arising from changes in assumptions*

The change in actuarial liabilities for the year includes the effects arising from changes in assumptions. The principal assumptions in computing the actuarial liabilities on life and annuity contracts relate to mortality and morbidity, lapse, investment yields, asset default and operating expenses and taxes. As the process of changes in assumptions is applied to all affected insurance contracts, changes in assumptions may have a significant effect in the period in which they are recorded.

(vi) *Impairment of investments in associates and joint ventures*

Losses on impairment of investments in associates and joint ventures may result when impairment assessments indicate that impairment of investments in associates and joint ventures has occurred. An impairment assessment is performed when an investment's value, based on quoted market prices, is lower than its carrying value recorded by the Group, or when conditions impacting the associate or joint venture suggest that the Group's investment in associate or joint venture may be impaired.

Amounts expressed in US $000

4.2 Variations in segment income (continued)

The table below summarises by segment the individual line items within income which are impacted by the foregoing factors.

Variations in income by segment	2022					2021				
	Sagicor Life Inc	Sagicor Jamaica	Sagicor Life USA	Head Office and Other	Total	Sagicor Life Inc	Sagicor Jamaica	Sagicor Life USA	Head Office and Other	Total
Credit impairment losses	383	(4,011)	(2,615)	(46)	(6,289)	1,469	(1,639)	4,027	471	4,328
Gain / (loss) on derecognition of assets carried at FVOCI	(159)	323	1,023	-	1,187	2,966	17,793	1,345	674	22,778
Foreign exchange gains / (losses)	(2,702)	(400)	-	(1,420)	(4,522)	(1,172)	7,508	-	3,052	9,388
Gains / (losses) on acquisitions / divestitures	-	1,685	-	-	1,685	-	(1,557)	-	12,263	10,706
Decrease in actuarial liabilities from changes in assumptions	10,333	20,824	497,125	-	528,282	30,811	23,949	24,395	-	79,155

Amounts expressed in US $000

4.3 Other comprehensive income

Variations in other comprehensive income may arise also from non-recurring or other significant factors. The most common are as follows:

(i) *Unrealised investment gains and losses*
Fair value investment gains and losses are recognised on the revaluation of debt and equity securities classified as FVOCI. Therefore, significant gains and losses may be triggered by changes in market prices.

(ii) *Changes in actuarial liabilities*
Changes in unrealised investment gains identified in *(i)* above may also generate significant, but off-setting, changes in actuarial liabilities as a result of the use of asset liability matching in the liability estimation process.

4.3 Other comprehensive income (continued)

(iii) *Foreign exchange gains and losses*
Movements in foreign exchange rates may generate significant exchange gains or losses on the retranslation of the financial statements of foreign currency reporting units.

(iv) *Defined benefit plans' gains and losses*
Experience adjustments and changes in actuarial assumptions gives rise to gains or losses on defined benefit plans.

The table below summarises by segment the individual line items within other comprehensive income which are impacted by the foregoing factors.

	Variations in other comprehensive income by segment					
	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and	Adjustments	Total
2022						
Unrealised investment losses	(22,475)	(101,022)	(366,900)	(365)	-	(490,762)
Changes in actuarial liabilities	14,292	16,549	281,477	-	-	312,318
Retranslation of foreign currency operations	807	2,819	-	72	(8)	3,690
Gains / (losses) on defined benefit plans	(7,610)	16,661	-	(195)	-	8,856
2021						
Unrealised investment gains	(6,927)	(15,497)	(16,166)	(1,924)	-	(40,514)
Changes in actuarial liabilities	4,586	814	10,768	-	-	16,168
Retranslation of foreign currency operations	37	(71,399)	-	(84)	(395)	(71,841)
Gains / (losses) on defined benefit plans	(1,266)	(12,920)	-	(1,442)	-	(15,628)

Amounts expressed in US $000

4.4 Statement of financial position by segment

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjustments	Total
2022						
Financial investments	1,664,380	2,821,443	4,221,310	263,421	-	8,970,554
Other external assets	377,474	616,669	558,974	242,200	-	1,795,317
Inter-segment assets	430,451	13,299	35,855	181,837	(661,442)	-
Total assets	2,472,305	3,451,411	4,816,139	687,458	(661,442)	10,765,871
Policy liabilities	1,655,538	818,011	3,468,490	75,909	-	6,017,948
Other external liabilities	94,514	1,826,137	534,938	789,482	-	3,245,071
Inter-segment liabilities	79,168	2,318	177,517	402,439	(661,442)	-
Total liabilities	1,829,220	2,646,466	4,180,945	1,267,830	(661,442)	9,263,019
Net assets	643,085	804,945	635,194	(580,372)	-	1,502,852
Net assets attributable to non-controlling interests	-	405,613	-	12,814	-	418,427
2021						
Financial investments	1,623,497	2,776,290	3,569,298	529,010	-	8,498,095
Other external assets	348,825	654,237	664,938	211,837	-	1,879,837
Inter-segment assets	416,768	12,147	50,081	193,378	(672,374)	-
Total assets	2,389,090	3,442,674	4,284,317	934,225	(672,374)	10,377,932
Policy liabilities	1,560,576	830,180	3,137,460	73,946	-	5,602,162
Other external liabilities	84,616	1,695,864	532,595	796,482	-	3,109,557
Inter-segment liabilities	115,834	1,832	168,163	386,545	(672,374)	-
Total liabilities	1,761,026	2,527,876	3,838,218	1,256,973	(672,374)	8,711,719
Net assets	628,064	914,798	446,099	(322,748)	-	1,666,213
Net assets attributable to non-controlling interests	-	518,569	-	13,093	-	531,662

Amounts expressed in US $000

4.5 Segment cash flows

(a) Additions to non-current assets by segment

Segment operations include certain non-current assets comprising investment property, property, plant and equipment, investment in associated companies and joint ventures, and intangible assets. Additions to these categories for the year are as follows:

	2022	2021
Sagicor Life	9,118	7,713
Sagicor Jamaica	12,280	9,324
Sagicor Life USA	6,149	1,719
Head office and other	3,575	861
	31,122	19,617

(b) Summarised cash flows of the Sagicor Jamaica segment

Set out below are the summarised cash flows of the Sagicor Jamaica segment which has material non-controlling interests.

	2022	2021
Net cash flows:		
Operating activities	(3,939)	54,057
Investing activities	(15,741)	84,946
Financing activities	(34,903)	(52,201)
Effects of exchange rate changes	1,867	(11,108)
Net change in cash and cash equivalents for the year	(52,716)	75,694
Cash and cash equivalents, beginning of year	337,085	261,391
Cash and cash equivalents, end of year	284,369	337,085

4.6 Products and services

Total external revenues relating to the Group's products and services are summarised as follows:

	2022	2021
Life, health and annuity insurance contracts issued to individuals	1,932,654	1,687,410
Life, health and annuity insurance and pension administration contracts issued to groups	301,549	306,762
Property and casualty insurance	78,249	79,336
Banking, investment management and other financial services	190,141	189,137
Hospitality services	29,731	37,149
Unallocated revenues	7,928	59,300
	2,540,252	2,359,094

4.7 Geographical areas

The Group operates in certain geographical areas which are determined by the location of the subsidiary or branch initiating the business. Group operations in geographical areas include certain non-current assets comprising investment property, property, plant and equipment, associates and joint ventures, and intangible assets. Total external revenues and non-current assets by geographical area are summarised below.

	External revenue		Non-current assets	
	2022	2021	2022	2021
Barbados	159,508	211,355	172,909	172,063
Jamaica	618,646	648,637	126,109	99,412
Trinidad & Tobago	269,688	226,334	67,177	66,909
Other Caribbean	167,742	175,658	36,792	32,519
USA	1,324,668	1,097,110	19,479	116,194
	2,540,252	2,359,094	422,466	487,097

Amounts expressed in US $000

4.8 Revenues from fees recognised

The following table discloses revenue from fees recognised by reportable segment.

Year ended December 31, 2022	Fees recognised - at a point in time	Fees recognised - over time	Total
Sagicor Life	-	8,305	8,305
Sagicor Jamaica	60,817	62,693	123,510
Sagicor USA	131	-	131
Head office and other	-	3,150	3,150
	60,948	74,148	135,096

Year ended December 31, 2021	Fees recognised - at a point in time	Fees recognised - over time	Total
Sagicor Life	-	8,396	8,396
Sagicor Jamaica	45,786	64,219	110,005
Sagicor USA	138	-	138
Head office and other	-	3,062	3,062
	45,924	75,677	121,601

5 INVESTMENT PROPERTY

The movement in investment property for the year is as follows:

	2022	2021
Balance, beginning of year	75,954	78,295
Additions at cost	-	1,290
Transfer from real estate developed for resale (note 12)	1,707	-
Transfer to property, plant and equipment (note 7)	(235)	-
Disposals	(480)	(2,873)
Fair value changes recorded in net investment income	175	(60)
Effects of exchange rate changes	238	(698)
Balance, end of year	77,359	75,954

Investment property includes $7,374 (2021 - $8,532) which represents the Group's proportionate interest in joint operations summarised in the following table.

Country	Description of property	Percentage ownership recognised
Barbados	Freehold lands	50%
	Freehold office buildings	33%
Trinidad & Tobago	Freehold office building	60%

Pension Funds managed by the Group own the remaining 50% interest in freehold lands in Barbados, and a 33% interest in a freehold office building in Barbados.

Amounts expressed in US $000

6 ASSOCIATES AND JOINT VENTURES

6.1 Interests in Associates and Joint Ventures

Name of Entity	Country of Incorporation	% interest recognised		Nature of relationship	Measurement Method	Carrying Amount	
		2022	2021			2022	2021
RGM Limited	Trinidad & Tobago	33%	33%	Associate	Equity Method	28,017	26,854
FamGuard Corporation Limited (1)	Bahamas	20%	20%	Associate	Equity Method	20,506	19,462
Primo Holding Limited	Barbados	38%	38%	Associate	Equity Method	298	305
Sagicor Costa Rica SCR, S.A.	Costa Rica	50%	50%	Joint Venture	Equity Method	12,118	8,640
						60,939	55,261

(1) FamGuard Corporation Limited is listed on the Bahamas International Securities Exchange. The proportionate share of market value calculated on the basis of the year-end closing rate of $11.22 per share was $22,440 (2021 – $20,020).

Amounts expressed in US $000

6.1 Interests in Associates and Joint Ventures (continued)

The reconciliation of carrying amounts for the year of the investment in associates and joint ventures is as follows:

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A.	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Investment, beginning of year	26,854	26,092	19,462	17,837	305	312	8,640	4,795
Dividends received	-	(300)	(1,000)	(760)	-	-	-	-
Share of income / (loss)	1,414	1,378	1,829	1,973	(7)	(7)	2,870	4,060
Share of amortisation or impairment of intangible assets which were identified on acquisition	-	-	(10)	(10)	-	-	-	-
Share of income taxes	(340)	(301)	-	-	-	-	-	-
Share of OCI	-	-	225	422	-	-	393	259
Effects of exchange rate changes	89	(15)	-	-	-	-	215	(474)
Investment, end of year	28,017	26,854	20,506	19,462	298	305	12,118	8,640

Amounts expressed in US $000

6.1 Interests in Associates and Joint Ventures (continued)

The reconciliation of the share of net assets based on the summarised financial information to carrying amounts of the investment in associates and joint ventures is as follows:

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A.	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Net Assets	84,057	80,581	102,431	97,168	784	804	24,237	17,279
% Interest	33%	33%	20%	20%	38%	38%	50%	50%
Share of net assets	28,017	26,854	20,487	19,434	298	305	12,118	8,640
Goodwill arising from investment in associate	-	-	19	28	-	-	-	-
Investment, end of year	28,017	26,854	20,506	19,462	298	305	12,118	8,640

6.2 Commitments and contingent liabilities

Other commitments at the year-end if called are $206 (2021 – $163) and contingent liabilities exist of $51 (2021 – $50).

Amounts expressed in US $000

6.3 Summarised Financial Information

Summarised financial information from the financial statements of associates and joint ventures is set out in the three tables which follow.

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A.	
	2022	2021	2022	2021	2022	2021	2022	2021
ASSETS								
Property, plant and equipment	1,196	897	39,130	36,912	-	-	154	313
Financial investments	-	-	323,800	310,083	-	-	23,953	23,158
Cash resources	9,258	7,883	13,811	13,142	-	-	1,184	1,158
Other investments and assets	121,070	120,710	15,132	15,139	1,000	1,000	21,690	14,803
Total assets	131,524	129,490	391,873	375,276	1,000	1,000	46,981	39,432
LIABILITIES								
Policy liabilities	-	-	277,124	267,366	-	-	15,170	11,590
Notes and loans payable	-	-	-	-	-	-	3,586	4,096
Other liabilities	47,467	48,909	12,318	10,742	216	196	3,988	6,467
Total liabilities	47,467	48,909	289,442	278,108	216	196	22,744	22,153
Net assets	84,057	80,581	102,431	97,168	784	804	24,237	17,279

Amounts expressed in US $000

6.3 Summarised Financial Information (continued)

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A.	
	2022	2021	2022	2021	2022	2021	2022	2021
WORKING CAPITAL								
Current assets	15,995	12,922	28,372	27,662	-	-	34,139	23,272
Current liabilities	6,849	4,227	10,996	10,085	44	44	22,724	18,499
Net current assets / (liabilities)	9,146	8,695	17,376	17,577	(44)	(44)	11,415	4,773
Cash and cash equivalents included in current assets	9,258	7,883	13,811	13,142	-	-	1,184	1,158
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	2,570	882	620	656	-	-	20,065	6,909
NON-CURRENT ASSETS / LIABILITIES								
Non-current assets	115,529	116,568	363,501	347,614	1,000	1,000	12,842	16,160
Non-current liabilities	40,618	44,682	278,446	268,023	172	152	19	3,654
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	40,618	44,682	277,124	267,366	-	-	19	3,654

Amounts expressed in US $000

6.3 Summarised Financial Information (continued)

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A.	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
REVENUE								
Net premium revenue	-	-	102,183	101,274	-	-	20,592	33,621
Net investment and other income	25,101	25,022	29,174	35,357	-	-	1,367	3,263
Total revenue	25,101	25,022	131,357	136,631	-	-	21,959	36,884
BENEFITS AND EXPENSES								
Benefits	-	-	79,952	84,843	-	-	2,915	2,943
Finance costs	3,689	3,677	-	-	-	-	195	339
Depreciation and amortisation	954	242	1,853	3,827	-	-	-	-
Other expenses	16,360	17,294	40,001	37,947	19	19	11,581	21,961
Total benefits and expenses	21,003	21,213	121,806	126,617	19	19	14,691	25,243
INCOME BEFORE TAXES	4,098	3,809	9,551	10,014	(19)	(19)	7,268	11,641
Income taxes	(904)	(901)	-	-	-	-	(1,527)	(3,522)
NET INCOME FOR THE YEAR	3,194	2,908	9,551	10,014	(19)	(19)	5,741	8,119
Other comprehensive income	-	-	1,136	678	-	-	1,313	(579)
Total comprehensive income	3,194	2,908	10,687	10,692	(19)	(19)	7,054	7,540
Interest income	-	-	16,025	15,902	-	-	1,200	1,088
Interest expense	3,808	3,808	-	-	-	-	195	339

Amounts expressed in US $000

7 PROPERTY, PLANT AND EQUIPMENT

	2022					2021				
	Owner-occupied Properties	Owner - managed hotel properties	Office furnishings, equipment & vehicles	Right-of-use assets	Total	Owner-occupied properties	Owner-managed hotel properties	Office furnishings, equipment & vehicles	Right-of-use assets	Total
Net book value, beginning of year	108,480	88,235	43,590	26,476	266,781	108,738	76,024	50,856	30,951	266,569
Additions at cost	537	97	17,000	9,254	26,888	69	160	10,690	3,096	14,015
Additions arising from acquisitions	-	-	68	-	68	-	-	-	-	-
Asset retirement obligation	-	-	-	34	34	-	-	-	-	-
Transfer from investment property (note 5)	235	-	-	-	235	-	-	-	-	-
Transfer to intangible assets (note 8)	-	-	(804)	-	(804)	-	-	(1,820)	-	(1,820)
Transfer to real estate developed or held for sale (note 12)	(880)	-	-	-	(880)	-	-	-	-	-
Other transfers	-	-	-	(9)	(9)	1,325	-	(1,313)	(12)	-
Derecognised on disposal of subsidiary: - X-Fund Limited (note 37.3)	-	(101,922)	(6,432)	-	(108,354)	-	-	-	-	-
Disposals and divestitures	(106)	-	(225)	(498)	(829)	(46)	(84)	(326)	(666)	(1,122)
Fair value changes recorded in OCI	475	16,572	-	-	17,047	1,463	13,579	-	-	15,042
Depreciation charge	(978)	(1,592)	(12,428)	(5,788)	(20,786)	(1,595)	(2,136)	(13,366)	(5,655)	(22,752)
Effects of exchange rate changes	434	(1,390)	192	228	(536)	(1,474)	692	(1,131)	(1,238)	(3,151)
Net book value, end of year	108,197	-	40,961	29,697	178,855	108,480	88,235	43,590	26,476	266,781
Represented by:										
Cost or valuation	110,488	-	162,591	51,271	324,350	111,412	95,807	164,905	42,976	415,100
Accumulated depreciation	(2,291)	-	(121,630)	(21,574)	(145,495)	(2,932)	(7,572)	(121,315)	(16,500)	(148,319)
	108,197	-	40,961	29,697	178,855	108,480	88,235	43,590	26,476	266,781

Owner-occupied properties consist mainly of commercial offices but include lands of $34,388 (2021 – $35,049) utilised largely in farming operations.

Owner-occupied properties, equipment & vehicles include operating leases held as lessor.

Amounts expressed in US $000

8 INTANGIBLE ASSETS

8.1 Analysis of intangible assets and changes for the year

	2022					2021				
	Goodwill	Customer & broker relationships	Trade names	Software	Total	Goodwill	Customer & broker relationships	Trade names	Software	Total
Net book value, beginning of year	56,996	10,432	2,638	19,035	89,101	58,387	13,172	2,970	21,343	95,872
Additions at cost	-	161	-	4,234	4,395	-	-	-	4,312	4,312
Identified on acquisition:										
- Alliance Financial Services Limited (note 37.1)	17,389	4,488	65	-	21,942	-	-	-	-	-
Transfer from property, plant and equipment (note 7)	-	-	-	804	804	-	-	-	1,820	1,820
Derecognised on disposal of subsidiary: - X-Fund Limited (note 37.3)	-	(1,752)	-	-	(1,752)	-	-	-	-	-
Amortisation/impairment charges	-	(2,177)	(77)	(7,900)	(10,154)	-	(1,869)	(113)	(7,957)	(9,939)
Divestitures and disposals	-	-	-	(9)	(9)					
Effects of exchange rate changes	588	205	54	139	986	(1,391)	(871)	(219)	(483)	(2,964)
Net book value, end of year	74,973	11,357	2,680	16,303	105,313	56,996	10,432	2,638	19,035	89,101
Represented by:										
Cost or valuation	77,973	37,422	6,228	98,798	220,421	59,996	34,256	6,045	93,155	193,452
Accumulated depreciation and impairments	(3,000)	(26,065)	(3,548)	(82,495)	(115,108)	(3,000)	(23,824)	(3,407)	(74,120)	(104,351)
	74,973	11,357	2,680	16,303	105,313	56,996	10,432	2,638	19,035	89,101

Amounts expressed in US $000

8.2 Impairment of intangible assets

Goodwill arises from past acquisitions and is allocated to cash-generating units (CGUs). Goodwill is tested annually for impairment. The recoverable amount of a CGU is determined as the higher of its value in use or its fair value less costs to sell.

For those CGU's where the fair value less costs of disposal methodology is used, financial projections are used as inputs to determine maintainable earnings over time to which is applied an appropriate earnings' multiple. For those CGU's where the value in use methodology is used, cash flows are extracted from financial projections to which are applied appropriate discount factors and residual growth rates, or alternatively, the cash flows from the financial projections are extended to 50 years using an actuarial appraisal value technique which incorporates appropriate discount rates and solvency capital requirements. As disclosed in note 2.7(a), goodwill is allocated to the Group's reportable operating segments.

The Group obtains independent professional advice in order to select the relevant discount factors, residual growth rates and earnings multiples.

The carrying values of goodwill and the impairment test factors used are considered in the following sections.

(a) Sagicor Life operating segment

	2022	2021
Carrying value of goodwill	26,582	26,552

8.2 Impairment of intangible assets (continued)

(i) Years ended December 31, 2022 & 2021

An actuarial appraisal value technique was adopted to test goodwill impairment. The principal assumptions included the following:

- Discount rates of 10% (2021, 10%) for individual life and annuity in force business;
- New individual life and annuity business was included for the seven-year period 2023 to 2029, (seven year period 2022 to 2028);
- Annual growth rates for new individual life and annuity business were -49% to 10% for 2023 and 5% to 11% from 2024 to 2029 (2021:-27% to 4% for the year 2022 and 5% to 21% from 2023 to 2028);
- Discount rates of 14% (2021, 14%) for new individual life and annuity business;
- Minimum Continuing Capital and Surplus Ratio (MCCSR) of 175% (2021 – 175%).

Sensitivity

The excess of the appraisal value over carrying value of the operating segment was also tested by varying the discount rates and capital ratios. The results are set out in the following tables.

Sagicor Life Inc Segment			MCCSR target ratio		
			Low	Mid	High
Discount rate	Inforce	New business	150%	175%	200%
Low	8%	12%	289,342	283,668	277,814
Mid	10%	14%	150,113	93,952	82,481
High	12%	16%	(32,497)	(47,265)	(62,396)

Amounts expressed in US $000

8.2 Impairment of intangible assets (continued)

(b) Sagicor Jamaica operating segment

	2022	2021
Carrying value of goodwill	45,710	27,763

The fair value less costs of disposal methodology was adopted to test goodwill impairment in both years. The after-tax multiple used for the segment 9.8 (2021 – 11.0) was derived from a pre-tax factor of 7.0 (2021 – 8.0) using an iterative method.

Sensitivity

The possible impairment of goodwill is sensitive to changes in earnings multiples and after-tax earnings. This is illustrated in the following table.

	2022 test		
	Scenario 1	**Scenario 2**	**Scenario 3**
After-tax earnings multiples	9.8	8.8	6.9
Reduction in forecast earnings	n/a	10%	10%
Excess of recoverable amount (of 49.11% interest)	122,978	59,096	n/a
Impairment (of 49.11% interest)	Nil	Nil	(38,932)

8.2 Impairment of intangible assets (continued)

(c) Sagicor General Insurance Inc

	2022	2021
Carrying value of goodwill	2,681	2,681

The value in use methodology has been used to test goodwill impairment in both years. The pre-tax discount factor was 17.2% (2021 – 17.5%) which was derived from an after-tax factor of 15.0% (2021 – 14.0%) using an iterative method. The residual growth rate was 2.0% (2021 – 2.0%).

Sensitivity

The possible impairment of goodwill is sensitive to changes in the after-tax discount factor and residual growth rate. This is illustrated in the following table.

	2022 test		
	Scenario 1	**Scenario 2**	**Scenario 3**
After-tax discount factor	15.0	14.5	15.5
Residual growth rate	2.0	2.0	2.0
Excess of recoverable amount	-	1,084	Nil
Impairment	Nil	Nil	(1,416)

Amounts expressed in US $000

9 FINANCIAL INVESTMENTS

9.1 Analysis of financial investments

	2022		2021	
	Carrying value	Fair value	Carrying value	Fair value
Investments at FVOCI:				
Debt securities and money market funds	4,798,126	4,798,126	4,481,319	4,481,319
Equity securities	371	371	520	520
	4,798,497	4,798,497	4,481,839	4,481,839
Investments at FVTPL:				
Debt securities	336,781	336,781	283,534	283,534
Equity securities	765,628	765,628	889,619	889,619
Derivative financial instruments	10,350	10,350	26,246	26,246
Mortgage loans	23,406	23,406	24,375	24,375
	1,136,165	1,136,165	1,223,774	1,223,774
Investments at amortised cost:				
Debt securities	1,479,040	1,536,682	1,399,703	1,556,181
Mortgage loans	593,638	587,638	425,548	421,650
Policy loans	159,586	185,621	153,839	177,483
Finance loans	654,863	636,793	533,460	536,741
Securities purchased for resale	32,335	32,335	68,007	68,007
Deposits	116,430	116,430	211,925	211,925
	3,035,892	3,095,499	2,792,482	2,971,987
Total financial investments	8,970,554	9,030,161	8,498,095	8,677,600

9.1 Analysis of financial investments (continued)

Non-derivative investments at FVTPL	FVTPL mandatory designation	FVTPL designation by election	Total
2022			
Equity securities	663,115	102,513	765,628
Debt securities	197,806	138,975	336,781
Mortgage loans	11	23,395	23,406
	860,932	264,883	1,125,815
2021			
Equity securities	721,559	168,060	889,619
Debt securities	145,042	138,492	283,534
Mortgage loans	23	24,352	24,375
	866,624	330,904	1,197,528

	2022	2021
Debt securities:		
Government and government-guaranteed debt securities	2,338,444	2,219,016
Collateralised mortgage obligations	839,068	692,581
Corporate debt securities	3,234,243	2,859,523
Money market funds and other securities	202,192	393,436
	6,613,947	6,164,556
Included in financial investments are:		
Exchange-traded funds included in equity securities	306,304	446,294
Debt securities issued by associates	21,715	22,941
Mutual funds managed by the Group	186,643	152,816

Amounts expressed in US $000

9.2 Financial investments repledged

Debt securities are pledged as collateral under repurchase agreements with customers and other financial institutions and for security relating to overdraft and other facilities with other financial institutions. Of the assets pledged as security, the following represents the total for those assets pledged for which the transferee has the right by contract or custom to sell or repledge the collateral.

	2022	2021
Financial investments repledged	623,871	608,343

Statement of financial position presentation		
Financial investments	8,346,683	7,889,752
Financial investments repledged	623,871	608,343
	8,970,554	8,498,095

Analysis of financial investments repledged

	2022	2021
	Pledged value	**Pledged value**
Investments at FVOCI:		
Debt securities and money market funds	621,087	604,581
Investments at FVTPL:		
Debt securities	-	760
Investments at amortised cost :		
Debt securities	596	585
Securities purchased for resale	37	37
Deposits	2,151	2,380
	2,784	3,002
Financial investments repledged	623,871	608,343

9.3 Collateral assets

Debt and equity securities include $17,502 (2021 - $9,543) as collateral for loans payable and other funding instruments.

Collateral for the obligation to the Federal Home Loan Bank of Dallas (FHLB) which is included in other funding instruments (note 17), consists of an equity holding in the FHLB with a market value of $19,594 (2021 - $12,156), and mortgages and mortgage backed securities having a total market value of $450,960 (2021 - $474,381).

9.4 Financial investments held under the unit linked fair value model

Financial investments include the following amounts for which the full income and capital returns accrue to the holders of unit linked insurance and investment contracts. These investments are measured at FVTPL and amortised cost for mortgages.

	2022	2021
Debt securities	178,705	176,067
Equity securities	205,097	200,849
Mortgage loans	44,907	50,778
	428,709	427,694

Amounts expressed in US $000

10 REINSURANCE ASSETS

	2022	2021
Reinsurers' share of:		
Actuarial liabilities (note 13.1)	446,155	545,196
Policy benefits payable (note 14.2)	45,482	39,894
Provision for unearned premiums (note 14.3) (i)	33,403	28,632
Other items	19,619	16,995
	544,659	630,717

(i) Amount is expected to be realised within one year.

11 INCOME TAX ASSETS

	2022	2021
Deferred income tax assets (note 33)	27,387	12,982
Income and withholding taxes recoverable	52,861	34,179
	80,248	47,161

Income and withholding taxes recoverable are expected to be recovered within one year of the financial statements' date.

12 MISCELLANEOUS ASSETS AND RECEIVABLES

	2022	2021
Net defined benefit assets (note 31)	20,898	23,738
Real estate developed or held for resale	109,428	81,198
Prepaid and deferred expenses (i)	38,326	37,411
Premiums receivable	60,809	59,168
Legal claim (note 20)	353	1,180
Finance leases	1,109	880
Other assets and accounts receivable	68,810	73,177
	299,733	276,752
Amounts due from managed funds included in receivables	3,307	5,402
Amounts expected to be realised within one year included in real estate developed or held for resale	82,614	44,367

(i) Amounts are expected to be realised within one year.

Amounts expressed in US $000

13 ACTUARIAL LIABILITIES

13.1 Analysis of actuarial liabilities

	Gross liability		Reinsurers' share	
	2022	2021	2022	2021
Contracts issued to individuals:				
Life insurance - participating policies	175,278	187,862	59	56
Life insurance and annuity - non-participating policies	4,159,390	3,770,866	434,039	532,183
Health insurance	19,350	11,947	81	125
Unit linked funds	277,322	272,307	-	-
Reinsurance contracts held	43,682	43,948	-	-
	4,675,022	4,286,930	434,179	532,364
Contracts issued to groups:				
Life insurance	25,555	27,311	82	74
Annuities	450,068	442,815	11,757	12,610
Health insurance	32,094	35,571	137	148
	507,717	505,697	11,976	12,832
Total actuarial liabilities	5,182,739	4,792,627	446,155	545,196

The following notes are in respect of the foregoing table:

- Life insurance includes coverage for disability and critical illness.
- Actuarial liabilities include $54,228 (2021 - $72,877) in assumed reinsurance.
- The liability for reinsurance contracts held occurs because the reinsurance premium costs exceed the mortality costs assumed in determining the gross liability of a policy contract.

13.2 Movement in actuarial liabilities

	Gross liability		Reinsurers' share	
	2022	2021	2022	2021
Balance, beginning of year	4,792,627	4,152,701	545,196	639,797
Changes in actuarial liabilities:				
Recorded in income (note 25)	760,463	686,329	(99,030)	(94,586)
Recorded in OCI	(387,141)	(19,030)	-	-
Other movements	(33)	(53)	(1)	(6)
Effect of exchange rate changes	16,823	(27,320)	(10)	(9)
Balance, end of year	5,182,739	4,792,627	446,155	545,196
Analysis of changes in actuarial liabilities				
Arising from increments and decrements of inforce policies and from the issuance of new policies	928,232	750,742	(99,325)	(96,016)
Arising from changes in assumptions for mortality, lapse, expenses, partial withdrawal, universal life premium persistency and indexation, critical illness plan benefit modelling, investment yields and asset default	(528,282)	(79,155)	382	1,986
Other changes:				
Actuarial modelling, refinements and improvements	(10,014)	(5,593)	(87)	(556)
Changes in margins for adverse deviations	-	(19,056)	-	-
Arising from fair value changes of Segregated Funds	(8,869)	32,311	-	-
Other items	(7,745)	(11,950)	-	-
Total	373,322	667,299	(99,030)	(94,586)

1. Amounts arising from changes in assumptions include a decrease in actuarial liabilities relating to investment yields and asset default of $533,158 (2021 - $37,827).

Amounts expressed in US $000

13.3 Assumptions – life insurance and annuity contracts

(a) 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.

(b) 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.

(c) 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.

13.3 Assumptions – life insurance and annuity contracts (continued)

(d) 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.

The ultimate rate of return is the assumed rate that will ultimately be earned on long-term government bonds. It is established for each geographic area and is summarised in the following table.

Ultimate rate of return	2022	2021
Barbados	7.50%	7.50%
Jamaica	5.50%	5.50%
Trinidad & Tobago	5.00%	5.00%
Other Caribbean	4.50% - 7.50%	4.50% - 7.50%
USA	0.80%-3.35%	0.80% - 3.35%

(e) 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.

Amounts expressed in US $000

13.3 Assumptions – life insurance and annuity contracts (continued)

(f) 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.

(g) 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	113,519	110,436
Lapse	109,854	102,739
Investment yields and asset default	85,537	66,061
Operating expenses and taxes	10,118	9,804
Other	17,932	16,409
	336,960	305,449

13.4 Assumptions – health insurance contracts

The outstanding liabilities for health insurance claims incurred but not yet reported and for claims reported but not yet paid are determined by statistical methods using expected loss ratios which have been derived from recent historical data. No significant claim settlements are anticipated after one year from the date of the financial statements.

Amounts expressed in US $000

14 OTHER POLICY LIABILITIES

14.1 Analysis of other policy liabilities

	2022	2021
Dividends on deposit and other policy balances	60,336	60,609
Policy benefits payable	236,446	220,177
Provision for unearned premiums	66,130	60,655
	362,912	341,441

14.2 Policy benefits payable

	Gross liability		Reinsurers' share	
	2022	2021	2022	2021
Analysis of policy benefits payable:				
Life insurance and annuity benefits	175,957	158,380	28,770	24,291
Health claims	3,154	3,643	3,969	3,282
Property and casualty claims	57,335	58,154	12,743	12,321
	236,446	220,177	45,482	39,894

14.2 Policy benefits payable (continued)

	Gross liability		Reinsurers' share	
	2022	2021	2022	2021
Movement for the year:				
Balance, beginning of year	220,177	174,375	39,894	34,708
Policy benefits incurred	901,507	824,753	200,594	119,291
Policy benefits paid	(886,361)	(774,991)	(195,167)	(113,373)
Effect of exchange rate changes	1,123	(3,960)	161	(732)
Balance, end of year	236,446	220,177	45,482	39,894

14.3 Provision for unearned premiums

	Gross liability		Reinsurers' share	
	2022	2021	2022	2021
Analysis of the provision:				
Property and casualty insurance	63,740	58,435	33,403	28,632
Health insurance	2,390	2,220	-	-
	66,130	60,655	33,403	28,632

The provision for unearned premiums is expected to mature within a year of the financial statements' date.

14.3 Provision for unearned premiums (continued)

	Gross liability		Reinsurers' share	
	2022	2021	2022	2021
Movement for the year:				
Balance, beginning of year	60,655	58,065	28,632	26,860
Premiums written	143,326	131,705	81,341	70,952
Premium revenue	(138,336)	(127,671)	(76,871)	(68,327)
Effect of exchange rate changes	485	(1,444)	301	(853)
Balance, end of year	66,130	60,655	33,403	28,632

15 INVESTMENT CONTRACT LIABILITIES

	2022		2021	
	Carrying value	Fair value	Carrying value	Fair value
Liabilities at amortised cost:				
Deposit administration liabilities	113,287	113,287	117,287	117,287
Other investment contracts	199,329	193,371	191,304	190,031
	312,616	306,658	308,591	307,318
Liabilities at FVTPL:				
Unit linked deposit administration liabilities	159,681	159,681	159,503	159,503
	472,297	466,339	468,094	466,821

16 NOTES AND LOANS PAYABLE

The following table presents the carrying values and estimated fair values of notes and loans payable.

Amounts in US$000	2022		2021	
	Carrying value	Fair value	Carrying value	Fair value
Liabilities at amortised cost:				
5.30% senior note due 2028 (a)	535,421	507,055	532,162	570,306
5.50% unsecured bond due 2022 (b)	-	-	32,079	32,362
6.25% unsecured bond due 2022 (b)	-	-	25,130	28,667
5.75% unsecured bond due 2023 (b)	26,613	26,321	-	-
6.50% unsecured bond due 2023 (b) & (c)	19,963	19,839	-	-
6.75% notes due 2024 (d)	14,559	14,414	14,284	14,956
Bank loans and other funding instruments (e)	35,979	35,979	33,696	33,696
Mortgage loans (f)	-	-	46,037	48,950
	632,535	603,608	683,388	728,937

(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%.

The Company used partial proceeds of the transaction to repurchase US$318 million principal amount of 8.875% Notes due 2022 which were issued by its subsidiary, Sagicor Finance 2015 Limited. In May 2021, the Group made a cash tender offer for the Notes and cash tenders totalling US $130 million were accepted. On August 11, 2021, the Company redeemed all of the remaining US $188 million principal amount of the 2022 notes at an aggregate redemption price of US $188 million.

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%.

16 NOTES AND LOANS PAYABLE (continued)

(a) Senior notes due 2028 (continued)

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 September 18 and 26, 2019, Sagicor Financial Corporation Limited issued US$30.6 million and US$3.4 million notes respectively, carrying an annual rate of 5.10%. The notes matured October 26, 2020.

Also on September 26, 2019, Sagicor Financial Corporation Limited issued a Jamaican dollar bond in the amount of J$5,731,140,000 carrying an annual interest rate of 5.95% per annum. The bond matured October 26, 2020.

On October 27, 2020, Sagicor Financial Corporation Limited refinanced the above facilities with the issue of a bond in two Tranches, Tranche A up to J$5,737,140,000 and Tranche B up to US$31,807,000, carrying annual interest rates of 6.25% and 5.50% respectively. The Tranches matured on April 26, 2022 and Sagicor Financial Corporation Limited exercised the option to extend the facilities. Principal amounts of J$842,000,000 and US $5,407,000 were paid and applied to Tranches A and B facilities respectively.

16 NOTES AND LOANS PAYABLE (continued)

On April 27, 2022, the 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 and commenced on 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) On August 16, 2019, Sagicor Investments Jamaica Limited issued J$4.4 billion notes in two Tranches, Tranche A J$2.22 billion and Tranche B J$2.18 billion, carrying annual rates of 5.00% and 6.75% respectively. Tranche A matured on September 16, 2020 and Tranche B has a maturity date of August 16, 2024.

(e) Bank loans and other funding instruments include the following:

(i) On May 24, 2019, Sagicor General Insurance Inc entered into a US$12 million loan agreement. The interest rate is 3.50% per annum and the loan matures on July 31, 2024.

(ii) On October 1, 2020, The Estates (Residential Properties) Limited issued cumulative preference shares in the amount of US$9 million. Dividends accrue at a rate of 6.75% per annum and are payable semi-annually. The preference shares are redeemable on September 30, 2027.

(iii) On May 3, 2021, The Estates (Residential Properties) Limited entered into a US$17 million construction loan agreement with First Caribbean International Bank (Barbados) Limited. The interest rate is 3.50% per annum and the loan is repayable 2 years from the date of issuance, maturing on June 11, 2023. The facility is available in multiple drawdowns over this period.

Amounts expressed in US $000

16 NOTES AND LOANS PAYABLE (continued)

(f) Mortgage Loans

	Issuer / mortgagor	2022	2021
4.90% USD mortgage notes due 2025	X Fund Properties LLC	-	45,137
Development loan [(1)]	X Fund Properties Limited	-	900
		-	46,037

(1) This note is interest-free with annual forgiveness of debt over ten years, if certain conditions are met.

During the quarter ended September 30, 2022, SGJ disposed of its subsidiary, Sagicor Real Estate X-Fund Limited ("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 37.3.

Movement for the year to December 31,	2022	2021
Balance, beginning of year	683,388	471,622
Valuation of call option embedded derivative	1,925	(5,390)
Additions:		
Gross principal	62,138	563,408
Less: Expenses	(404)	(11,104)
	61,734	552,304
Repayments:		
Principal	(71,748)	(330,777)
Interest	(35,149)	(43,768)
	(106,897)	(374,545)
Derecognised on disposal of subsidiary, X-Fund Limited (note 37.3)	(44,655)	-
Amortisation during the year	1,838	5,685
Accrued interest	35,155	37,201
Effects of exchange rate changes	47	(3,489)
Balance, end of the year	632,535	683,388

Amounts expressed in US $000

17 DEPOSIT AND SECURITY LIABILITIES

	2022		2021	
	Carrying value	Fair value	Carrying value	Fair value
Liabilities at amortised cost:				
Other funding instruments	539,851	539,923	511,453	511,598
Customer deposits	981,573	981,573	881,434	883,673
Securities sold for repurchase	654,748	654,748	598,272	598,272
Bank overdrafts	1,737	1,737	761	761
	2,177,909	2,177,981	1,991,920	1,994,304
Liabilities at FVTPL:				
Structured products	4,346	4,346	4,344	4,344
Derivative financial instruments (note 40.9)	16	16	109	109
	4,362	4,362	4,453	4,453
	2,182,271	2,182,343	1,996,373	1,998,757

Other funding instruments consist of loans from banks and other financial institutions and include balances of $428,315 (2021 - $449,781) due to the Federal Home Loan Bank of Dallas (FHLB). The Group participates in the FHLB programme in which funds received from the Bank are invested in mortgages and mortgage-backed securities.

Structured products are offered by a banking subsidiary. A structured product is a pre-packaged investment strategy created to meet specific needs that cannot be met from the standardised financial instruments available in the market. Structured products can be used as an alternative to a direct investment, as part of the asset allocation process to reduce risk exposure of a portfolio, or to capitalise on current market trends.

Collateral for other funding instruments and securities sold under agreements to resell is set out in note 9.2.

18 OTHER LIABILITIES / RETIREMENT BENEFIT LIABILITIES

	2022	2021
Net defined benefit liabilities (note 31)	65,458	81,256
Other provisions	238	257
	65,696	81,513

19 INCOME TAX LIABILITIES

	2022	2021
Deferred income tax liabilities (note 33)	63,365	51,707
Income taxes payable	19,517	10,219
	82,882	61,926

Income taxes payable are expected to be settled within a year of the financial statements' date.

Amounts expressed in US $000

20 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Suspense and other amounts due	51,673	50,333
Amounts due to reinsurers	22,677	21,943
Legal claim (i)	353	1,180
Other accounts payable and accrued liabilities	173,690	180,065
	248,393	253,521

(i) On March 17, 2014, the Supreme Court of Jamaica granted judgement in favour of a claimant in a case brought against Sagicor Bank Jamaica Limited ("the Bank"), (formerly RBC Royal Bank Jamaica Limited). This claim pre-dated the acquisition of the Bank by Sagicor Group Jamaica Limited, and also pre-dated the acquisition of control of the Bank by RBTT from Finsac Limited ("Finsac") in 2001.

By virtue of the Share Sale Agreement between Finsac, RBTT Financial Holdings Limited and RBTT International Limited, Finsac agreed to fully indemnify RBTT International Limited against any loss the bank may suffer in this matter. As the current owner of Sagicor Bank Jamaica Limited, Sagicor Group is the current beneficiary of the Indemnity. The Indemnity from Finsac is further supported by a Government of Jamaica Guarantee on a full indemnity basis.

Sagicor appealed the Supreme Court decision and judgment was delivered on July 31, 2018, which ruled that the award previously made to the Claimant be reduced with costs to the Claimant, subject to an accounting exercise to determine the apportionment of costs between the parties. This reduced award took into account lower interest rates, applying simple interest rather than compounding interest. The issue of costs remains to be determined by the courts following a subsequent application to amend the judgment which was delivered in January 2019. The amount previously awarded to the Claimant has been recorded as payable to the claimant, plus accrued interest, and a corresponding receivable from Finsac/Government of Jamaica has been recorded (note 12).

20 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

(i) On July 1, 2019, the Claimant filed an application for conditional leave to appeal to the Privy Council on the issue of costs, with final leave being granted on October 26, 2020.

The Privy Council heard the matter in May 2022 and delivered its judgement on December 8, 2022. The parties were invited by the Privy Council to make submissions as to costs. The final ruling is being awaited.

Amounts expressed in US $000

21 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 common shares issued are as follows:

	2022				2021			
	Number in 000's	Share capital	Share premium	Total	Number in 000's	Share capital	Share premium	Total
Issued and fully paid:								
Balance, beginning of year	143,184	1,432	737,394	738,826	146,381	1,464	753,771	755,235
Repurchase of shares (note 21.1)	(1,184)	(12)	(6,095)	(6,107)	(3,988)	(40)	(20,539)	(20,579)
	142,000	1,420	731,299	732,719	142,393	1,424	733,232	734,656
Allotments arising from:								
Common shares	768	7	3,907	3,914	791	8	4,162	4,170
Balance, end of year	142,768	1,427	735,206	736,633	143,184	1,432	737,394	738,826
Treasury shares:								
Shares held for LTI and ESOP, end of year (note 30.1)	(50)	(1)	(275)	(276)	(50)	(1)	(275)	(276)
Shares repurchased but not cancelled	(2)	-	(9)	(9)	(1)	-	(5)	(5)
Total	142,716	1,426	734,922	736,348	143,133	1,431	737,114	738,545

21.1 Share buyback programme

In 2020, the board of directors of SFC authorised a share buyback programme that allows the Company to repurchase its common shares (the "NCIB Shares"). The Toronto Stock Exchange (the "TSX") accepted the Company's notice of intention to make a normal course issuer bid ("NCIB") through which the Company was authorised to purchase up to 8,000,000 of the NCIB Shares during the 12-month period commencing June 22, 2020 and ending June 21, 2021.

On June 22, 2022, the Company announced that the TSX accepted the Company's notice of intention to renew its normal course issuer bid ("NCIB") through which the Company may purchase up to 9,134,417 of the NCIB Shares during the 12-month period commencing June 24, 2022 and ending June 23, 2023. Under the NCIB, purchases may be made on the open market through the facilities of the TSX and/or alternative Canadian trading systems at the market price at the time of acquisition, as well as by other means as may be permitted by TSX rules and applicable securities laws.

Amounts expressed in US $000

21 COMMON SHARES (continued)

21.1 Share buyback programme (continued)

During the year, 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 arising on the repurchase of shares has been recorded directly in retained earnings.

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

21.2 Common share dividends

Common share dividends declared and paid are set out in the following table.

	2022		2021	
	Per share	**Total**	**Per share**	**Total**
Dividends declared and paid during the year:				
Three-month period ended:				
– March 31	5.625¢	8,035	5.625¢	8,234
– June 30	5.625¢	8,052	5.625¢	8,192
– September 30	5.625¢	8,024	5.625¢	8,061
– December 31	5.625¢	8,030	5.625¢	8,052
Total		32,141		32,539

Amounts expressed in US $000

22 RESERVES

	Fair value reserves							
	Owner-occupied and owner-managed property	FVOCI assets	Actuarial liabilities	Cash flow hedges	Currency translation reserves	Warrant reserve[1]	Other reserves	Total reserves
2022								
Balance, December 31, 2021	25,469	119,739	(114,384)	(35)	(169,254)	20,062	57,931	(60,472)
Total comprehensive income	528	(435,562)	300,061	-	2,442	-	-	(132,531)
Transactions with holders of equity instruments:								
Allocated to reserve for equity compensation benefits	-	-	-	-	-	-	5,575	5,575
Eliminated from reserve for equity compensation benefits	-	-	-	-	-	-	(5,176)	(5,176)
Transfers to retained earnings and other movements	(1,225)	-	-	-	-	-	3,847	2,622
Balance, December 31, 2022	24,772	(315,823)	185,677	(35)	(166,812)	20,062	62,177	(189,982)

[1] The Group has 34,774,993 (2021 - 34,774,993) warrants outstanding which have an exercise price of CDN $11.50 per share. These warrants expire on December 5, 2024. The warrants are listed on the Toronto Stock Exchange.

Amounts expressed in US $000

22 RESERVES (continued)

	Fair value reserves							
	Owner-occupied and owner-managed property	FVOCI assets	Actuarial liabilities	Cash flow hedges	Currency translation reserves	Warrant reserve	Other reserves	Total reserves
2021								
Balance, December 31, 2020	22,889	162,691	(128,584)	(274)	(143,939)	20,062	52,287	(14,868)
Total comprehensive income	2,528	(42,952)	14,200	239	(25,315)	-	-	(51,300)
Transactions with holders of equity instruments:								
Allocated to reserve for equity compensation benefits	-	-	-	-	-	-	5,295	5,295
Eliminated from reserve for equity compensation benefits	-	-	-	-	-	-	(5,901)	(5,901)
Transfers to retained earnings and other movements	52	-	-	-	-	-	6,250	6,302
Balance, December 31, 2021	25,469	119,739	(114,384)	(35)	(169,254)	20,062	57,931	(60,472)

Amounts expressed in US $000

23 PARTICIPATING ACCOUNTS

The movements in the participating accounts during the year and the amounts in the financial statements relating to participating accounts were as follows:

	Closed participating account		Open participating account	
	2022	2021	2022	2021
Movement for the year:				
Balance, beginning of year	401	289	180	1,318
Total comprehensive income / (loss)	2	112	(227)	(953)
Return of transfer to support profit distribution, to shareholders	-	-	(175)	(185)
Balance, end of year	403	401	(222)	180
Financial statement amounts:				
Assets	57,529	61,829	145,053	149,880
Liabilities	57,126	61,428	145,275	149,700
Revenues	4,847	5,513	14,725	16,254
Benefits	4,666	5,228	13,400	15,776
Expenses	268	320	1,005	988
Income taxes	32	34	35	43

24 PREMIUM REVENUE

	Gross premium		Ceded to reinsurers	
	2022	2021	2022	2021
Life insurance	524,527	505,442	28,510	29,229
Annuity	1,328,648	1,024,821	1,217	460
Health insurance	179,821	168,460	5,111	6,331
Property and casualty insurance	126,789	118,774	76,871	68,327
	2,159,785	1,817,497	111,709	104,347

25 POLICY BENEFITS AND CHANGE IN ACTUARIAL LIABILITIES

	Gross benefit		Ceded to reinsurers	
	2022	2021	2022	2021
Life insurance benefits	284,161	293,642	20,426	22,759
Annuity benefits	415,897	345,480	110,549	70,052
Health insurance claims	153,393	139,730	3,550	2,856
Property and casualty claims	36,198	34,623	10,477	9,989
Total policy benefits	889,649	813,475	145,002	105,656
Change in actuarial liabilities (note 13.2)	760,463	686,329	(99,030)	(94,586)
Total policy benefits and change in actuarial liabilities	1,650,112	1,499,804	45,972	11,070

Amounts expressed in US $000

26 NET INVESTMENT INCOME

	2022	2021
Investment income		
Interest income (amortised cost assets):		
Debt securities	102,157	94,190
Mortgage loans	27,732	24,609
Policy loans	11,546	10,699
Finance loans	58,360	53,626
Securities purchased for resale	2,074	940
Deposits, cash and other items	1,721	1,171
	203,590	185,235
Interest income (FVOCI assets):		
Debt securities and money market funds	229,145	152,179
Interest income earned from financial assets measured at amortised cost and FVOCI	432,735	337,414

26 NET INVESTMENT INCOME (continued)

	2022	2021
Interest income earned from financial assets measured at amortised cost and FVOCI	432,735	337,414
Fair value changes, dividend income and interest income (FVTPL assets):		
Debt securities	(6,488)	11,135
Equity securities[(1)]	(81,270)	54,760
Mortgage loans	1,662	1,340
Derivative financial instruments	(27,642)	25,311
Other items	2	1
	(113,736)	92,547
Investment income:		
Other income on financial investments	732	482
Investment property – rental income	4,112	4,186
Investment property – realised gains	-	87
Investment property – unrealised losses	175	(588)
Other investment income	120	260
	5,139	4,427
Investment expenses:		
Direct operating expenses of investment property that generated rental income	2,060	2,155
Other direct investment expenses	4,084	2,436
	6,144	4,591
Other investment (loss) / income	(114,741)	92,383
Net investment income	317,994	429,797

(1) Included in fair value changes on equity securities is a loss of $31,240 (2021 – a gain of $21,601), relating to the FVTPL investment in Playa (see note 37.7).

Amounts expressed in US $000

27 FEES AND OTHER REVENUE

	Fees Recognised at a point in time	Fees Recognised over time	Other Revenue	Total
2022				
Service contract revenue	37,875	44,496	-	82,371
Fee income – assets under administration	-	3,150	-	3,150
Commission income on reinsurance contracts	-	-	23,211	23,211
Other fees and commission income	15,982	4,966	15,746	36,694
Finance lease income	-	-	97	97
Foreign exchange losses	-	-	(4,522)	(4,522)
Hotel revenue	6,960	20,932	2,504	30,396
Other operating and miscellaneous income	131	604	2,836	3,571
	60,948	74,148	39,872	174,968
2021				
Service contract revenue	29,832	45,442	-	75,274
Fee income – assets under administration	-	3,068	-	3,068
Commission income on reinsurance contracts	-	-	13,506	13,506
Other fees and commission income	11,038	5,165	11,523	27,726
Finance lease income	-	-	87	87
Foreign exchange gains	-	-	9,388	9,388
Hotel revenue	4,916	21,338	3,263	29,517
Other operating and miscellaneous income	138	664	6,496	7,298
	45,924	75,677	44,263	165,864

Amounts expressed in US $000

28 INTEREST AND FINANCE COSTS

28.1 Interest costs

	2022	2021
Interest expense (amortised cost liabilities):		
Investment contracts	10,481	5,909
Other funding instruments	10,623	3,787
Customer deposits	9,374	8,399
Securities sold for repurchase	21,956	13,899
Insurance contracts and other items	1,670	1,718
	54,104	33,712
Fair value changes and interest expense (FVTPL liabilities)	8,277	8,961
Total interest costs	62,381	42,673

28.2 Finance costs

	2022	2021
8.875% senior notes due 2022	-	19,933
5.30% senior notes due 2028	30,548	14,463
5.50% unsecured bond due 2022	601	1,876
6.25% unsecured bond due 2022	726	1,746
5.75% unsecured bond due 2023	1,126	-
6.50% unsecured bond due 2023	798	-
6.75% notes due 2024	960	983
Mortgage loans	1,727	3,744
Lease liabilities(1)	1,531	1,787
Bank loans & other funding instruments	1,609	522
	39,626	45,054

(1) Interest expense arising from lease liabilities is recognised in conformity with IFRS 16.

29 EMPLOYEE COSTS

Included in administrative expenses, commissions and related compensation are the following:

	2022	2021
Administrative and hotel staff salaries, directors' fees and short-term benefits	154,816	135,840
Social security and defined contribution retirement costs	13,186	11,939
Equity-settled compensation benefits (note 30.1 to 30.2)	6,946	7,487
Cash-settled compensation benefits	(342)	(124)
Defined benefit expense (note 31 (b))	9,798	7,616
	184,404	162,758

Amounts expressed in US $000

30 EQUITY COMPENSATION BENEFITS

30.1 Sagicor Financial Company Ltd.

Effective December 31, 2005, SFCL introduced the LTI plan and the ESOP. A total of 26,555,274 common shares of SFCL (or 10% of shares then in issue) has been set aside for the purposes of the long-term incentive (LTI) plan and the Employee Share Ownership Plan (ESOP).

In 2017, the shareholders of SFCL approved the increase in the number of SFCL's shares reserved for the LTI and ESOP from 26,555,274 common shares to 40,400,000 common shares.

On December 5, 2019, concurrent with the closing of the transaction between Alignvest Acquisition II Corporation ("Alignvest") and Sagicor Financial Corporation Limited ("SFCL"), restricted share grants, share options and ESOP awards were exchanged for grants, options and awards in SFC using an exchange ratio of one Sagicor share for 4.328 of SFCL common shares for SFCL common shares not purchased for cash. 3,680,687 restricted share grants were exchanged for 850,276 restricted share grants and 2,297,517 ESOP awards were exchanged for 526,831 ESOP awards in SFC (the "Replacement Grants"). 20,250,604 options were exchanged for 4,678,152 options to purchase common shares of Sagicor Financial Company Ltd. (the "Replacement Options"). The Replacement Options provide an optionee the ability to purchase common shares of Sagicor Financial Company Ltd. at a price per share linked to the award year (as adjusted by the exchange ratio), and the terms and conditions of the Replacement Options have remained the same as the initial terms and conditions. The terms of the Replacement Grants remain unchanged. Since these modifications did not increase the total fair value of the Replacement Options or the Replacement Grants, the Group continues to account for the cost of compensation services received as consideration for the equity instruments granted as if the replacement had not occurred.

The fair value of stock options granted is estimated at the date of grant using the Black-Scholes option pricing model as disclosed in section (b) below.

30.1 Sagicor Financial Company Ltd. (continued)

(a) LTI plan (2005) – restricted share grants

Restricted share grants have been granted to designated key management of the Group. Share grants may vest over a four-year period beginning at the grant date. The vesting of share grants is conditional upon the relative profitability of the Group as compared to a number of peer companies. Relative profitability is measured with reference to the financial year preceding the vesting date.

The movement in restricted share grants during the year is as follows:

	2022		2021	
	Number of grants '000	**Weighted average price**	**Number of grants '000**	**Weighted average price**
Balance, beginning of year	792	US$4.83	701	US$5.02
Grants issued	779	US$4.35	517	US$4.66
Grants vested	(608)	US$4.65	(285)	US$4.83
Grants lapsed/forfeited	(159)	US$4.74	(141)	US$5.12
Balance, end of year	804	US$4.54	792	US$4.83

30.1 Sagicor Financial Company Ltd. (continued)

(a) LTI plan (2005) – restricted share grants (continued)

Grants issued may be satisfied out of new shares issued by Sagicor Financial Company Ltd. or by shares acquired in the market. No shares were utilised during the year. Shares acquired and classified as treasury shares were as follows:

	2022		2021	
	Number in 000's	$000	Number in 000's	$000
Balance, beginning of year and end of year	40	206	40	206

(b) LTI plan – share options

No share options have been granted to designated key management of the Group during the year. Options were granted at the fair market price of SFCL shares prevailing one year before the option is granted. Options vest over four years, 25% each on the first four anniversaries of the grant date. Options are exercisable up to 10 years from the grant date.

30.1 Sagicor Financial Company Ltd. (continued)

(b) LTI plan – share options (continued)

The movement in share options for the year and details of the share options and assumptions used in determining their pricing are as follows:

	2022		2021	
	Number of options '000	Weighted average exercise price	Number of options '000	Weighted average exercise price
Balance, beginning of year	1,365	4.65	2,021	US$4.61
Options exercised	(272)	4.52	(656)	US$4.53
Options lapsed/forfeited	(53)	4.66	-	-
Balance, end of year	1,040	4.68	1,365	US$4.65
Exercisable at the end of the year	871	4.69	813	US$4.57
Share price at grant date	US$3.72 - 10.82		US$3.72 - 10.82	
Fair value of options at grant date	US$0.67 - 2.99		US$0.67 – 2.99	
Expected volatility	18.6% - 35.8%		18.3% - 35.8%	
Expected life	7.0 years		7.0 years	
Expected dividend yield	2.6% - 4.7%		2.6% - 4.7%	
Risk-free interest rate	4.5% - 6.8%		4.5% - 6.8%	

The expected volatility of options is based on statistical analysis of monthly share prices over the 7 years prior to grant date.

30.1 Sagicor Financial Company Ltd. (continued)

(c) LTI plan (2019) – restricted share grants

On December 5, 2019, also concurrent with the closing of the transaction between Alignvest Acquisition II Corporation and Sagicor Financial Corporation Limited, the Company introduced a replacement award for years 2020, 2021 and 2022 under a Sagicor Financial Company Ltd. equity-based plan, in lieu of the foregoing award of restricted share units of the LTI plan introduced for certain executives in December 31, 2005.

Under the plan, certain executives are awarded a number of restrictive share units of Sagicor Financial Company Ltd. which will vest in accordance with the conditions noted below:

(a) Subject to the executives' continued employment on the first, second and third anniversary dates of the vesting commencement date;

(b) Subject to the Company achieving its return on equity target for the relevant year, as laid out in the Company's strategic plan or executive award agreement approved by the Company.

(c) Subject to the shares of the Company trading above Canadian $12.00 per share for 20 out of any 30-day consecutive trading days prior to December 31, 2024.

The movement in these restricted share grants during the year is as follows:

	2022		2021	
	Number of grants '000	**Weighted average price**	**Number of grants '000**	**Weighted average price**
Balance, beginning of year	406	US$5.25	195	US$5.92
Grants issued	502	US$4.63	412	US$4.75
Grants vested	(193)	US$4.73	(201)	US$4.86
Balance, end of year	715	US$5.01	406	US$5.25

30.1 Sagicor Financial Company Ltd. (continued)

(d) ESOP

From 2006, SFCL approved awards under the ESOP in respect of permanent administrative employees and sales agents of SFCL and certain subsidiaries. The ESOP is administered by the Company and the amount awarded is used to acquire Sagicor Financial Company Ltd. shares. Shares vest over a four-year period in equal tranches, and are issued as they vest. No shares were utilised during the year. Shares acquired and classified as treasury shares were as follows:

	2022		2021	
	Number in 000's	**$000**	**Number in 000's**	**$000**
Balance, beginning of year and end of year	10	70	10	70

30.2 Sagicor Group Jamaica Limited

(a) Long-term incentive plan

Sagicor Group Jamaica Limited offers stock grants and stock options to senior executives as part of its long-term incentive plan. The group has set aside 150,000,000 of its authorised but un-issued shares at no par value for the stock grants and stock options.

In January 2007, the group introduced a new long-term incentive (LTI) plan which replaced the previous Stock Option plan. Under the LTI plan, executives are entitled but not obliged to purchase the group stock at a pre-specified price at some future date. The options are granted each year on the date of the Board of Directors Human Resources Committee meeting following the performance year at which the stock option awards are approved. Stock options vest in 4 equal instalments beginning the first December 31 following the grant date and for the next three December 31 dates thereafter (25% per year).

Amounts expressed in US $000

30.2 Sagicor Group Jamaica Limited (continued)

(a) Long-term incentive plan (continued)

Options are not exercisable after the expiration of 7 years from the date of grant. The number of stock options in each stock option award is calculated based on the LTI opportunity via stock options (percentage of applicable salary) divided by the Black-Scholes value of a stock option of Sagicor Group Jamaica Limited stock on March 31 of the measurement year. The exercise price of the options is the closing bid price on March 31 of the measurement year.

Details of the share options outstanding are set out in the following table. J$ represents Jamaica dollars.

	2022		2021	
	Number of options '000	Weighted average exercise price	Number of options '000	Weighted average exercise price
Balance, beginning of year	10,253	J$33.73	11,034	J$29.58
Options granted	2,660	J$51.88	2,224	J$52.40
Options exercised	(2,387)	J$25.63	(3,005)	J$32.58
Options lapsed/forfeited	-	-	-	-
Balance, end of year	10,526	J$40.15	10,253	J$33.73
Exercisable at the end of the year	6,815	J$38.08	6,575	J$31.28

Further details of share options and the assumptions used in determining their pricing are as follows:

	2022	2021
Fair value of options outstanding	J$43,468,000	J$58,349,000
Share price at grant date	J$10.49 - 51.88	J$9.50 - 52.40
Exercise price	J$10.49 - 51.88	J$9.50 - 52.40
Standard deviation of expected share price returns	29.0%	29.0%
Remaining contractual term	0.25 – 7 years	0.25 – 7 years
Risk-free interest rate	5.40%	4.16%

The expected volatility is based on statistical analysis of daily share prices over seven years.

30.2 Sagicor Group Jamaica Limited (continued)

(b) Employee share purchase plan

Sagicor Group Jamaica Limited has in place a share purchase plan which enables its administrative and sales staff to purchase shares at a discount. The proceeds from shares issued under this plan totalled Nil (2021 – Nil).

Amounts expressed in US $000

31 EMPLOYEE RETIREMENT BENEFITS

The Group maintains a number of defined contribution and defined benefit retirement benefit plans for eligible sales agents and administrative employees. The plans for sales agents and some administrative employees provide defined contribution benefits. The plans for administrative employees in Barbados, Jamaica, Trinidad, Eastern Caribbean and certain other Caribbean countries provide defined benefits based on final salary and number of years active service. Also, in these countries, retired employees may be eligible for medical and life insurance benefits which are partially or wholly funded by the Group. The principal defined benefit retirement plans are as follows:

Funded Plans	Unfunded Plans
Sagicor Life Barbados & Eastern Caribbean Pension	Sagicor Life Trinidad Pension
Sagicor Life Jamaica Pension	Sagicor Life (Heritage Life of Barbados - Barbados & Eastern Caribbean) Pension
Sagicor Investments Jamaica Pension	Group medical and life plans

The above plans also incorporate employees of the Company and other subsidiaries, whose attributable obligations and attributable assets are separately identified for solvency, contribution rate and reporting purposes.

The assets of the Sagicor Life Trinidad and Sagicor Life (Heritage Life of Barbados) pension plans are held under deposit administration contracts with Sagicor Life Inc and because these assets form part of the Group's assets, these plans are presented as unfunded in accordance with IAS 19 (revised).

The above pension plans are registered with the relevant regulatory authorities in the Caribbean and are governed by Trust Deeds which conform with the relevant laws. The plans are managed by the Group under the direction of appointed Trustees.

31 EMPLOYEE RETIREMENT BENEFITS (continued)

The group medical and life obligations arise from employee benefit insurance plans where benefits are extended to retirees.

All disclosures in sections 31 (a) to (f) of this note relate only to defined benefit plans.

(a) Amounts recognised in the statement of financial position

	2022	2021
Present value of funded pension obligations	281,135	317,044
Fair value of retirement plan assets	(300,609)	(322,094)
	(19,474)	(5,050)
Present value of unfunded pension obligations	31,493	30,995
Present value of unfunded medical and life benefits	20,020	31,573
Impact of minimum funding requirement / asset ceiling	12,521	-
Net liability	44,560	57,518
Represented by:		
Amounts held on deposit by the Group as deposit administration contracts	29,715	27,530
Other recognised liabilities	35,743	53,726
Total recognised liabilities (note 18)	65,458	81,256
Recognised assets (note 12)	(20,898)	(23,738)
Net liability	44,560	57,518

Pension plans have purchased annuities from insurers in the Group to pay benefits to plan retirees. These obligations which amount to $34,426 (2021 - $44,613) are included in actuarial liabilities in the statement of financial position and are included as retirement plan assets in this note.

Amounts expressed in US $000

31 EMPLOYEE RETIREMENT BENEFITS (continued)

(b) Movements in balances

	2022					2021			
	Medical and life benefits	Retirement obligations	Retirement plan assets	Funding requirement / asset ceiling	Total	Medical and life benefits	Retirement obligations	Retirement plan assets	Total
Net liability / (asset), beginning of year	31,573	348,039	(322,094)	-	57,518	26,168	329,701	(306,255)	49,614
Current service cost	916	7,109	6	-	8,031	664	6,234	8	6,906
Interest expense / (income)	2,490	22,874	(23,609)	-	1,755	2,190	22,933	(24,460)	663
Past service cost and gains / losses on settlements	-	12	-	-	12	-	47	-	47
Net expense recognised in income	3,406	29,995	(23,603)	-	9,798	2,854	29,214	(24,452)	7,616
(Gains) / losses from changes in assumptions	(16,516)	(43,824)	12,158	-	(48,182)	4,225	10,445	(935)	13,735
(Gains) / losses from changes in experience	2,042	(14,924)	22,762	12,334	22,214	1,346	4,288	1,015	6,649
Return on plan assets excluding interest income	-	-	10,880	-	10,880	-	-	(879)	(879)
Change in asset ceiling excluding interest expense / (income)	-	(631)	900	-	269	-	212	821	1,033
Net (gains) / losses recognised in other comprehensive income	(14,474)	(59,379)	46,700	12,334	(14,819)	5,571	14,945	22	20,538
Contributions made by the Group	-	-	(7,385)	-	(7,385)	-	3	(9,416)	(9,413)
Contributions made by employees and retirees	-	7,619	(7,619)	-	-	-	7,265	(7,231)	34
Benefits paid	(910)	(20,477)	20,277	-	(1,110)	(874)	(19,807)	18,487	(2,194)
Other items	-	3,590	(3,398)	-	192	-	908	(7,762)	(6,854)
Effect of exchange rate movements	425	3,241	(3,487)	187	366	(2,146)	(14,190)	14,513	(1,823)
Other movements	(485)	(6,027)	(1,612)	187	(7,937)	(3,020)	(25,821)	8,591	(20,250)
Net liability / (asset), end of year	20,020	312,628	(300,609)	12,521	44,560	31,573	348,039	(322,094)	57,518

Amounts expressed in US $000

31 EMPLOYEE RETIREMENT BENEFITS (continued)

(c) Retirement plan assets

	2022	2021
Equity unit linked pension funds under Group management:		
Sagicor Equity Fund (Barbados)	(46,870)	(45,676)
Sagicor Bonds Fund (Barbados)	(27,759)	(21,344)
Sagicor Eastern Caribbean Fund (St. Lucia)	(9,644)	(9,702)
Sagicor Pooled Investment Funds (Jamaica):		
Equity Funds	(53,014)	(56,463)
Mortgage & Real Estate Fund	(29,810)	(29,862)
Fixed Income Fund	(14,370)	(21,144)
Foreign Currency Funds	(22,142)	(25,486)
Money Market Fund	(2,926)	(1,594)
Other Funds	(23,222)	(14,100)
	(229,757)	(225,371)
Other assets	(70,852)	(96,723)
Total plan assets	(300,609)	(322,094)

The equity unit linked pension funds are funds domiciled in Barbados and Jamaica. Annual reports of these funds are available to the public.

Amounts expressed in US $000

31 EMPLOYEE RETIREMENT BENEFITS (continued)

(d) Significant actuarial assumptions

The significant actuarial assumptions for the principal geographic areas were as follows:

	2022		
Pension plans	**Barbados & Eastern Caribbean**	**Jamaica**	**Trinidad**
Discount rate - local currency benefits	7.50% - 7.75%	13.00%	6.00%
Discount rate - US$ indexed benefits	n/a	10.00%	n/a
Expected return on plan assets	7.75%	5.50%	6.00%
Future promotional salary increases	0.00%	9.50%	0.00%
Future inflationary salary increases	2.00% - 2.50%	9.50%	2.50%
Future pension increases	2.00%	0.50%	0.00%
Future increases in National Insurance Scheme Ceilings	3.00% - 3.50%	n/a	3.50%
Mortality table	UP94 with projection scale AA	American 1994 Group Annuitant Mortality Static (GAM94S) table with 5-year mortality improvement	UP94 with projection scale AA
Termination of active members	3% - 18.4% up to age 30, reducing to 1% – 7.2% at age 50, 0% at age 51	2% - 5.8% up to age 30, to 3.8% - 5.8% at age 50, 2.7% - 3.8% at age 51	3% up to age 30, reducing to 1% at age 50, 0% at age 51
Early retirement	100% at the earliest possible age to receive unreduced benefits	n/a	100% at the earliest possible age to receive unreduced benefits

31 EMPLOYEE RETIREMENT BENEFITS (continued)

	2021		
Pension plans	**Barbados & Eastern Caribbean**	**Jamaica**	**Trinidad**
Discount rate - local currency benefits	7.75%	8.00%	5.50%
Discount rate - US$ indexed benefits	n/a	6.00%	n/a
Expected return on plan assets	7.75%	8.00%	5.50%
Future promotional salary increases	0.00%	8.00%	0.00%
Future inflationary salary increases	2.00%	5.00%	2.00%
Future pension increases	2.00%	1.00%	0.00%
Future increases in National Insurance Scheme Ceilings	3.50%	n/a	4.00%
Mortality table	UP94 with projection scale AA	American 1994 Group Annuitant Mortality (GAM 94) table with 5 years mortality improvement	UP94 with projection scale AA
Termination of active members	3% - 18.4% up to age 30, reducing to 1% – 7.2% at age 50, 0% at age 51	2% - 5.8% up to age 30, to 3.8% - 5.8% at age 50, 2.7% - 3.8% at age 51	3% up to age 30, reducing to 1% at age 50, 0% at age 51
Early retirement	100% at the earliest possible age to receive unreduced benefits	n/a	100% at the earliest possible age to receive unreduced benefits

Amounts expressed in US $000

31 EMPLOYEE RETIREMENT BENEFITS (continued)

	2022		2021	
Group medical and life plans	**Barbados**	**Jamaica**	**Barbados**	**Jamaica**
Long-term increase in health costs	4.25%	8.50%	4.25%	7.50%

(e) Sensitivity of actuarial assumptions

The sensitivity of the pension retirement benefit obligations to individual changes in actuarial assumptions is summarised below:

	December 31, 2022		
	Barbados & Eastern Caribbean	**Jamaica**	**Trinidad**
Base pension obligation	100,096	162,713	18,326
Change in absolute assumption	**Increase / (decrease) in pension obligations**		
Decrease discount rate by 1.0%	8,451	3,080	1,900
Increase discount rate by 1.0%	(6,647)	(2,368)	(1,311)
Decrease salary growth rate by 0.5%	(616)	(83)	(297)
Increase salary growth rate by 0.5%	769	154	359
Increase average life expectancy by 1 year	1,753	262	314
Decrease average life expectancy by 1 year	(1,919)	(279)	(335)

31 EMPLOYEE RETIREMENT BENEFITS (continued)

(e) Sensitivity of actuarial assumptions (continued)

	December 31, 2021		
	Barbados & Eastern Caribbean	**Jamaica**	**Trinidad**
Base pension obligation	102,997	196,324	17,723
Change in absolute assumption	**Increase / (decrease) in pension obligations**		
Decrease discount rate by 1.0%	8,694	10,989	1,659
Increase discount rate by 1.0%	(7,262)	(8,421)	(1,219)
Decrease salary growth rate by 0.5%	(698)	(1,283)	(230)
Increase salary growth rate by 0.5%	426	1,385	254
Increase average life expectancy by 1 year	2,209	789	166
Decrease average life expectancy by 1 year	(4,103)	(814)	(213)

Amounts expressed in US $000

31 EMPLOYEE RETIREMENT BENEFITS (continued)

(e) Sensitivity of actuarial assumptions (continued)

The sensitivity of the medical and life benefits obligations to individual changes in actuarial assumptions is summarised below:

	December 31, 2022
	Jamaica
Base medical and life obligation	19,871
Change in absolute assumption	**Increase / (decrease) in medical and life obligations**
Decrease discount rate by 1.0%	2,766
Increase discount rate by 1.0%	(2,277)
Decrease salary growth rate by 0.5%	(158)
Increase salary growth rate by 0.5%	182
Increase average life expectancy by 1 year	527
Decrease average life expectancy by 1 year	(527)

31 EMPLOYEE RETIREMENT BENEFITS (continued)

(e) Sensitivity of actuarial assumptions (continued)

The sensitivity of the medical and life benefits obligations to individual changes in actuarial assumptions is summarised below:

	December 31, 2021
	Jamaica
Base medical and life obligation	31,423
Change in absolute assumption	**Increase / (decrease) in medical and life obligations**
Decrease discount rate by 1.0%	4,946
Increase discount rate by 1.0%	(3,873)
Decrease salary growth rate by 0.5%	(62)
Increase salary growth rate by 0.5%	80
Increase average life expectancy by 1 year	919
Decrease average life expectancy by 1 year	(912)

(f) Amount, timing and uncertainty of future cash flows

In addition to the annual actuarial valuations prepared for the purpose of annual financial statement reporting, full actuarial valuations of pension plans are conducted every 3 years. These full valuations contain recommendations for Group and employee contribution levels which are implemented by the Group.

For the 2023 financial year, the total Group contributions to its defined benefits pension plans are estimated to be $13,258.

Amounts expressed in US $000

32 INCOME TAXES

Group companies are taxed according to the taxation rules of the countries where the operations are carried out. The principal rates of taxation are summarised in note 2.18(c). The income tax expense is set out in the following table.

	2022	2021
Current tax:		
Current tax on profits for the year	46,928	53,826
Adjustments to current tax of prior periods	326	491
Total current tax expense	47,254	54,317
Deferred tax:		
Decrease / (increase) in deferred tax assets (note 33)	(2,205)	516
Increase / (decrease) in deferred tax liabilities (note 33)	47,913	13,123
Total deferred tax expense	45,708	13,639
Share of tax of associated companies	340	301
Total tax expense	93,302	68,257

32 INCOME TAXES (continued)

Income tax on the total income subject to taxation differs from the theoretical amount that would arise as follows:

	2022	2021
Income before income tax expense	262,904	264,733
Taxation at the applicable rates on income subject to tax	80,893	61,293
Adjustments to current tax for items not subject to or allowed for tax	(7,360)	(6,465)
Other current tax adjustments	(554)	(309)
Adjustments for current tax of prior periods	146	213
Movement in unrecognised deferred tax assets	12,313	2,907
Deferred tax relating to the origination of temporary differences	(10)	(8)
Deferred tax relating to changes in tax rates or new taxes	711	1,311
Deferred tax that arises from the write-down of a tax asset	24	4,680
Other taxes	7,139	4,635
	93,302	68,257

In addition to the above, the income tax on items in other comprehensive income is set out in note 35.

Amounts expressed in US $000

33 DEFERRED INCOME TAXES

The analysis and movement for the year of deferred tax asset balances are set out in the following table.

	Defined benefit liabilities	Unrealised losses on financial investments	Unused tax losses	Other items	Total
2022					
Balance, beginning of year	9,020	545	78	3,339	12,982
(Charged)/credited to:					
Income	1,068	(1,337)	(11)	2,485	2,205
Other comprehensive income	(5,959)	17,697	-	12	11,750
Effect of exchange rate changes	102	249	-	99	450
Balance, end of year	4,231	17,154	67	5,935	27,387
Balance to be recovered within one year					12,626
2021					
Balance, beginning of year	4,910	(2,730)	78	4,792	7,050
(Charged)/credited to:					
Income	79	521	-	(1,116)	(516)
Other comprehensive income	4,533	2,636	-	(17)	7,152
Effect of exchange rate changes	(502)	118	-	(320)	(704)
Balance, end of year	9,020	545	78	3,339	12,982
Balance to be recovered within one year					974

33 DEFERRED INCOME TAXES (continued)

Unrecognised tax losses and potential deferred income tax assets are as follows:

	2022	2021
Expiry period for unrecognised tax losses:		
2022	-	71,162
2023	87,170	87,170
2024	55,909	55,909
2025	63,680	63,764
2026	59,835	59,835
2027	66,019	66,019
2028	62,900	63,647
2029	69,011	-
	464,524	467,506
Potential deferred income tax assets on tax losses expected to be utilised	12,865	12,814

Amounts expressed in US $000

33 DEFERRED INCOME TAXES (continued)

The analysis and movement for the year of deferred tax liability balances are set out in the following table.

	Accelerated tax depreciation	Policy liabilities taxable in the future	Defined benefit assets	Accrued interest	Unrealised gains / (losses) on financial investments	Off-settable tax assets relating to unused tax losses and other items	Other Items	Total
2022								
Balance, beginning of year	10,570	40,011	(28)	304	34,985	(31,986)	(2,149)	51,707
Charged/(credited) to:								
Income	926	28,127	172	36	(1)	18,207	446	47,913
Other comprehensive income	3,480	74,823	-	(62)	(104,414)	-	-	(26,173)
Amounts assumed on acquisition	(14,678)	-	-	(32)	(352)	-	4,771	(10,291)
Effect of exchange rate changes	107	-	(1)	(33)	65	-	71	209
Balance, end of year	405	142,961	143	213	(69,717)	(13,779)	3,139	63,365
Balance to be settled within one year								22,325
2021								
Balance, beginning of year	3,908	20,139	154	1,353	49,364	(23,483)	(2,562)	48,873
Charged/(credited) to:								
Income	3,570	17,009	216	(119)	503	(8,503)	447	13,123
Other comprehensive income	2,828	2,863	(387)	8	(13,917)	-	(34)	(8,639)
Amounts assumed on acquisition	-	-	-	(973)	-	-	-	(973)
Effect of exchange rate changes	264	-	(11)	35	(965)	-	-	(677)
Balance, end of year	10,570	40,011	(28)	304	34,985	(31,986)	(2,149)	51,707
Balance to be settled within one year								7,424

34 EARNINGS PER COMMON SHARE

The computation of diluted earnings per common share recognises the dilutive impact of LTI share grants and share options (note 30.1), ESOP shares grants (note 30.1) and share warrants. In computing diluted earnings per share, the weighted average number of common shares is adjusted by the dilutive impacts of the afore-mentioned share grants, share warrants and options.

	2022	2021
Income attributable to common shareholders	115,565	133,179
Weighted average number of shares in issue (in thousands)	142,905	144,892
LTI restricted share grants and share options (in thousands)	1,468	1,418
ESOP shares (in thousands)	475	457
Adjusted weighted average number of shares in issue (in thousands)	144,848	146,767
Basic earnings per common share	**80.9 ¢**	**91.9¢**
Fully diluted earnings per common share	**79.8 ¢**	**90.7¢**

For the year ended December 31, 2022 and December 31, 2021, certain instruments which are considered to be antidilutive have been excluded from the computation of fully diluted earnings per share. This treatment is in accordance with IAS 33 – Earnings Per Share, which indicates that such instruments are antidilutive only when the exercise price is exceeded by the market price of common shares.

Amounts expressed in US $000

35 OTHER COMPREHENSIVE INCOME (OCI)

Analysis of OCI:	2022					2021				
		After tax OCI is attributable to					After tax OCI is attributable to			
	OCI tax impact	Shareholders	Participating policyholders	Non-controlling interests	Total after tax OCI	OCI tax impact	Shareholders	Participating policyholders	Non-controlling interests	Total after tax OCI
Items that may be reclassified subsequently to income:										
FVOCI assets:										
Gains / (losses) arising on revaluation	121,944	(435,029)	(4,147)	(51,586)	(490,762)	16,258	(30,750)	(1,987)	(7,777)	(40,514)
(Gains) / losses transferred to income	367	(533)	(70)	37	(566)	352	(12,202)	222	(7,619)	(19,599)
Net change in actuarial liabilities	(74,823)	300,061	3,835	8,422	312,318	(2,862)	14,200	1,554	414	16,168
Cash flow hedges	-	-	-	-	-	-	239	-	3,209	3,448
Retranslation of foreign currency operations	-	2,442	(9)	1,257	3,690	-	(25,315)	(8)	(46,518)	(71,841)
	47,488	(133,059)	(391)	(41,870)	(175,320)	13,748	(53,828)	(219)	(58,291)	(112,338)
Items that will not be reclassified subsequently to income:										
Gains / (losses) arising on revaluation of owner-occupied and owner-managed property	(3,602)	528	-	12,917	13,445	(2,867)	2,528	-	9,648	12,176
Defined benefit plan gains / (losses)	(5,963)	368	-	8,488	8,856	4,910	(8,933)	-	(6,695)	(15,628)
	(9,565)	896	-	21,405	22,301	2,043	(6,405)	-	2,953	(3,452)
Total OCI movements	37,923	(132,163)	(391)	(20,465)	(153,019)	15,791	(60,233)	(219)	(55,338)	(115,790)
Allocated to equity reserves		(132,531)					(51,300)			
Allocated to retained earnings		368					(8,933)			
		(132,163)					(60,233)			

Amounts expressed in US $000

36 CASH FLOWS

36.1 Operating activities

	2022	2021
Adjustments for non-cash items, interest and dividends:		
Income from financial investments	(325,354)	(476,658)
Gain arising on business combinations, acquisitions and divestitures	(1,685)	(10,706)
Net increase in actuarial liabilities	859,493	780,915
Interest costs and finance costs	102,007	87,727
Credit impairment losses	6,289	(4,328)
Depreciation and amortisation	30,950	32,701
Increase in provision for unearned premiums	543	1,401
Other items	3,467	(14,722)
	675,710	396,330
Net change in investments and operating assets:		
Investment property	480	2,035
Debt securities	(1,223,179)	(815,270)
Equity securities	13,235	(145,667)
Mortgage loans	(165,596)	(39,774)
Policy loans	(6,103)	(3,323)
Finance loans	(115,864)	(8,446)
Securities purchased for resale	10,680	(16,839)
Deposits	(12,894)	(23,136)
Other assets and receivables	(58,512)	(34,456)
	(1,557,753)	(1,084,876)

36.1 Operating activities (continued)

The gross changes in investment property, debt securities and equity securities are as follows:

	2022	2021
Investment property:		
Purchases	-	(1,290)
Disposal proceeds	480	3,325
	480	2,035
Debt securities:		
Purchases	(2,398,236)	(3,334,714)
Disposal proceeds	1,175,057	2,519,444
	(1,223,179)	(815,270)
Equity securities:		
Purchases	(243,561)	(521,504)
Disposal proceeds	256,796	375,837
	13,235	(145,667)
Net change in operating liabilities:		
Insurance liabilities	15,176	49,508
Investment contract liabilities	1,970	36,196
Other funding instruments	19,150	128,512
Deposits	91,395	58,858
Securities sold for repurchase	33,689	32,896
Other liabilities and payables	(10,954)	9,836
	150,426	315,806

Amounts expressed in US $000

36.2 Investing activities

	2022	2021
Property, plant and equipment:		
Purchases	(17,634)	(10,919)
Disposal proceeds	188	281
	(17,446)	(10,638)

36.3 Financing activities

	2022	2021
Notes and loans payable:		
Proceeds	61,734	552,304
Repayments	(71,748)	(330,777)
	(10,014)	221,527

36.4 Lease liability payments

	2022	2021
Principal paid	(7,600)	(7,845)
Interest paid	(1,485)	(1,785)
	(9,085)	(9,630)

36.5 Cash and cash equivalents

	2022	2021
Cash	368,137	359,975
Call deposits and other liquid balances	226,337	477,577
Bank overdrafts	(1,737)	(761)
	592,737	836,791

Amounts expressed in US $000

37 CHANGES IN SUBSIDIARY AND ASSOCIATE HOLDINGS

37.1 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.

Details of the net assets acquired are as follows:

	Total Fair Value	Acquiree's Carrying Value
Net assets acquired:		
Property, plant and equipment	93	93
Intangible assets (note 8.1)	4,553	-
Financial investments	3,037	3,037
Miscellaneous assets and receivables	2,996	2,996
Cash resources	1,773	1,773
Deposit and security liabilities	(6,551)	(6,551)
Income tax liabilities	(1,606)	(88)
Accounts payable and accrued liabilities	(340)	(340)
Total net assets	3,955	920

37.1 Alliance Financial Services Limited (continued)

The share of net assets acquired, purchase consideration and goodwill are as follows:

	Fair Value
Share of net assets acquired	3,955
Purchase consideration	21,344
Goodwill arising on acquisition (note 8.1)	17,389

The acquiree's net income / (loss) and total revenue are as follows:

	Net income / (loss)	Total Revenue
For the period from January 1, 2022 to December 31, 2022	(9,893)	4,157
Consolidated from the date of acquisition to December 31, 2022	449	4,549

37.2 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.

Amounts expressed in US $000

37 CHANGES IN SUBSIDIARY AND ASSOCIATE HOLDINGS (continued)

37.3 Sagicor Real Estate X-Fund Limited

On March 24, 2022, 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.

Details of the net assets which have been derecognised and the gain on disposal of X-Fund Limited are as follows:

	Total Carrying Value
Net assets derecognised on disposal of X-Fund Limited:	
Property, plant and equipment (note 7)	(108,354)
Intangible assets (note 8.1)	(1,752)
Financial investments	(46,936)
Income tax assets	(839)
Miscellaneous assets and receivables	(5,726)
Cash resources	(21,227)
Notes and loans payable (note 16)	44,655
Income tax liabilities	11,869
Accounts payable and accrued liabilities	4,733
Total net assets derecognised	(123,577)
Gain on disposal of X-Fund Limited:	
Net proceeds received on disposal of X-Fund Limited	25,036
Share of net assets derecognised	(24,347)
	689
Net unrealised foreign exchange gains in OCI recycled to income	994
Gain on disposal of X-Fund Limited	1,683

37.4 Jamziv MoBay Jamaica Portfolio Limited

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.

37.5 ivari

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

The expected consideration to be paid in cash at the 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.

37.6 Mutual Financial Services Inc

During the three-month period ended June 30, 2021, The Mutual Financial Services Inc (MFS) was dissolved and its net assets of $11.7 million, representing the carrying value at dissolution, were distributed to its shareholders. No gain or loss was recognised on dissolution. MFS was a subsidiary of Sagicor Life Inc. in which the effective shareholder's interest was 73%. Its principal activity was that of a financial services holding company.

Amounts expressed in US $000

37 CHANGES IN SUBSIDIARY AND ASSOCIATE HOLDINGS (continued)

37.7 Playa Hotels & Resorts N.V.

During the three-month period ended March 31, 2021, certain transactions took place which resulted in a reduction in the Group's interest in Playa and the investment being designated as a FVTPL investment.

On January 15, 2021, Playa issued 25,000,000 new ordinary shares for $125 million in an underwritten public offering. Concurrent to this transaction, SGJ disposed of its shareholding of 20,000,000 ordinary shares of Playa for net cash consideration of $96 million. In a public offering held by the SGJ Group, 11,499,000 shares of Playa were sold by SGJ at a price of $5.00 per share net of commission expenses associated with the public offering. In addition, 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 $1.584 million on the disposal of 20,000,000 shares by SGJ and a gain by SFCL of $12.263 million on remeasuring the investment in Playa to FVTPL as at March 31, 2021, as follows:

i. Disposal of holding by SGJ:

SGJ's share of the carrying value of the investment in Playa on its statement of financial position as at January 15, 2021 was compared to the proceeds of $96 million by SGJ and adjusted for recycling of net unrealised foreign exchange gains and unrealised interest rate swap losses in OCI to income.

Net proceeds received by SGJ on sale of Playa shares	96,000
Share of carrying value of investment in Playa as an associate on the statement of financial position of SGJ as at January 15, 2021	(111,813)
	(15,813)
Net unrealised foreign exchange gains recycled to income	17,807
Net unrealised interest rate swap losses recycled to income	(3,578)
Loss on disposal of holding in Playa	(1,584)

37.7 Playa Hotels & Resorts N.V. (continued)

ii. Gain recognised on acquisition of shares in Playa by SFCL (FVTPL basis):

SFCL purchased 8,501,000 shares from SGJ for consideration of $40.8 million. These shares were measured at FVTPL as at January 15, 2021, along with 1,500,000 shares held by SFCL in Playa which previously formed part of the Group's interest in Playa as an associate.

As at January 15, 2021	
Fair value gain recognised on 8,501,000 shares purchased	9,138
Fair value gain recognised on original holding of 1,500,000 shares	3,125
Total fair value gain recognised on holding in Playa	12,263

Subsequent to the transactions outlined above, 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 $31,240 (2021 – gain of $21,601) has been recognised on the Group's FVTPL investment in Playa (see note 26).

37.8 Disposal of insurance operations

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$3.038 million.

Amounts expressed in US $000

38 LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS

Guarantee and financial facilities at the date of the financial statements for which no provision has been made in these financial statements include the following:

	2022	2021
Customer guarantees and letters of credit [1]	36,985	33,104

[1] There are equal and offsetting claims against customers in the event of a call on the above commitments for customer guarantees and letters of credit.

(a) Legal proceedings

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 of 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 results of operations.

Significant matters are outlined below:

(i) Suit has been filed by a customer against one of the Group's subsidiaries for breach of contract, and breach of trust in the amount of US$8,928 being loss allegedly suffered as a result of what the claimants say is the unlawful withholding of insurance proceeds by the subsidiary. No provision was made in these financial statements for this claim as the matter has not been heard.

(ii) Suit has been filed by an independent contractor against one of the Group's subsidiaries for breach of contract arising from alleged contractual agreement. The Claimant alleges that the subsidiary failed to pursue initiatives contemplated by the contract with a third party and that by not doing so, it caused the Claimant company significant losses which they have estimated at over US$300,000. No provision was made in these financial statements for this claim as the claim has been stayed to accommodate arbitration as required under the Agreement between the parties.

38 LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(a) Legal proceedings (continued)

(iii) The Sagicor Jamaica Group owns a 4.5% shareholding in Cornerstone Financial Holding Limited (CFHL), a company registered in Barbados. A suit has been filed by Sagicor Investments Jamaica (SIJL) against Cornerstone Financial Holdings Limited (CFHL), a company registered in Barbados, for damages suffered as a result of a rights issue being offered to only those shareholders that had participated in the rights issue of an affiliated company. In July 2020, Cornerstone United Holdings Limited (CUHL), a company registered in Jamaica, offered a rights issue to raise US$21 million at US$1.40 per share. SIJL chose not to participate in this rights issue. CFHL subsequently allotted shares to the shareholders that participated in the CUHL rights issue at a price of less than one cent per share when the shares had a book value of approximately US$7.80 per share. This had the effect of reducing the value of SIJL's shareholding in CFHL by approximately US$4 million and SIJL's shareholding was diluted from 4.5% to 3.47%. CFHL has argued this was justifiable because of an agreement to maintain similar shareholding structures. A second rights issue was completed on a similar basis thus reducing the company's shareholding to 2.82%.

The Sagicor Jamaica Group is contesting the rights issues in CFHL on the basis of their legality and therefore valued its shareholding at 4.5% in these financial statements as at December 31, 2022. Should the courts rule against the Group, then the value of its holding will need to be written down by US$5 million.

Based on legal opinion, the company has a high probability of success in this matter. No adjustment to the carrying value of the holdings has been recorded in the financial statements in respect of this suit as at December 31, 2022.

(b) Tax assessments

The Group is also subject to tax assessments during the normal course of business. Adequate provision has been made for all assessments received to date and for tax liabilities accruing in accordance with management's understanding of tax regulations. Potential tax assessments may be received by the Group which are in addition to accrued tax liabilities. No provisions have been made in these financial statements for such potential tax assessments.

Amounts expressed in US $000

38 LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(c) 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 (SLIC), USA, in support of a coinsurance agreement between the two parties. The letter of credit facility is guaranteed by Sagicor Financial Corporation Limited and SRBL. The letter of credit expires annually on June 26 and is deemed to be automatically extended for one-year periods, subject to notice of the intention to terminate the facility being given sixty days prior to an expiration date. The facility was automatically extended on June 26, 2022.

The Group is required to comply with the following covenant in respect of the facility:

COVENANT	DESCRIPTION
Cash Collateralisation Event (Under this requirement, the Group must fully collateralise the facility if the noted conditions are breached.)	The Group must maintain an aggregate MCCSR of at least 175% at the end of any fiscal quarter. The Group must maintain a Fixed Charge Coverage Ratio, at the end of any fiscal quarter, of an excess of 2.00 to 1.00. The ratio of Consolidated Total Indebtedness to Consolidated Total Capitalisation, at the end of any fiscal quarter, must not exceed 0.35 to 1.00. The credit rating of the Group must not fall below a specific predetermined level. The aggregate amount of unrestricted cash and cash equivalents held with the Bank, at any time, should not be less than US$25 million.
Event of Default	Upon an Event of Default, the Bank may declare the Obligations due and payable.

38 LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS (continued)

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, except for any stated condition therein, 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.

Amounts expressed in US $000

39 FAIR VALUE OF PROPERTY

Investment property, owner-occupied property and owner-managed hotel property are carried at fair value as determined by independent valuations using internationally recognised valuation techniques. Direct sales comparisons, when such data is available, and income capitalisation methods, when appropriate, are included in the assessment of fair values. The highest and best use of a property may also be considered in determining its fair value.

Some tracts of land are currently used for farming operations or are undeveloped or are leased to third parties. In determining the fair value of all lands, their potential for development within a reasonable period is assessed, and if such potential exists, the fair value reflects that potential. These lands are mostly in Barbados and the Group has adopted a policy of orderly development and transformation to realise their full potential over time.

The fair value hierarchy has been applied to the valuations of the Group's property. The different levels of the hierarchy are as follows:

- Level 1 - fair value is determined by quoted unadjusted prices in active markets for identical assets;
- Level 2 - fair value is determined by inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly;
- Level 3 - fair value is determined from inputs that are not based on observable market data.

The results of applying the fair value hierarchy to the Group's property are as follows:

	Level 1	Level 2	Level 3	Total
2022				
Investment property	-	-	77,359	77,359
Owner-occupied properties	-	-	108,197	108,197
	-	-	185,556	185,556
2021				
Investment property	-	-	75,954	75,954
Owner-occupied properties	-	-	108,480	108,480
Owner-managed hotel properties	-	-	88,235	88,235
	-	-	272,669	272,669

39 FAIR VALUE OF PROPERTY (continued)

For Level 3 investment property, reasonable changes in fair value would affect net income. For Level 3 owner-occupied properties and owner-managed hotel properties, reasonable changes in fair value would affect other comprehensive income. The movements for the year in investment property, owner-occupied properties and owner-managed hotel properties are set out in notes 5 and 7.

39 FAIR VALUE OF PROPERTY (continued)

The following table shows the sensitivity of fair value measurements to changes in unobservable inputs for Level 3 investment property, owner-occupied properties and owner-managed hotel properties:

Amounts in US $000	Fair value		Unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	2022	**2021**		**2022**	**2021**	
Investment property	77,359	75,954	Comparable sales	5%	5%	(1)
Owner-occupied properties	108,197	108,480	Comparable sales	5%	5%	(1)
Owner-managed hotel properties	-	88,235	Comparable sales	5%	5%	(1)
Total properties	185,556	272,669				

(1) Increases or decreases in comparable sale prices will have a direct correlation to fair value.

40 FINANCIAL RISK

The Group's activities of issuing insurance contracts, of accepting funds from depositors, of investing insurance premium and deposit receipts in a variety of financial and other assets, banking and dealing in securities, exposes the Group to various insurance and financial risks. Financial risks include credit default, liquidity and market risks. Market risks arise from changes in interest rates, equity prices, currency exchange rates or other market factors. The principal insurance risks are identified in notes 41 and 42.

The overriding objective of the Group's risk management framework is to enhance its capital base through competitive earnings growth and to protect capital against inherent business risks. This means that the Group accepts certain levels of risk in order to generate returns, and the Group manages the levels of risk assumed through enterprise-wide risk management policies and procedures. Identified risks are assessed as to their potential financial impact and as to their likelihood of occurrence.

40.1 Credit risk

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

Credit risk from financial investments is minimised through:

- holding a diversified portfolio of investments;
- purchasing quality securities;
- advancing loans only after careful assessment of the borrower and obtaining collateral;
- placing deposits with financial institutions with a strong capital base;
- placing limits on the amount of exposure in relation to any one borrower, and setting and monitoring portfolio limits for all credit products which include loans, mortgages and credit card receivables;
- obtaining collateral and guarantees from borrowers.

Investment portfolio assets are mostly unsecured except for securities purchased under agreement to resell, for which title to the securities is transferred to the Group for the duration of each agreement.

40.1 Credit risk (continued)

For mortgage loans, the collateral is real estate property, and the approved loan limit is 75% to 95% of collateral value. For finance loans, the collateral often comprises a vehicle or other form of security and the approved loan limit is 50% to 100% of the collateral value.

The Group may foreclose on overdue mortgage loans and finance loans by repossessing the pledged asset. The Group will seek to dispose of the pledged asset by sale. In some instances, the Group may provide re-financing to a new purchaser on customary terms.

Policy loans are advanced on the security of the underlying insurance policy cash values. Cash loans are advanced to a maximum of 80% to 100% of the cash surrender value. Automatic premium loans may be advanced to the extent of available cash surrender value.

Renegotiated assets

The Group may renegotiate the terms of any financial investment to facilitate borrowers in financial difficulty. Arrangements to waive, adjust or postpone scheduled amounts due may be entered into. The Group classifies these amounts as past due, unless the original agreement is formally revised, modified or substituted.

Rating of financial assets

The Group's credit rating model (note 3.1) applies a rating scale to three categories of exposures:

- Investment portfolios, comprising debt securities and money market funds, deposits, securities purchased for resale, and cash;
- Lending portfolios, comprising mortgage, policy and finance loans;
- Reinsurance exposures, comprising reinsurance assets for life, annuity and health insurance (see note 42.3) or realistic disaster scenarios for property and casualty insurance (see note 41.3).

For lending portfolios, the three default ratings of 8, 9 and 10 are utilised, while for investment portfolios and reinsurance assets, one default rating of 8 is utilised.

In sections 40.2, 40.3 and 40.4, we set out for the Group its credit risk exposures and credit impairments.

Amounts expressed in US $000

40.2 Credit risk exposure

The total credit risk exposures of the Group by operating segment is as follows:

	2022					2021				
	Sagicor Life	Sagicor Jamaica	Sagicor USA	Head office & other	Total	Sagicor Life	Sagicor Jamaica	Sagicor USA	Head office & other	Total
Investment portfolios	1,291,178	1,917,751	3,846,004	206,008	7,260,941	1,229,813	1,886,801	2,986,536	244,425	6,347,575
Lending portfolios	365,543	765,768	304,503	13,385	1,449,199	369,499	646,816	121,741	14,076	1,152,132
Cash	123,254	227,434	43,885	53,638	448,211	96,266	223,939	60,649	57,256	438,110
Reinsurance assets	8,921	10,040	485,694	6,601	511,256	4,968	10,514	579,702	6,901	602,085
Receivables	28,730	71,351	4,458	25,433	129,972	28,954	82,842	5,286	16,443	133,525
Total financial statement exposures	1,817,626	2,992,344	4,684,544	305,065	9,799,579	1,729,500	2,850,912	3,753,914	339,101	8,673,427
Lending commitments	21,203	96,020	-	54	117,277	17,790	49,225	-	213	67,228
Customer guarantees and letters of credit	-	36,985	-	-	36,985	-	33,104	-	-	33,104
Total off financial statement exposures	21,203	133,005	-	54	154,262	17,790	82,329	-	213	100,332
Total	1,838,829	3,125,349	4,684,544	305,119	9,953,841	1,747,290	2,933,241	3,753,914	339,314	8,773,759

Amounts expressed in US $000

40.2 Credit risk exposure (continued)

The principal individual credit exposures of the Group are as follows:

	Sagicor Risk Rating	2022	2021
Gov't of Jamaica debt securities	5	1,130,812	1,119,830
Gov't of Trinidad & Tobago debt securities	3	596,514	563,774
Gov't of Barbados debt securities	5	289,244	276,958
Federal National Mortgage Association (USA) debt securities	1	194,863	211,637
Guggenheim Partners reinsurance asset (note 40.4 (a))	2	307,423	362,984
Heritage Life Insurance reinsurance asset (note 40.4 (b))	3	92,795	125,996

40.2 Credit risk exposure (continued)

For assets measured at FVOCI or amortised cost, credit risk exposure is the gross carrying amount. For assets measured at FVTPL, the Group's credit risk exposure is the carrying amount. The components of investment and lending portfolios by accounting classification are summarised below.

	2022	2021
Investment portfolios:		
Debt securities and money market funds at FVOCI	5,290,288	4,378,422
Debt securities at amortised cost	1,481,743	1,402,469
Securities purchased for resale	32,335	68,007
Deposits at amortised cost	119,794	215,143
Debt securities at FVTPL	336,781	283,534
	7,260,941	6,347,575
Lending portfolios:		
Mortgage loans at amortised cost	599,724	430,427
Finance loans at amortised cost	666,043	543,034
Policy loans at amortised cost	160,026	154,296
Mortgage loans at FVTPL	23,406	24,375
	1,449,199	1,152,132

Amounts expressed in US $000

40.2 Credit risk exposure (continued)

Credit risk exposure – financial investments subject to impairment

Financial assets carried at amortised cost or FVOCI are subject to credit impairment losses which are recognised in the statement of income. The following tables analyse the credit risk exposure of financial investments as at December 31 for which an ECL allowance is recognised.

	Debt securities and money market funds – FVOCI					Debt securities and money market funds – FVOCI				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Investment	4,229,441	2,507	-	-	4,231,948	3,411,602	6,233	-	-	3,417,835
Non-investment	924,971	105,149	-	28,210	1,058,330	849,095	83,183	-	28,205	960,483
Unrated	10	-	-	-	10	104	-	-	-	104
Gross carrying amount	5,154,422	107,656	-	28,210	5,290,288	4,260,801	89,416	-	28,205	4,378,422
Loss allowance	(3,218)	(5,323)	-	-	(8,541)	(2,471)	(4,320)	-	-	(6,791)
Carrying amount	5,151,204	102,333	-	28,210	5,281,747	4,258,330	85,096	-	28,205	4,371,631

Amounts expressed in US $000

40.2 Credit risk exposure – financial investments subject to impairment (continued)

	Debt securities – amortised cost					Debt securities – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Investment	469,350	-	-	-	469,350	428,766	-	-	-	428,766
Non-investment	801,082	8,260	10	198,271	1,007,623	759,565	22,597	10	185,165	967,337
Watch	628	45	-	3,515	4,188	1,654	45	-	4,081	5,780
Unrated	574	-	-	8	582	575	-	-	11	586
Gross carrying amount	1,271,634	8,305	10	201,794	1,481,743	1,190,560	22,642	10	189,257	1,402,469
Loss allowance	(2,300)	(63)	-	(340)	(2,703)	(2,068)	(211)	-	(487)	(2,766)
Carrying amount	1,269,334	8,242	10	201,454	1,479,040	1,188,492	22,431	10	188,770	1,399,703

Amounts expressed in US $000

40.2 Credit risk exposure – financial investments subject to impairment (continued)

	Mortgage loans – amortised cost					Mortgage loans – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Investment	374,981	25,176	2,474	-	402,631	209,752	33,523	82	-	243,357
Non-investment	163,832	6,903	135	-	170,870	121,007	27,161	-	-	148,168
Watch	1,033	1,106	11,563	-	13,702	-	1,108	27,460	-	28,568
Default	195	-	12,326	-	12,521	-	-	10,334	-	10,334
Gross carrying amount	540,041	33,185	26,498	-	599,724	330,759	61,792	37,876	-	430,427
Loss allowance	(1,705)	(631)	(3,750)	-	(6,086)	(1,018)	(641)	(3,220)	-	(4,879)
Carrying amount	538,336	32,554	22,748	-	593,638	329,741	61,151	34,656	-	425,548

Amounts expressed in US $000

40.2 Credit risk exposure – financial investments subject to impairment (continued)

	Policy loans – amortised cost					Policy loans – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Investment	153,061	-	-	-	153,061	147,295	-	-	-	147,295
Non-investment	6,965	-	-	-	6,965	7,001	-	-	-	7,001
Gross carrying amount	160,026	-	-	-	160,026	154,296	-	-	-	154,296
Loss allowance	(440)	-	-	-	(440)	(457)	-	-	-	(457)
Carrying amount	159,586	-	-	-	159,586	153,839	-	-	-	153,839

Amounts expressed in US $000

40.2 Credit risk exposure – financial investments subject to impairment (continued)

	Finance loans – amortised cost					Finance loans – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Investment	30,825	-	-	-	30,825	-	-	-	-	-
Non-investment	603,987	20,478	-	-	624,465	508,966	18,729	-	-	527,695
Watch	-	1,981	-	-	1,981	-	3,811	-	-	3,811
Default	-	-	8,772	-	8,772	-	-	11,528	-	11,528
Gross carrying amount	634,812	22,459	8,772	-	666,043	508,966	22,540	11,528	-	543,034
Loss allowance	(5,682)	(676)	(4,822)	-	(11,180)	(4,228)	(452)	(4,894)	-	(9,574)
Carrying amount	629,130	21,783	3,950	-	654,863	504,738	22,088	6,634	-	533,460

Amounts expressed in US $000

40.2 Credit risk exposure – financial investments subject to impairment (continued)

	Securities purchased for resale – amortised cost					Securities purchased for resale – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Non-investment	32,335	-	-	-	32,335	68,007	-	-	-	68,007
Gross carrying amount	32,335	-	-	-	32,335	68,007	-	-	-	68,007
Loss allowance	-	-	-	-	-	-	-	-	-	-
Carrying amount	32,335	-	-	-	32,335	68,007	-	-	-	68,007

Amounts expressed in US $000

40.2 Credit risk exposure – financial investments subject to impairment (continued)

	Deposits – amortised cost					Deposits – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
December 31:										
Credit grade:										
Investment	72,132	-	-	-	72,132	97,104	-	-	-	97,104
Non-investment	41,353	254	-	-	41,607	116,547	252	-	-	116,799
Watch	5,153	371	-	-	5,524	429	371	-	-	800
Unrated	531	-	-	-	531	440	-	-	-	440
Gross carrying amount	119,169	625	-	-	119,794	214,520	623	-	-	215,143
Loss allowance	(3,293)	(71)	-	-	(3,364)	(3,147)	(71)	-	-	(3,218)
Carrying amount	115,876	554	-	-	116,430	211,373	552	-	-	211,925

40.3 Credit impairment losses – financial investments subject to impairment

The allowance for ECL is recognised in each reporting period and is impacted by a variety of factors, as described below:

- Transfers between stages due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to inputs used in the calculation, including the effect of 'step-up' (or 'step down') between 12-month and lifetime ECL;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements.

Amounts expressed in US $000

40.3 Credit impairment losses – financial investments subject to impairment (continued)

LOSS ALLOWANCES	Debt securities and money market funds – FVOCI					Debt securities and money market funds – FVOCI				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	2,471	4,320	-	-	6,791	2,572	8,465	6,176	-	17,213
Transfers:										
Stage 1 to Stage 2	(39)	39	-	-	-	(746)	746	-	-	-
Stage 2 to Stage 1	206	(206)	-	-	-	-	-	-	-	-
Securities originated or purchased	859	-	-	-	859	1,645	-	-	-	1,645
Securities fully derecognised	(319)	(193)	-	-	(512)	(739)	(5,865)	(6,038)	-	(12,642)
Changes in ECL inputs, models and / or assumptions	24	1,355	-	-	1,379	(195)	1,034	-	-	839
Effect of exchange rate changes	16	8	-	-	24	(66)	(60)	(138)	-	(264)
Loss allowance, end of year	3,218	5,323	-	-	8,541	2,471	4,320	-	-	6,791
Credit impairment (loss) / loss reduction recorded in income					(1,700)					2,173

Amounts expressed in US $000

40.3 Credit impairment losses – financial investments subject to impairment (continued)

LOSS ALLOWANCES	Debt securities – amortised cost					Debt securities – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	2,068	211	-	487	2,766	2,378	1,887	1,402	414	6,081
Transfers:										
Stage 1 to Stage 2	-	-	-	-	-	(1)	1	-	-	-
Stage 2 to Stage 1	87	(87)	-	-	-	99	(99)	-	-	-
Securities originated or purchased	188	-	-	-	188	239	-	-	-	239
Securities fully derecognised	(139)	-	-	-	(139)	(221)	(204)	(925)	-	(1,350)
Changes in ECL inputs, models and / or assumptions	85	(61)	-	(148)	(124)	(381)	(1,374)	(477)	73	(2,159)
Effect of exchange rate changes	11	-	-	1	12	(45)	-	-	-	(45)
Loss allowance, end of year	2,300	63	-	340	2,703	2,068	211	-	487	2,766
Credit impairment loss reduction recorded in income					78					3,191

Amounts expressed in US $000

40.3 Credit impairment losses – financial investments subject to impairment (continued)

LOSS ALLOWANCES	Mortgage loans – amortised cost					Mortgage loans – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	1,018	641	3,220	-	4,879	1,261	556	1,791	-	3,608
Transfers:										
Stage 1 to Stage 2	(115)	115	-	-	-	(100)	100	-	-	-
Stage 1 to Stage 3	(43)		43	-	-	(7)	-	7	-	-
Stage 2 to Stage 1	396	(396)		-	-	289	(289)	-	-	-
Stage 2 to Stage 3	-	(47)	47	-	-	-	(36)	36	-	-
Stage 3 to Stage 2	-	188	(188)	-	-	-	67	(67)	-	-
Stage 3 to Stage 1	353	-	(353)	-	-	242	-	(242)	-	-
Loans originated or purchased	778	-	-	-	778	260	-	-	-	260
Loans fully derecognised	(55)	(50)	(101)	-	(206)	(58)	(36)	(657)	-	(751)
Write-offs	-	-	(77)	-	(77)					
Changes in ECL inputs, models and / or assumptions	(629)	180	1,141	-	692	(860)	289	2,417	-	1,846
Effect of exchange rate changes	2	-	18	-	20	(9)	(10)	(65)	-	(84)
Loss allowance, end of year	1,705	631	3,750	-	6,086	1,018	641	3,220	-	4,879
Credit impairment (loss) / loss reduction recorded in income					(912)					163

Amounts expressed in US $000

40.3 Credit impairment losses – financial investments subject to impairment (continued)

LOSS ALLOWANCES	Policy loans – amortised cost					Policy loans – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	457	-	-	-	457	298	-	-	-	298
Changes in ECL inputs, models and / or assumptions	(19)	-	-	-	(19)	164	-	-	-	164
Effect of exchange rate changes	2	-	-	-	2	(5)	-	-	-	(5)
Loss allowance, end of year	440	-	-	-	440	457	-	-	-	457
Credit impairment loss recorded in income					(19)					-

Amounts expressed in US $000

40.3 Credit impairment losses – financial investments subject to impairment (continued)

LOSS ALLOWANCES	Finance loans – amortised cost 2022					Finance loans – amortised cost 2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	4,228	452	4,894	-	9,574	5,208	903	6,552	-	12,663
Transfers:										
Stage 1 to Stage 2	(119)	119	-	-	-	(85)	85	-	-	-
Stage 1 to Stage 3	(411)	-	411	-	-	(142)	-	142	-	-
Stage 2 to Stage 1	42	(42)	-	-	-	95	(95)	-	-	-
Stage 2 to Stage 3	-	(28)	28	-	-	-	(115)	115	-	-
Stage 3 to Stage 2	-	21	(21)	-	-	-	-	-	-	-
Stage 3 to Stage 1	170	-	(170)	-	-	388	-	(388)	-	-
Loans originated or purchased	1,864	-	-	-	1,864	1,009	-	-	-	1,009
Loans fully derecognised	(490)	(33)	(2,544)	-	(3,067)	(715)	(169)	(2,888)	-	(3,772)
Write-offs	-	-	-	-	-	-	(1)	-	-	(1)
Changes in ECL inputs, models and / or assumptions	308	187	2,155	-	2,650	(1,213)	(134)	1,705	-	358
Effect of exchange rate changes	90	-	69	-	159	(317)	(22)	(344)	-	(683)
Loss allowance, end of year	5,682	676	4,822	-	11,180	4,228	452	4,894	-	9,574
Credit impairment (loss) / loss reduction recorded in income					(3,588)					476

Amounts expressed in US $000

40.3 Credit impairment losses – financial investments subject to impairment (continued)

LOSS ALLOWANCES	Deposits – amortised cost					Deposits – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	3,147	71	-	-	3,218	288	1,271	-	-	1,559
Transfers:										
Stage 1 to Stage 2	(1)	1	-	-	-	-	-	-	-	-
Deposits originated or purchased	384	-	-	-	384	3,102	-	-	-	3,102
Deposits fully derecognised	(230)	-	-	-	(230)	(1,129)	(1,347)	-	-	(2,476)
Changes in ECL inputs, models and / or assumptions	(7)	(1)	-	-	(8)	886	147	-	-	1,033
Loss allowance, end of year	3,293	71	-	-	3,364	3,147	71	-	-	3,218
Credit impairment loss recorded in income					(148)					(1,675)

Amounts expressed in US $000

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions

The macroeconomic indicators for all sectors were maintained and continue to produce regressions which reasonably explain the relationship between the respective default rates and the macroeconomic variables.

The GBP USD and NZD USD currency pairs continue to enhance the explanation of the default rates in the respective sectors. This is considered critical given that currency risk and sovereign risk vary between currency pairs. Currency shocks can have adverse implications on companies leading to their inability to meet debt service obligations.

In addition to the currency pairs, it is noted that market indices such as the S&P 500 Financial Index and the Dow Jones Industrial Average Index have demonstrated a stronger correlation to the performance of Sagicor's investments in the financial and industrial sectors.

In summary, the variables utilised have maintained the model's robustness in promoting a reliable and supportable fit between the default rate and the macroeconomic variables.

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions (continued)

Sagicor has selected seven economic factors which provide the overall macroeconomic environment in considering forward-looking information for base, upside and downside forecasts. These are as follows:

	As of December 31, 2022			As of December 31, 2021		
	2023	**2024**	**2025**	**2022**	**2023**	**2024**
GDP Growth (USA)						
Base	0.9%	1.6%	1.5%	3.5%	2.6%	1.9%
Upside	0.9%	1.6%	1.5%	5.0%	3.0%	1.0%
Downside	-1.0%	2.9%	3.2%	1.1%	1.6%	1.8%
World GDP						
Base	2.7%	3.2%	3.4%	4.9%	3.6%	3.4%
Upside	4.1%	4.8%	5.1%	7.4%	5.4%	5.1%
Downside	1.9%	2.3%	2.4%	2.6%	2.6%	2.4%
WTI Oil Prices/10						
Base	$7.73	$7.25	$6.86	$7.36	$6.79	$6.40
Upside	$9.35	$9.35	$9.35	$9.39	$9.39	$9.39
Downside	$3.14	$2.95	$2.79	$3.09	$2.85	$2.69
DOW Jones Industrial Average Index EPS						
Base	$1,820.84	$2,014.89	$2,233.13	$1,940.94	$2,132.89	$2,132.89
Upside	$3,052.22	$3,377.50	$3,743.33	$2,883.51	$3,168.68	$3,168.68
Downside	$1,059.05	$1,171.92	$1,298.85	$1,138.04	$1,250.58	$1,250.58

Amounts expressed in US $000

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions (continued"

	As of December 31, 2022			As of December 31, 2021		
	2023	2024	2025	2022	2023	2024
S&P 500 Financial Index - EPS						
Base	$39.66	$47.06	$51.64	$43.93	$48.98	$48.98
Upside	$63.68	$75.56	$82.91	$66.29	$73.91	$73.91
Downside	$25.90	$30.74	$33.73	$28.80	$32.11	$32.11
GBP/USD						
Base	$1.22	$1.21	$1.21	$1.35	$1.35	$1.35
Upside	$1.35	$1.41	$1.45	$1.46	$1.52	$1.57
Downside	$1.08	$1.02	$0.96	$1.24	$1.18	$1.14
NZD/USD						
Base	$0.63	$0.63	$0.62	$0.68	$0.67	$0.66
Upside	$0.72	$0.74	$0.76	$0.74	$0.77	$0.78
Downside	$0.55	$0.51	$0.48	$0.61	$0.57	$0.53

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions (continued)

Sagicor's lending operations in Barbados, Trinidad, and Jamaica have limited readily available information regarding economic forecasts. Management has examined the information within the market and selected economic drivers that have the best correlation to the portfolio's performance. Economic state is assigned to reflect the driver's impact on ECL.

As of December 31, 2022		
Barbados	**Expected state for the next 12 months**	**Scenario**
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative
Trinidad & Tobago	**Expected state for the next 12 months**	**Scenario**
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative
Jamaica	**Expected state for the next 12 months**	**Scenario**
Interest rate	Base	Stable
	Upside	Positive
	Downside	Stable
Unemployment rate	Base	Stable
	Upside	Stable
	Downside	Negative

Amounts expressed in US $000

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions (continued)

As of December 31, 2021		
Barbados	**Expected state for the next 12 months**	**Scenario**
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative
Trinidad & Tobago	**Expected state for the next 12 months**	**Scenario**
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative
Jamaica	**Expected state for the next 12 months**	**Scenario**
Interest rate	Base	Stable
	Upside	Positive
	Downside	Stable
Unemployment rate	Base	Stable
	Upside	Stable
	Downside	Negative

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(b) Significant increase in credit risk (SICR)

The ECL impact of a SICR for debt securities has been estimated as follows:

SICR criteria (see note 3.1)	Actual threshold applied	Change in threshold	ECL impact of change in threshold	
			2022	2021
Investments	2-notch downgrade since origination	1-notch downgrade since origination	2,571	2,916

The staging for lending products is based primarily on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

(c) Loss given default (LGD)

From the inception of IFRS 9, the Group has used the LGD for sovereigns as provided by Moody's. The LGD in Moody's current report represents the losses derived using the average trading prices method for USD denominated external debt. Due to the limited trading activity and the small percentage of USD denominated sovereign debt in our portfolio, we do not believe it is appropriate to use the average trading price method. An analysis of this calculation shows that this LGD includes losses for places such as Greece, Russia and African countries and does not truly reflect a Caribbean experience.

Sagicor Life Inc's sovereign exposure is primarily spread across the Caribbean region where bond markets are very thinly traded. For this reason, an internal valuation method is used to produce reasonable fixed income prices. This methodology is essentially a discounted cash flow exercise and these valuations form part of our requisite disclosures for financial reporting purposes.

Amounts expressed in US $000

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(c) Loss given default (LGD) (continued)

Using Moody's NPV method results in a loss given default (LGD) of approximately 35% regardless of the inclusion of CARICOM members solely or all global defaults. Furthermore, Barbados, the most recent defaulted bond issuer in the Caribbean suffered a maximum loss of approximately 36% on the restructured domestic debt which is in line with the LGD using the NPV method.

In light of the above, we adopted the NPV method for determining the LGD for Caribbean Sovereigns and reduced the LGD to 35% as derived from the calculation.

The ECL impact of changes in LGD rates is summarised as follows:

	2022			
	LGD		ECL impact of	
Debt securities	Rate applied	Change in rate	increase in value	decrease in value
Corporate	53%	(- /+ 5) %	824	(824)
Sovereign, excluding Barbados and Jamaica	35%	(- /+ 5) %	325	(325)
Sovereign - Barbados - BAICO bonds	17%	(- /+ 5) %	45	(45)
Sovereign - Jamaica	15%	(- /+ 5) %	527	(527)

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(c) Loss given default (LGD) (continued)

The ECL impact of changes in LGD rates is summarised as follows:

	2021			
	LGD		ECL impact of	
Debt securities	Rate applied	Change in rate	increase in value	decrease in value
Corporate	53%	(- /+ 5) %	646	(646)
Sovereign, excluding Barbados and Jamaica	35%	(- /+ 5) %	367	(367)
Sovereign - Barbados - BAICO bonds	17%	(- /+ 5) %	48	(48)
Sovereign - Jamaica	15%	(- /+ 5) %	578	(578)

Amounts expressed in US $000

40.3 Credit impairment losses – financial investments subject to impairment (continued)

(d) Scenario design

The weightings assigned to each economic scenario as at December 31, 2022 are set out in the following table. These weightings are unchanged from the prior year.

	Base	Upside	Downside
Sagicor Life portfolios	80%	10%	10%
Sagicor Jamaica portfolios	80%	10%	10%
Sagicor Life USA	80%	10%	10%

The results of varying the upside and downside scenarios are as follows:

	Base – 80% Upside – 5% Downside – 15%		Base – 80% Upside – 15% Downside – 5%	
	Increase in ECL		Decrease in ECL	
	2022	2021	2022	2021
Debt securities	497	422	(497)	(422)
Lending products	163	192	(155)	(158)

Amounts expressed in US $000

40.4 Gross Carrying Values – financial investments subject to impairment

The following tables explain the movement in the gross carrying amounts of investments and in the ECL classifications for the year. Gross carrying amounts represent the maximum exposure to credit risk.

	Debt securities and money market funds – FVOCI					Debt securities and money market funds – FVOCI				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	4,260,801	89,416	-	28,205	4,378,422	3,208,171	164,073	7,912	28,617	3,408,773
Transfers:										
Stage 1 to Stage 2	(37,082)	37,082	-	-	-	(15,431)	15,431	-	-	-
Stage 2 to Stage 1	3,270	(3,270)	-	-	-	122	(122)	-	-	-
Securities originated or purchased	1,797,722	-	-	-	1,797,722	2,074,726	-	-	-	2,074,726
Securities fully derecognised	(733,552)	(12,851)	-	-	(746,403)	(846,271)	(85,217)	(7,714)	(440)	(939,642)
Changes in principal and interest	(149,858)	(2,805)	-	5	(152,658)	(115,382)	(4,176)	-	36	(119,522)
Effect of exchange rate changes	13,121	84	-	-	13,205	(45,134)	(573)	(198)	(8)	(45,913)
Gross carrying amount, end of year	5,154,422	107,656	-	28,210	5,290,288	4,260,801	89,416	-	28,205	4,378,422

Amounts expressed in US $000

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Debt securities – amortised cost					Debt securities – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	1,190,560	22,642	10	189,257	1,402,469	1,066,119	28,340	3,926	177,182	1,275,567
Transfers:										
Stage 1 to Stage 2	(824)	824	-	-	-	(3,248)	3,248	-	-	-
Stage 2 to Stage 1	15,185	(15,185)	-	-	-	1,000	(1,000)	-	-	-
Securities originated or purchased	192,241	-	-	1,738	193,979	318,513	-	-	32	318,545
Securities fully derecognised	(128,328)	(37)	-	(1,217)	(129,582)	(158,269)	(112)	(2,582)	(9)	(160,972)
Changes in principal and interest	(4,802)	60	-	12,016	7,274	(6,524)	(7,834)	(1,334)	12,052	(3,640)
Effect of exchange rate changes	7,602	1	-	-	7,603	(27,031)	-	-	-	(27,031)
Gross carrying amount, end of year	1,271,634	8,305	10	201,794	1,481,743	1,190,560	22,642	10	189,257	1,402,469

Amounts expressed in US $000

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Mortgage loans – amortised cost					Mortgage loans – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	330,759	61,792	37,876	-	430,427	306,115	42,821	47,886	-	396,822
Transfers:										
Stage 1 to Stage 2	(6,381)	6,381	-	-	-	(45,713)	45,713	-	-	-
Stage 1 to Stage 3	(2,362)	-	2,362	-	-	(1,982)	-	1,982	-	-
Stage 2 to Stage 1	9,419	(9,419)	-	-	-	24,316	(24,316)		-	-
Stage 2 to Stage 3	-	(1,917)	1,917	-	-	-	(2,140)	2,140	-	-
Stage 3 to Stage 2	-	1,220	(1,220)	-	-	-	5,962	(5,962)	-	-
Stage 3 to Stage 1	2,033	-	(2,033)	-	-	2,793	-	(2,793)	-	-
Loans originated or purchased	213,720	-	-	-	213,720	82,002	-	-	-	82,002
Loans fully derecognised	(15,516)	(1,592)	(1,187)	-	(18,295)	(18,910)	(4,863)	(4,211)	-	(27,984)
Write-offs	-	-	(77)	-	(77)	-	-	-	-	-
Changes in principal and interest	6,113	(23,353)	(11,233)	-	(28,473)	(11,160)	(997)	(737)	-	(12,894)
Effect of exchange rate changes	2,256	73	93	-	2,422	(6,702)	(388)	(429)	-	(7,519)
Gross carrying amount, end of year	540,041	33,185	26,498	-	599,724	330,759	61,792	37,876	-	430,427

Amounts expressed in US $000

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Finance loans – amortised cost					Finance loans – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	508,966	22,540	11,528	-	543,034	523,594	33,487	10,966	-	568,047
Transfers:										
Stage 1 to Stage 2	(10,471)	10,471	-	-	-	(5,705)	5,705	-	-	-
Stage 1 to Stage 3	(3,901)	-	3,901	-	-	(3,994)	-	3,994	-	-
Stage 2 to Stage 1	2,001	(2,001)	-	-	-	4,053	(4,053)		-	-
Stage 2 to Stage 3	-	(716)	716	-	-	-	(4,098)	4,098	-	-
Stage 3 to Stage 2	-	50	(50)	-	-					
Stage 3 to Stage 1	400	-	(400)	-	-	652	-	(652)	-	-
Loans originated or purchased	231,225	-	-	-	231,225	152,133	-	-	-	152,133
Loans fully derecognised	(87,457)	(2,417)	(6,010)	-	(95,884)	(90,846)	(6,409)	(5,007)	-	(102,262)
Write-offs	-	-	(62)	-	(62)	(2)	(11)	-	-	(13)
Changes in principal and interest	(15,307)	(5,483)	(990)	-	(21,780)	(40,617)	(1,470)	(1,287)	-	(43,374)
Effect of exchange rate changes	9,356	15	139	-	9,510	(30,302)	(611)	(584)	-	(31,497)
Gross carrying amount, end of year	634,812	22,459	8,772	-	666,043	508,966	22,540	11,528	-	543,034

Amounts expressed in US $000

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Securities purchased for resale – amortised cost					Securities purchased for resale – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	68,007	-	-	-	68,007	57,110	-	-	-	57,110
Securities originated or purchased	54,429	-	-	-	54,429	69,923	-	-	-	69,923
Securities fully derecognised	(90,848)	-	-	-	(90,848)	(54,343)	-	-	-	(54,343)
Changes in principal and interest	234	-	-	-	234	-	-	-	-	-
Effect of exchange rate changes	513	-	-	-	513	(4,683)	-	-	-	(4,683)
Gross carrying amount, end of year	32,335	-	-	-	32,335	68,007	-	-	-	68,007

Amounts expressed in US $000

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Deposits – amortised cost					Deposits – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	214,520	623	-	-	215,143	117,784	11,495	-	-	129,279
Transfers:										
Stage 1 to Stage 2	(254)	254	-	-	-	(251)	251	-	-	-
Deposits originated or purchased	166,334	-	-	-	166,334	200,825	-	-	-	200,825
Deposits fully derecognised	(262,857)	(251)	-	-	(263,108)	(98,377)	(11,216)	-	-	(109,593)
Changes in principal and interest	472	(1)	-	-	471	(523)	93	-	-	(430)
Effect of exchange rate changes	954	-	-	-	954	(4,938)	-	-	-	(4,938)
Gross carrying amount, end of year	119,169	625	-	-	119,794	214,520	623	-	-	215,143

Amounts expressed in US $000

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Policy loans – amortised cost					Policy loans – amortised cost				
	2022					2021				
	ECL Staging					ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount, beginning of year	154,296	-	-	-	154,296	151,336	-	-	-	151,336
Policy loans originated or purchased	38,707	-	-	-	38,707	4,129	-	-	-	4,129
Policy loans fully derecognised	(35,078)	-	-	-	(35,078)	(2,578)	-	-	-	(2,578)
Write-offs	(6)	-	-	-	(6)	-	-	-	-	-
Changes in principal and interest	2,068	-	-	-	2,068	1,534	-	-	-	1,534
Effect of exchange rate changes	39	-	-	-	39	(125)	-	-	-	(125)
Gross carrying amount, end of year	160,026	-	-	-	160,026	154,296	-	-	-	154,296

Amounts expressed in US $000

40.4 Gross Carrying Values – financial investments subject to impairment (continued)

(a) Reinsurance asset – Guggenheim Partners

The reinsurance asset held in the name of Guggenheim Partners is secured by assets held in a trust. The excess of the fair value of the trust assets over the reinsurance asset is as follows:

	2022	2021
Fair value of trust assets	329,267	448,506
Carrying value of reinsurance asset	(307,423)	(362,984)
	21,844	85,522

(b) Reinsurance asset – Heritage Life Insurance Company

The reinsurance asset held in the name of Heritage Life Insurance Company is secured by assets held in a trust. The excess of the fair value of the trust assets over the reinsurance asset is as follows:

	2022	2021
Fair value of trust assets	131,319	162,074
Carrying value of reinsurance asset	(92,795)	(125,996)
	38,524	36,078

Amounts expressed in US $000

40.5 Liquidity risk

Liquidity risk is the exposure that the Group may encounter difficulty in meeting obligations associated with financial or insurance liabilities that are settled by cash or by another financial asset, as a result of the inability to generate sufficient cash or its equivalents in a timely and cost-effective way. Liquidity risk also arises when excess funds accumulate resulting in the loss of opportunity to increase investment returns and from mis-matches in the timing and value of on-balance sheet or off-balance sheet cash flows.

Asset liability matching is a tool used by the Group to mitigate liquidity risks, particularly in operations with significant maturing short-term liabilities. For long-term insurance contracts, the Group has adopted a policy of investing in assets with cash flow characteristics that closely match the cash flow characteristics of its policy liabilities. The primary purpose of this matching is to ensure that cash flows from these assets are synchronised with the timing and the amounts of payments that must be paid to policyholders.

Group companies monitor cash inflows and outflows in each operating currency. Through experience and monitoring, the Group is able to maintain sufficient liquid resources to meet current obligations.

(a) Insurance liabilities

The Group's monetary insurance liabilities mature in periods which are summarised in the following table. 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.

	Expected discounted cash flows			
	Maturing within 1 year	**Maturing 1 to 5 years**	**Maturing after 5 years**	**Total**
2022				
Actuarial liabilities	374,878	1,866,480	2,941,381	5,182,739
Other policy liabilities	174,855	30,388	91,539	296,782
Total	549,733	1,896,868	3,032,920	5,479,521
2021				
Actuarial liabilities	297,945	1,657,453	2,837,229	4,792,627
Other policy liabilities	167,398	29,577	83,811	280,786
Total	465,343	1,687,030	2,921,040	5,073,413

Amounts expressed in US $000

40.5 Liquidity risk (continued)

(b) Financial liabilities and commitments

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.

	2022 - Contractual un-discounted cash flows				2021 - Contractual un-discounted cash flows			
	On demand or within 1 year	1 to 5 years	After 5 years	Total	On demand or within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities:								
Investment contract liabilities	390,190	78,498	22,619	491,307	388,066	73,301	23,086	484,453
Notes and loans payable	113,821	148,523	564,575	826,919	123,488	192,299	603,637	919,424
Lease liabilities	8,474	17,296	23,850	49,620	9,230	18,068	20,745	48,043
Deposit and security liabilities:								
Other funding instruments	535,070	13,398	10,137	558,605	463,010	49,041	6,133	518,184
Customer deposits	990,621	2,220	3	992,844	872,459	17,206	-	889,665
Structured products	4,369	-	-	4,369	-	4,424	-	4,424
Securities sold for repurchase	647,429	13,754	-	661,183	601,779	-	-	601,779
Derivative financial instruments	16	-	-	16	-	109	-	109
Bank overdrafts	1,737	-	-	1,737	761	-	-	761
Accounts payable and accrued liabilities	241,586	360	-	241,946	246,450	1,184	340	247,974
Total financial liabilities	2,933,313	274,049	621,184	3,828,546	2,705,243	355,632	653,941	3,714,816
Off financial statement commitments:								
Loan commitments	99,944	16,710	625	117,279	61,867	4,372	989	67,228
Non-cancellable lease and rental payments	165	-	-	165	316	-	-	316
Customer guarantees and letters of credit	21,107	5,889	9,989	36,985	17,802	6,621	8,682	33,105
Investments and investment management fees	7,932	-	-	7,932	17,430	-	-	17,430
Total off financial statement commitments	129,148	22,599	10,614	162,361	97,415	10,993	9,671	118,079
Total	3,062,461	296,648	631,798	3,990,907	2,802,658	366,625	663,612	3,832,895

Amounts expressed in US $000

40.5 Liquidity risk (continued)

(c) Financial and insurance assets

The contractual maturity periods of monetary financial assets and the expected maturity periods of monetary insurance assets are summarised in the following table. Amounts are stated at their carrying values recognised in the financial statements. For this disclosure, monetary insurance assets comprise policy loans and reinsurance assets.

	2022 – Contractual or expected discounted cash flows				2021 – Contractual or expected discounted cash flows			
	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total
Debt securities and money market funds	1,029,840	1,519,761	4,064,346	6,613,947	1,078,154	1,284,945	3,801,457	6,164,556
Mortgage loans	48,039	190,237	378,768	617,044	29,123	88,261	332,539	449,923
Policy loans	2,362	11,031	146,193	159,586	4,336	11,469	138,034	153,839
Finance loans	199,320	282,529	173,014	654,863	161,429	220,258	151,773	533,460
Securities purchased for resale	32,335	-	-	32,335	68,007	-	-	68,007
Deposits	116,330	100	-	116,430	211,737	188	-	211,925
Derivative financial instruments	10,350	-	-	10,350	26,137	109	-	26,246
Reinsurance assets: share of actuarial liabilities	42,448	225,882	177,825	446,155	43,790	274,416	226,990	545,196
Reinsurance assets: other	64,445	-	656	65,101	54,122	2,112	655	56,889
Premiums receivable	60,809	-	-	60,809	59,168	-	-	59,168
Other assets and accounts receivable	70,177	487	-	70,664	73,352	1,940	336	75,628
Cash resources	448,211	-	-	448,211	438,110	-	-	438,110
Total	2,124,666	2,230,027	4,940,802	9,295,495	2,247,465	1,883,698	4,651,784	8,782,947

40.6 Interest rate risk

The Group is exposed to interest rate risks. Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The occurrence of an adverse change in interest rates on invested assets may result in financial loss to the Group in fulfilling the contractual returns on insurance and financial liabilities.

The return on investments may be variable, fixed for a term or fixed to maturity. On reinvestment of a matured investment, the returns available on the new investment may be significantly different from the returns formerly achieved. This is known as reinvestment risk.

Guaranteed minimum returns exist within cash values of long-term traditional insurance contracts, long-term universal life insurance contracts, annuity options, deposit administration liabilities and policy funds on deposit. Where the returns credited exceed the guaranteed minima, the insurer usually has the option to adjust the return from period to period. For other financial liabilities, returns are usually contractual and may only be adjusted on contract renewal or contract re-pricing.

40.6 Interest rate risk (continued)

The Group is therefore exposed to the effects of fluctuations in the prevailing levels of market interest rates on its 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.

The Group is exposed to risk under embedded derivatives contained in a host insurance contract. These risks include exposures to investment returns which may produce losses to the insurer arising from the following contract features:

- minimum annuity rates which are guaranteed to be applied at some future date;
- minimum guaranteed death benefits which are applicable when the performance of an interest-bearing or unit linked fund falls below expectations;
- minimum guaranteed returns in respect of cash values and universal life investment accounts.

The Group manages its interest rate risk by various measures including, where feasible, the selection of assets which best match the maturity of liabilities; the offering of investment contracts which match the maturity profile of assets; the re-pricing of interest rates on loans receivable; policy contracts and financial liabilities in response to market changes. In certain Caribbean markets, where availability of suitable investments is often a challenge, the Group holds many of its fixed-rate debt securities to maturity and therefore mitigates the transient interest rate changes in these markets.

Amounts expressed in US $000

40.6 Interest rate risk (continued)

The table following summarises the exposures to interest rates on the Group's monetary insurance and financial liabilities (excluding actuarial liabilities which are disclosed in note 42). It includes liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. Insurance liabilities are categorised by their expected maturities.

	2022					2021				
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Other policy liabilities	8,112	6,218	56,715	225,737	296,782	8,975	5,348	54,476	211,987	280,786
Investment contract liabilities	380,945	62,271	29,015	66	472,297	378,616	59,395	29,969	114	468,094
Notes and loans payable	68,100	28,853	535,421	161	632,535	73,137	66,704	541,770	1,777	683,388
Lease liabilities	7,023	13,098	11,772	1,401	33,294	7,964	14,758	9,422	692	32,836
Deposit and security liabilities:										
Other funding instruments	486,954	44,810	5,993	2,094	539,851	463,457	44,507	3,241	248	511,453
Customer deposits	976,197	1,998	2	3,376	981,573	864,140	15,022	-	2,272	881,434
Structured products	4,346	-	-	-	4,346	-	4,344	-	-	4,344
Securities sold for repurchase	641,739	12,808	-	201	654,748	596,444	-	-	1,828	598,272
Derivative financial instruments	16	-	-	-	16	-	109	-	-	109
Bank overdrafts	1,569	-	-	168	1,737	589	-	-	172	761
Accounts payable and accrued liabilities	20,371	356	-	221,219	241,946	2,801	-	-	245,173	247,974
Total	2,595,372	170,412	638,918	454,423	3,859,125	2,396,123	210,187	638,878	464,263	3,709,451

Amounts expressed in US $000

40.6 Interest rate risk (continued)

The table following summarises the exposures to interest rate and reinvestment risks of the Group's monetary insurance and financial assets. Assets are stated at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. Reinsurance assets and policy loans are categorised by their expected maturities.

	2022					2021				
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Debt securities and money market funds	954,694	1,502,685	4,032,811	123,757	6,613,947	1,032,045	1,268,583	3,744,902	119,026	6,164,556
Equity securities	-	-	-	765,999	765,999	-	-	-	890,139	890,139
Mortgage loans	172,124	175,128	265,911	3,881	617,044	128,119	76,937	241,312	3,555	449,923
Policy loans	8,871	10,913	136,321	3,481	159,586	9,867	11,239	128,325	4,408	153,839
Finance loans	612,358	30,689	9,493	2,323	654,863	511,848	13,863	3,478	4,271	533,460
Securities purchased for resale	32,098	-	-	237	32,335	67,714	-	-	293	68,007
Deposits	111,198	4,396	507	329	116,430	210,457	871	-	597	211,925
Derivative financial instruments	16	-	-	10,334	10,350	-	109	-	26,137	26,246
Reinsurance assets: other	6,601	-	-	58,500	65,101	-	-	157	56,732	56,889
Premiums receivable	14,736	-	-	46,073	60,809	35	-	-	59,133	59,168
Other assets and accounts receivable	9,508	487	-	60,669	70,664	1,685	1,897	-	72,046	75,628
Cash resources	87,721	-	-	360,490	448,211	77,134	-	-	360,976	438,110
Total	2,009,925	1,724,298	4,445,043	1,436,073	9,615,339	2,038,904	1,373,499	4,118,174	1,597,313	9,127,890

Amounts expressed in US $000

40.6 Interest rate risk (continued)

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

	2022	2021
Financial investments carried at FVOCI and amortised cost:		
Debt securities and money market funds	5.8%	4.8%
Mortgage loans	5.6%	6.1%
Policy loans	7.6%	7.3%
Finance loans	10.3%	10.4%
Securities purchased for resale	4.2%	1.5%
Deposits	1.1%	0.7%
Financial liabilities carried at amortised cost:		
Investment contract liabilities	3.1%	1.9%
Notes and loans payable	6.0%	7.3%
Other funding instruments	2.0%	0.8%
Deposits	1.0%	1.0%
Securities sold for repurchase	3.6%	2.4%

a) Sensitivity

Sensitivity to interest rate risk is considered by operating subsidiaries. The effects of changes in interest rates of assets backing actuarial liabilities are disclosed in note 42.4. The Group's property and casualty operations are not exposed to a significant degree of interest rate risk, since the majority of their interest-bearing instruments have short-term maturities. The sensitivity of the Group's principal operating subsidiaries engaged in banking, investment management and other financial services are considered in the following paragraphs.

40.6 Interest rate risk (continued)

Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on net income and total comprehensive income (TCI) of the above companies which operate in Jamaica.

The sensitivity of income is the effect of the assumed changes in interest rates on income based on floating-rate debt securities and financial liabilities. The sensitivity of TCI is calculated by revaluing fixed rate financial assets carried at FVOCI for the effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on market risk. It should be noted that movements in these variables are non-linear and are assessed individually.

2022				2021			
Change in interest rate		Effect on net income	Effect on TCI	Change in interest rate		Effect on net income	Effect on TCI
JMD	USD			JMD	USD		
- 1%	- 0.5%	5,309	17,282	- 1%	- 1%	9,700	31,086
+1%	+ 0.5%	(10,657)	(31,905)	+1%	+1%	(9,700)	(44,012)

40.7 Foreign exchange risk

The Group is exposed to foreign exchange risk as a result of fluctuations in exchange rates as its financial assets and liabilities are denominated in different currencies.

In order to manage the risk associated with movements in currency exchange rates, the Group seeks to maintain investments and cash in each operating currency, which are sufficient to match liabilities denominated in the same currency. Exceptions are made to invest amounts in United States dollar assets which are held to back liabilities in Caribbean currencies. Management considers that these assets diversify the range of investments available in the Caribbean, and in the long-term are likely to either maintain capital value and/or provide satisfactory returns.

Assets and liabilities by currency are summarised in the following tables.

40.7 Foreign exchange risk (continued)

2022	US$000 equivalents of balances denominated in						
	Barbados $	Jamaica $	Trinidad $	Eastern Caribbean $	US $	Other Currencies	Total
ASSETS							
Financial investments [1]	400,353	1,443,948	718,277	157,132	5,360,452	124,393	8,204,555
Reinsurance assets [1]	3,466	9,185	1,291	2,053	493,381	1,880	511,256
Receivables [1]	22,321	58,239	11,647	9,959	27,999	2,417	132,582
Cash resources	18,983	82,812	67,723	9,020	202,803	66,870	448,211
Total monetary assets	445,123	1,594,184	798,938	178,164	6,084,635	195,560	9,296,604
Other assets [2]	248,734	515,175	92,911	18,603	594,729	(885)	1,469,267
Total assets	693,857	2,109,359	891,849	196,767	6,679,364	194,675	10,765,871
LIABILITIES							
Actuarial liabilities	478,256	323,420	566,193	92,579	3,620,495	101,796	5,182,739
Other policy liabilities [1]	97,582	56,784	41,370	22,495	61,764	16,787	296,782
Investment contracts	25,739	85,391	174,418	61,338	114,998	10,413	472,297
Notes and loans payable	35,979	34,522	-	-	562,034	-	632,535
Lease liabilities	1,426	14,196	136	-	16,948	588	33,294
Deposit and security liabilities	529	847,121	76,789	15,165	1,225,462	17,205	2,182,271
Provisions	17,778	19,870	16,008	664	2,334	9,042	65,696
Accounts payable and accruals	49,317	89,221	24,215	11,862	98,897	(31,566)	241,946
Total monetary liabilities	706,606	1,470,525	899,129	204,103	5,702,932	124,265	9,107,560
Other liabilities [2]	21,639	48,631	16,932	6,078	60,981	1,198	155,459
Total liabilities	728,245	1,519,156	916,061	210,181	5,763,913	125,463	9,263,019
Net position	(34,388)	590,203	(24,212)	(13,414)	915,451	69,212	1,502,852

[1] Monetary balances only
[2] Non-monetary balances, income tax balances and retirement plan assets

40.7 Foreign exchange risk (continued)

2021	US$000 equivalents of balances denominated in						
	Barbados $	Jamaica $	Trinidad $	Eastern Caribbean $	US $	Other Currencies	Total
ASSETS							
Financial investments [1]	382,211	1,377,150	710,279	159,381	4,861,981	116,954	7,607,956
Reinsurance assets [1]	1,768	8,641	544	1,531	589,012	589	602,085
Receivables [1]	16,092	76,590	12,217	11,122	15,197	4,458	135,676
Cash resources	18,652	68,222	20,995	8,001	249,153	73,087	438,110
Total monetary assets	418,723	1,530,603	744,035	180,035	5,715,343	195,088	8,783,827
Other assets [2]	233,388	422,713	91,598	18,795	828,210	(599)	1,594,105
Total assets	652,111	1,953,316	835,633	198,830	6,543,553	194,489	10,377,932
LIABILITIES							
Actuarial liabilities	464,510	343,510	489,830	96,013	3,284,791	113,973	4,792,627
Other policy liabilities [1]	95,896	56,141	36,331	17,708	59,496	15,214	280,786
Investment contracts	28,273	77,133	180,214	58,885	113,664	9,925	468,094
Notes and loans payable	33,696	38,605	-	-	611,087	-	683,388
Lease liabilities	483	16,384	256	28	15,004	681	32,836
Deposit and security liabilities	25	679,605	83,861	13,197	1,202,664	17,021	1,996,373
Other liabilities / Retirement benefit liabilities	17,393	37,556	15,367	168	633	10,396	81,513
Accounts payable and accruals	38,269	109,290	18,574	11,128	65,124	5,589	247,974
Total monetary liabilities	678,545	1,358,224	824,433	197,127	5,352,463	172,799	8,583,591
Other liabilities [2]	20,314	39,824	15,317	5,454	45,224	1,995	128,128
Total liabilities	698,859	1,398,048	839,750	202,581	5,397,687	174,794	8,711,719
Net position	(46,748)	555,268	(4,117)	(3,751)	1,145,866	19,695	1,666,213

[1] Monetary balances only
[2] Non-monetary balances, income tax balances and retirement plan assets

Amounts expressed in US $000

40.7 Foreign exchange risk (continued)

(a) Sensitivity

The Group is exposed to currency risk in its operating currencies for which values have noticeably fluctuated against the United States dollar (USD).

The exposure to currency risk may result in three types of risk, namely:

- Currency risk relating to the future cash flows of monetary balances

This occurs when a monetary balance is denominated in a currency other than the functional currency of the reporting unit to which it belongs. In this instance, a change in currency exchange rates results in the monetary balances being retranslated at the date of the financial statements, and the exchange gain or loss is taken to income (note 27).

- Currency risk of reported results of foreign operations

This occurs when a reporting unit's functional currency depreciates or appreciates in value when retranslated to the USD, which is the Group's presentational currency. In this instance, the conversion of the reporting unit's results at a different rate of exchange results in either less or more income being consolidated in the Group's income statement.

- Currency risk of the Group's investment in foreign operations

This occurs when a reporting unit's functional currency depreciates or appreciates in value when retranslated to the USD, which is the Group's presentational currency. In this instance, the conversion of the reporting unit's assets and liabilities at a different rate of exchange results in a currency loss or gain which is recorded in the currency translation reserve (note 22). If the reporting unit is disposed of, either wholly or in part, then the corresponding accumulated loss or gain in the currency translation reserve would be transferred to income or retained earnings.

The operating currency for which value noticeably fluctuates against the USD is the Jamaica dollar (JMD). The theoretical impact of JMD currency risk on reported results, and of the Group's investment in foreign operations, is considered in the following section.

40.7 Foreign exchange risk (continued)

JMD currency risk

The effect of a 10% depreciation in the JMD relative to the USD arising from JMD reporting units as of December 31, 2022 and for the year then ended are considered in the following table.

	Amounts denominated in		Total amounts	Effect of a 10% depreciation
	JMD	USD		
Financial position:				
Assets	2,690,181	1,030,950	3,721,131	(269,018)
Liabilities	1,658,655	990,791	2,649,446	(165,866)
Net position	1,031,526	40,159	1,071,685	(103,152)
Represented by:				
Currency risk of the Group's investment in foreign operations				(103,152)
Income statement:				
Revenue	531,498	134,493	665,991	(49,194)
Benefits	(238,935)	(7,475)	(246,410)	23,893
Expenses	(223,250)	(15,128)	(238,378)	22,325
Income taxes	(32,358)	(2,350)	(34,708)	3,236
Net income	36,955	109,540	146,495	260
Represented by:				
Currency risk relating to the future cash flows of monetary balances				3,956
Currency risk of reported results of foreign operations				(3,696)
				260

A 10% appreciation in the JMD relative to the USD would have equal and opposite effects to those disclosed above.

40.8 Fair value of financial instruments

The fair value of financial instruments is measured according to a fair value hierarchy which reflects the significance of market inputs in the valuation. This hierarchy is described and discussed in sections (i) to (iii) below.

(i) Level 1 – unadjusted quoted prices in active markets for identical instruments

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Group considers that market transactions should occur with sufficient frequency that is appropriate for the particular market, when measured over a continuous period preceding the date of the financial statements. If there is no data available to substantiate the frequency of market transactions of a financial instrument, then the instrument is not classified as Level 1.

(ii) Level 2 – inputs that are observable for the instrument, either directly or indirectly

A financial instrument is classified as Level 2 if:

- The fair value is derived from quoted prices of similar instruments which would be classified as Level 1; or
- The fair value is determined from quoted prices that are observable but there is no data available to substantiate frequent market trading of the instrument.

In estimating the fair value of non-traded financial assets, the Group uses a variety of methods such as obtaining dealer quotes and using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are discounted at market-derived rates for government securities in the same country of issue as the security; for non-government securities, an interest spread is added to the derived rate for a similar government security rate according to the perceived additional risk of the non-government security.

40.8 Fair value of financial instruments (continued)

In assessing the fair value of non-traded financial liabilities, the Group uses a variety of methods including obtaining dealer quotes for specific or similar instruments, and the use of internally developed pricing models such as the use of discounted cash flows. If the non-traded liability is backed by a pool of assets, then its value is equivalent to the value of the underlying assets.

(iii) *Level 3 – inputs for the instrument that are not based on observable market data*

A financial instrument is classified as Level 3 if:

- The fair value is derived from quoted prices of similar instruments that are observable and which would be classified as Level 2; or
- The fair value is derived from inputs that are not based on observable market data.

Level 3 assets designated as FVTPL include mortgage loans, debt securities and equities for which the full income and capital returns accrue to holders of unit linked liabilities. These assets are valued with inputs other than observable market data.

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

Amounts expressed in US $000

40.8 Fair value of financial instruments (continued)

(a) Financial instruments carried at fair value

	2022				2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FVOCI investments:								
Debt securities and money market funds	400,668	4,312,751	84,707	4,798,126	541,529	3,840,556	99,234	4,481,319
Equity securities	331	-	40	371	481	-	39	520
	400,999	4,312,751	84,747	4,798,497	542,010	3,840,556	99,273	4,481,839
FVTPL investments:								
Debt securities	19,326	199,759	117,696	336,781	26,622	137,824	119,088	283,534
Equity securities	177,116	554,593	33,919	765,628	361,675	508,615	19,329	889,619
Derivative financial instruments	-	16	10,334	10,350	-	109	26,137	26,246
Mortgage loans	-	-	23,406	23,406	-	-	24,375	24,375
	196,442	754,368	185,355	1,136,165	388,297	646,548	188,929	1,223,774
Total assets	597,441	5,067,119	270,102	5,934,662	930,307	4,487,104	288,202	5,705,613
Total assets by percentage	10%	85%	5%	100%	16%	79%	5%	100%
FVTPL investment contracts:								
Unit linked deposit administration liabilities	-	-	159,681	159,681	-	-	159,503	159,503
FVTPL deposit and security liabilities:								
Structured products	-	-	4,346	4,346	-	-	4,344	4,344
Derivative financial instruments	-	-	16	16	-	-	109	109
	-	-	4,362	4,362	-	-	4,453	4,453
Total liabilities	-	-	164,043	164,043	-	-	163,956	163,956
Total liabilities by percentage	-	-	100%	100%	-	-	100%	100%

40.8 Fair value of financial instruments (continued)

The following table shows the sensitivity of fair value measurements to changes in unobservable inputs for Level 3 financial instruments:

Amounts in US $000	Fair value 2022	Fair value 2021	Unobservable inputs	Range of unobservable inputs 2022	Range of unobservable inputs 2021	Relationship of unobservable inputs to fair value
FVOCI investments:						
Debt securities	84,707	99,234	Adjustments to yields	10%	10%	(1)
Equity securities	40	39	Adjustments to net assets	10%	10%	(2)
	84,747	99,273				
FVTPL investments:						
Debt securities	117,696	119,088	Adjustments to yields	10%	10%	(1)
Equity securities	33,919	19,329	Adjustments to net assets	10%	10%	(2)
Derivative financial instruments	10,334	26,137	Adjustments to yields	10%	10%	(1)
Mortgage loans	23,406	24,375	Adjustments to yields	10%	10%	(1)
	185,355	188,929				
Total assets	**270,102**	**288,202**				
Unit linked deposit administration liabilities	159,681	159,503	Adjustments to yields	10%	10%	(1)
Structured products	4,346	4,344	Adjustments to yields	10%	10%	(1)
Derivative financial instruments	16	109	Adjustments to yields	10%	10%	(1)
Total liabilities	**164,043**	**163,956**				

(1) Adjustments to yields will have a direct correlation to the fair value.

(2) Increases or decreases in adjusted net assets of the underlying entities will have a direct correlation to the fair value.

Amounts expressed in US $000

40.8 Fair value of financial instruments (continued)

For Level 3 instruments, reasonable changes in inputs which could be applied to the valuation of FVOCI investments would affect other comprehensive income. Reasonable changes in inputs which could be applied to the valuations of investments designated as FVTPL are largely offset in income, since the changes in fair value are borne by contract holders. Changes in the valuations of structured products reflect changes in the underlying securities and are borne by the contract holders. The following table presents the movements in Level 3 instruments for the year.

Level 3 Financial Instruments	2022				2021	2022				2021
	FVOCI investments	FVTPL investments	Derivative financial instruments	Total assets	Total assets	FVTPL investment contracts	FVTPL structured products	Derivative financial instruments	Total liabilities	Total liabilities
Balance, beginning of year	99,273	162,792	26,137	288,202	222,534	159,503	4,344	109	163,956	154,442
Additions	15,100	20,760	18,148	54,008	180,083	-	-	-	-	-
Issues	-	-	-	-	-	21,675	-	-	21,675	27,045
Settlements	-	-	-	-	-	(20,279)	-	-	(20,279)	(17,329)
Fair value gains / (losses) recorded in net investment income	-	1,303	(25,717)	(24,414)	17,073	-	-	(94)	(94)	-
Fair value gains / (losses) recorded in interest expense	(239)	-	-	(239)	-	(579)	(80)	-	(659)	162
Disposals and divestitures	(29,630)	(10,874)	(8,234)	(48,738)	(129,681)	-	-	-	-	-
Transfers (out of) Level 3 classification	-	-	-	-	(399)	-	-	-	-	-
Transfers to instruments carried at amortised cost	-	(414)	-	(414)	(369)	-	-	-	-	-
Effect of exchange rate changes	243	1,454	-	1,697	(1,039)	(639)	82	1	(556)	(364)
Balance, end of year	84,747	175,021	10,334	270,102	288,202	159,681	4,346	16	164,043	163,956
Fair value changes recorded in investment income for instruments held at end of year	-	1,372	(7,642)	(6,270)	7,986	-	-	-	-	-
Fair value changes recorded in interest expense for instruments held at end of year	-	-	-	-	-	(579)	-	-	(579)	162

Amounts expressed in US $000

40.8 Fair value of financial instruments (continued)

(b) Financial instruments carried at amortised cost

The carrying values of the Group's non-traded financial assets and financial liabilities carried at amortised cost approximate their fair value in notes 10, 12, and 20. The fair value hierarchy of other financial instruments carried at amortised cost is set out in the following tables.

As of December 31, 2022				
Financial assets at amortised cost	**Level 1**	**Level 2**	**Level 3**	**Total**
Debt securities	-	623,220	913,462	1,536,682
Mortgage loans	-	-	587,638	587,638
Policy loans	-	-	185,621	185,621
Finance loans	-	-	636,793	636,793
Securities purchased for resale	-	-	32,335	32,335
	-	623,220	2,355,849	2,979,069
Financial liabilities at amortised cost				
Investment contracts:				
Deposit administration liabilities	-	-	113,287	113,287
Other investment contracts	-	-	193,371	193,371
	-	-	306,658	306,658
Notes and loans payables	-	521,470	82,138	603,608
Deposit and security liabilities:				
Other funding instruments	-	428,315	111,608	539,923
Customer deposits	-	15,834	965,739	981,573
Securities sold for repurchase	-	76,067	578,681	654,748
	-	520,216	1,656,028	2,176,244
		1,041,686	2,044,824	3,086,510

40.8 Fair value of financial instruments (continued)

(b) Financial instruments carried at amortised cost (continued)

As of December 31, 2021				
Financial assets at amortised cost	**Level 1**	**Level 2**	**Level 3**	**Total**
Debt securities	-	683,951	872,230	1,556,181
Mortgage loans	-	-	421,650	421,650
Policy loans	-	-	177,483	177,483
Finance loans	-	-	536,741	536,741
Securities purchased for resale	-	-	68,007	68,007
	-	683,951	2,076,111	2,760,062
Financial liabilities at amortised cost	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment contracts:				
Deposit administration liabilities	-	-	117,287	117,287
Other investment contracts	-	-	190,031	190,031
	-	-	307,318	307,318
Notes and loans payable	-	634,213	94,724	728,937
Deposit and security liabilities:				
Other funding instruments	-	449,781	61,817	511,598
Customer deposits	-	3,041	880,632	883,673
Securities sold for repurchase	-	89,339	508,933	598,272
	-	542,161	1,451,382	1,993,543
	-	1,176,374	1,853,424	3,029,798

(c) Equity price risk

The Group is exposed to equity price risk arising from changes in the market values of its equity securities. The Group mitigates this risk by establishing overall limits of equity holdings for each investment portfolio and by maintaining diversified holdings within each portfolio of equity securities.

Amounts expressed in US $000

40.8 Fair value of financial instruments (continued)

Sensitivity

The sensitivity to fair value changes in equity securities arises from those instruments which are not held under the unit linked model. The table below sets out the source markets of such equity securities and the effects of an across the board 20% change in equity prices on income before tax (IBT) as at December 31, 2021.

	Carrying value	Effect of 20% change on IBT
Listed on Caribbean stock exchanges and markets	25,633	5,127
Listed on US stock exchanges and markets	477,196	95,439
Listed on other exchanges and markets	58,074	11,615
	560,903	112,181

40.9 Derivative financial instruments and hedging activities

The Group's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed to ensure that they remain within acceptable risk levels, with matching deals being utilised to achieve this, where necessary.

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. Derivative assets and liabilities on different transactions are only set off if the transactions are with the same counterparty, a legal right of set-off exists, and the cash flows are intended to be settled on a net basis.

40.9 Derivative financial instruments and hedging activities (continued)

The contract or notional amounts of derivatives and their fair values are set out in the table which follows.

	Contract / notional amount	Fair value	
		Assets	Liabilities
2022			
Derivatives held for trading:			
Equity indexed options	636,966	10,350	16
2021			
Derivatives held for trading:			
Equity indexed options	725,555	26,246	109

(i) Equity indexed options

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), 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.

Amounts expressed in US $000

40.10 Offsetting Financial Assets and Liabilities

The Group is eligible to present certain financial assets and financial liabilities on a net basis in the statement of financial position pursuant to criteria described in note 2.13. The following table provides information on (i) the impact of offsetting in the consolidated statement of financial position; (ii) the financial impact of netting for instruments which are subject to enforceable master-netting arrangements or similar agreements, and (iii) cash and financial instrument collateral which can be potentially offset.

	Gross amounts	Gross amounts set off in the statement of financial position	Net amounts as presented in the statement of financial position	Impact of master netting arrangements	Impact of offsetting financial instrument collateral	Net amount
2022						
ASSETS						
Non-derivative financial investments	8,960,204	-	8,960,204	(589,652)	(470,554)	7,899,998
Derivative financial instruments	10,350	-	10,350	-	(16)	10,334
	8,970,554	-	8,970,554	(589,652)	(470,570)	7,910,332
LIABILITIES						
Non-derivative deposit and security liabilities	2,182,255	-	2,182,255	(589,652)	(428,315)	1,164,288
Derivative financial instruments	16	-	16	-	(16)	-
	2,182,271	-	2,182,271	(589,652)	(428,331)	1,164,288
2021						
ASSETS						
Non-derivative financial investments	8,471,849	-	8,471,849	(513,277)	(486,537)	7,472,035
Derivative financial instruments	26,246	-	26,246	-	(109)	26,137
	8,498,095	-	8,498,095	(513,277)	(486,646)	7,498,172
LIABILITIES						
Non-derivative deposit and security liabilities	1,996,264	-	1,996,264	(513,277)	(449,781)	1,033,206
Derivative financial instruments	109	-	109	-	(109)	-
	1,996,373	-	1,996,373	(513,277)	(449,890)	1,033,206

41 INSURANCE RISK – PROPERTY & CASUALTY CONTRACTS

Property and casualty insurers in the Group are exposed to insurance risks such as underwriting, claims and availability of reinsurance, and to credit risk in respect of reinsurance counterparties.

Sagicor General Insurance and Advantage General Insurance are the principal insurers within the Group's operations that issue property and casualty insurance contracts. They operate mainly in Barbados, Trinidad and Tobago and Jamaica.

The principal insurance risks affecting property and casualty contracts are disclosed in the following sections.

41.1 Underwriting risk

Risks are priced to achieve an adequate return on capital on the insurer's business. This return is expressed as a premium target return. Budgeted expenses and reinsurance costs are included in the pricing process. Various pricing methodologies, including benchmark exposure rates and historic experience are used and are generally applied by class of insurance. All methods produce a technical price, which is compared against the market to establish a price margin.

Annually, the overall risk appetite is reviewed and approved. The risk appetite is defined as the maximum loss the insurer is willing to incur from a single event or proximate cause. Risks are only underwritten if they fall within the risk appetite. Individual risks are assessed for their contribution to aggregate exposures by nature of risk, by geography, by correlation with other risks, before acceptance. Underwriting a risk may include specific tests and enquiries which determine the insurer's assessment of the risk. Insurers may also establish deductibles, exclusions, and coverage limits which will limit the potential losses incurred.

Inaccurate pricing or inappropriate underwriting of insurance contracts, which may arise from poor pricing or lack of underwriting control, can lead to either financial loss or reputational damage to the insurer.

41.2 Claims risk

Incurred claims are triggered by an 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.

Total insurance coverage on insurance policies provides a quantitative measure of absolute risk. However, claims arising in any one year are a very small proportion in relation to the total insurance coverage provided. The total amounts insured by the Group at December 31, gross and net of reinsurance, are summarised by class of insurance.

Amounts expressed in US $000

41.2 Claims risk (continued)

Total insurance coverage		2022	2021
Property	Gross	14,292,480	10,917,431
	Net	2,201,625	2,070,601
Motor	Gross	1,060,874	1,001,136
	Net	778,588	621,479
Accident and liability	Gross	7,786,459	5,154,388
	Net	7,065,373	4,672,333
Total	Gross	23,139,813	17,072,955
	Net	10,045,586	7,364,413

Each insurer assesses its exposures by modelling realistic disaster scenarios of potential catastrophic events. Claims arising from windstorms, earthquakes and floods, and events triggering multi-coverage corporate liability claims, are potential sources of catastrophic losses arising from insurance risks. Realistic disaster scenarios modelled for 2022 are presented below and result in estimated gross and net losses.

Sagicor General Insurance (SGI)

	Gross loss	Net loss
A Barbados and St. Lucia windstorm having a 200-year return period	321,470	5,000

Advantage General Insurance Co. Limited (AGI)
(subsidiary of Sagicor Group Jamaica Ltd)

	Gross loss	Net loss
A Jamaican windstorm having a 250-year return period for properties	97,636	500

The occurrence of one or more catastrophic events in any year may have a material impact on the reported net income of the Group.

Amounts expressed in US $000

41.2 Claims risk (continued)

Development claim liabilities

In addition to sensitivity analysis, the development of insurance liabilities provides a measure of SGI's and AGI's ability to estimate the ultimate value of claims. The table below illustrates how SGI's and AGI's estimate of the ultimate claims liability for accident years 2015 - 2022 has changed at successive year ends, up to 2022. Updated unpaid claims and adjustment expenses (ULAE) and IBNR estimates in each successive year, as well as amounts paid to date, are used to derive the revised amounts for the ultimate claims liability for each accident year used in the development calculations. The most recent estimate is then reconciled to the liability recognised in the statement of financial position.

Gross	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimate of ultimate claims incurred:									
At the end of financial reporting year	24,165	21,738	51,599	42,876	39,779	31,181	32,782	37,531	
One year later	22,973	22,504	57,592	44,253	38,616	29,394	32,013		
Two years later	23,561	21,015	58,871	44,362	38,070	29,213			
Three years later	22,169	21,037	59,290	44,782	37,663				
Four years later	21,861	20,494	60,123	44,795					
Five years later	21,698	20,466	59,423						
Six years later	21,374	20,649							
Seven years later	21,434								
Current estimate of cumulative claims	21,434	20,649	59,423	44,795	37,663	29,213	32,013	37,531	282,721
Cumulative payments to date	(20,114)	(19,089)	(56,867)	(39,950)	(32,489)	(24,582)	(24,604)	(17,617)	(235,312)
Liability recognised	1,320	1,560	2,556	4,845	5,174	4,631	7,409	19,914	47,409
Liability in respect of prior years and ULAE									9,926
Total liability (note 14.2)									57,335

Amounts expressed in US $000

41.2 Claims risk (continued)

Development claim liabilities (continued)

The reinsurers' share of the amounts is set out below in the following table.

Reinsurance	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimate of reinsurance recoveries:									
At the end of financial reporting year	12,785	11,322	10,790	4,103	2,314	7,012	10,850	11,682	
One year later	12,006	11,468	14,805	4,457	2,993	7,220	10,022		
Two years later	12,263	10,691	15,000	4,314	2,977	7,304			
Three years later	11,533	10,697	14,935	4,255	2,947				
Four years later	11,236	10,403	14,914	4,248					
Five years later	11,003	10,376	14,512						
Six years later	10,872	10,467							
Seven years later	10,896								
Current estimate of reinsurance recoveries	10,896	10,467	14,512	4,248	2,947	7,304	10,022	11,682	72,078
Cumulative reinsurance receipts to date	(10,164)	(9,863)	(13,903)	(4,215)	(2,778)	(6,528)	(8,569)	(5,038)	(61,058)
Recoverable recognised	732	604	609	33	169	776	1,453	6,644	11,020
Recoverable in respect of prior years									1,723
Total recoverable from reinsurers (note 14.2)									12,743

41.3 Reinsurance risk

To limit the potential loss for single-policy claims and for aggregations of catastrophe claims, the insurer may cede certain levels of risk to a reinsurer. Reinsurance however does not discharge the insurer's liability. Reinsurance risk is the risk that reinsurance is not available to mitigate the potential loss on an insurance policy. The risk may arise from:

- the credit risk of holding a recovery from a reinsurer;
- the unavailability of reinsurance cover in the market at adequate levels or prices;
- the failure of a reinsurance layer upon the occurrence of a catastrophic event.

The Group selects reinsurers which have well-established capability to meet their contractual obligations and which generally have a Sagicor credit risk rating of 1 or 2. Insurers also place reinsurance coverage with various reinsurers to limit their exposure to any one reinsurer.

The reinsurance programmes are negotiated annually with reinsurers for coverage generally over a 12-month period. It is done by class of insurance, though for some classes there is aggregation of classes and/or subdivision of classes by the location of risk.

For its property risks, insurers use quota share and excess of loss catastrophe reinsurance treaties to obtain reinsurance cover. Catastrophe reinsurance is obtained for multiple claims arising from one event or occurring within a specified time period. However, treaty limits may apply and may expose the insurer to further claim exposure. Under some treaties, when treaty limits are reached, the insurer may be required to pay an additional premium to reinstate the reinsurance coverage. Excess of loss catastrophe reinsurance treaties typically cover up to four separate catastrophic events per year.

For other insurance risks, insurers limit their exposure, by event or per person, by excess of loss or quota share treaties.

41.3 Reinsurance risk (continued)

Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. Claim amounts in excess of reinsurance treaty limits revert to the insurer. Principal features of retention programmes used by Sagicor General and Advantage General for their property insurance class are summarised in the following table.

Type of risk	**Retention by Sagicor General Insurance -** currency amounts in thousands
Property	• maximum retention of $4,500 for a single event; • maximum retention of $5,000 for a catastrophic event; • quota share retention to maximum of 20% in respect of treaty limits; • quota share retention is further reduced to a maximum of $375 per event.

Type of risk	**Retention by Advantage General Insurance Co. Limited -** currency amounts in thousands
Property	• maximum quota share treaty retention of $1,200 for a single event; • maximum excess of loss retention of $500 for a catastrophic event; • quota share retention to maximum of 25% in respect of treaty limits. • quota share retention is further reduced to a maximum of $2,000 per event.

The effects of reinsurance ceded are disclosed in notes 14, 24 and 25 and information on reinsurance balances is included in notes 10, 20 and 40.

41.3 Reinsurance risk (continued)

In order to assess the potential reinsurance recoveries on the occurrence of a catastrophic insurance event, the Sagicor credit risk ratings of the reinsurance recoverable are assessed using the following realistic disaster scenarios:

- Hurricane with a 200-year return period affecting Barbados and St. Lucia and an earthquake with a 250-year return period affecting Trinidad within a 24-hour period.
- Hurricane and earthquakes with a 250-year return period affecting Jamaica.

The reinsurance recoveries derived from the foregoing are assigned internal credit ratings as follows:

Risk Rating	Classification	Exposure $000	Exposure %
1	Minimal risk	390,296	47%
2	Low risk	410,921	50%
3	Moderate risk	22,028	3%
4	Acceptable risk	-	0%
5	Average risk	-	0%
6	Higher risk	-	0%
7	Special mention	-	0%
8	Substandard	-	0%
TOTAL		823,245	100%

42 INSURANCE RISK – LIFE, ANNUITY & HEALTH CONTRACTS

Insurers are exposed to insurance risks such as product design and pricing, mortality and morbidity, lapse, expense, reinsurance, and actuarial liability estimation in respect of life, annuity and health contracts. Disclosure of these risks is set out in the following sections.

42.1 Contracts without investment returns

These contracts are principally term life, critical illness and health insurance. Individual term life and critical illness products are generally long-term contracts while group term life and health insurance products are generally one-year renewable. The principal insurance risks associated with these contracts are product design and pricing, and mortality and morbidity.

42.1 Contracts without investment returns (continued)

(a) 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 insurer.

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 or from market-softening conditions.

The underwriting process has established pricing guidelines and may include specific medical tests and enquiries which determine the insurer's assessment of the risk. Insurers may also establish deductibles and coverage limits for health risks which will limit the potential claims incurred. Term life and critical illness risks have limitations of insured amounts. The pricing of a contract therefore consists of establishing appropriate premium rates, deductibles and coverage limits.

(b) Mortality and morbidity risk

Mortality risk is the risk that worsening mortality rates will result in an increase of death claims. Morbidity is the incidence of disease or illness and the associated risk is that of increased disability and medical claims. Insurance claims are triggered by the occurrence of a medical claim, the diagnosis of a critical illness or by death of the person insured.

For contracts providing death benefits, higher mortality rates would result in an increase in death claims. The Group annually reviews its mortality experience and compares it to industry mortality tables. This review may result in future adjustments to the pricing or re-pricing of these contracts.

Critical illness claims arise from the diagnosis of a specific illness incurred by the policy beneficiary. The Group annually reviews its critical illness claims experience and compares it to industry statistics. This review may result in future adjustments to the pricing or re-pricing of these contracts.

The concentration risks of term life and critical illness contracts are included in the related disclosure on other long-term contracts in note 42.2(b).

Amounts expressed in US $000

42.1 Contracts without investment returns (continued)

The cost of health-related claims depends on the incidence of beneficiaries becoming ill, the duration of their illness, and the cost of providing medical services. An increase in any of these three factors will result in increased health insurance claims. In such circumstances, the insurer may adjust the pricing or re-pricing of these contracts.

For health insurance contracts, the concentration of insurance risk is illustrated by the distribution of premium revenue by the location of the insured persons.

2022 Premium revenue by location of insureds	Gross	Ceded	Net
Barbados	28,760	752	28,008
Jamaica	87,687	3,073	84,614
Trinidad & Tobago	35,815	251	35,564
Other Caribbean	27,540	1,089	26,451
USA	19	(54)	73
Total	179,821	5,111	174,710

(c) Sensitivity of incurred claims

The sensitivity of term life and critical illness claims is included in the related disclosure on other long-term contracts in note 42.4. The impact on gross claims of increasing the total liability by 5% for un-reinsured health insurance claims is illustrated in the following table.

	2022		2021	
	Liability	5% increase in liability	Liability	5% increase in liability
Actuarial liability	51,444	2,572	47,518	2,376
Claims payable	3,154	158	3,643	182
	54,598	2,730	51,161	2,558

42.2 Contracts with investment returns

Life and annuity insurance contracts with investment returns generally have durations of 5 or more years. The contract terms provide for the policyholder to pay either a single premium at contract inception, or periodic premiums over the duration of the contract. From the premium received, acquisition expenses and maintenance expenses are financed. Investment returns are credited to the policy and are available to fund surrender, withdrawal and maturity policy benefits. The principal risks associated with these policies are in respect of product design and pricing, mortality and longevity, lapse, expense and investment.

(a) 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 insurer.

Risks are priced to achieve an adequate return on capital on the insurer's business as a whole. In determining the pricing of a contract, the insurer considers the age of the policyholder and/or beneficiary, the expenses and taxes associated with the contract, the prospective investment returns to be credited to the contract, and the guaranteed values within the contract. Pricing inadequacy may arise either from the use of inadequate experience and statistical data in deriving pricing factors or from future changes in the economic environment.

(b) Mortality and longevity risk

Mortality risk is the risk that worsening mortality rates will result in an increase of death claims. Longevity risk is the risk that improving mortality rates will lengthen the pay-out period of annuities.

For contracts providing death benefits, higher mortality rates will result in an increase in death claims over time. For contracts providing the pay-out of annuities, improving mortality rates will lead to increased annuity benefits over time. Insurers annually review their mortality experience and compare it to industry mortality tables. This review may result in future adjustments to the pricing or re-pricing of these contracts.

Amounts expressed in US $000

42.2 Contracts with investment returns (continued)

Mortality risk may be concentrated in geographic locations, affecting the risk profile of the insurer. The most significant exposure for this type of risk arises where a single event or pandemic could result in very many claims.

Total insurance coverage on insurance policies provides a quantitative measure of absolute mortality risk. However, claims arising in any one year are a very small proportion in relation to the total insurance coverage provided. The total amounts insured by the Group in respect of both contracts with or without investment returns at December 31, gross and net of reinsurance, are summarised by geographic area below.

Total insurance coverage		2022 Individual contracts	2022 Group contracts	2021 Individual contracts	2021 Group contracts
Barbados	Gross	4,745,105	1,462,441	4,648,872	1,492,087
	Net	4,483,403	1,414,579	4,397,910	1,445,067
Jamaica	Gross	11,522,909	7,918,552	10,338,560	6,805,238
	Net	11,321,439	7,813,234	10,169,074	6,728,977
Trinidad & Tobago	Gross	4,221,795	2,537,139	4,123,290	3,147,989
	Net	3,663,506	2,348,381	3,558,350	2,965,298
Other Caribbean	Gross	9,542,767	1,950,676	9,123,216	1,954,772
	Net	8,526,302	1,783,973	8,157,957	1,786,043
USA	Gross	9,087,465	23,544	9,353,863	28,610
	Net	4,506,157	22,527	4,639,727	27,172
Total	Gross	39,120,041	13,892,352	37,587,801	13,428,696
	Net	32,500,807	13,382,694	30,923,018	12,952,557

42.2 Contracts with investment returns (continued)

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

Total liability under annuity contracts		2022 Individual contracts	2022 Group contracts	2021 Individual contracts	2021 Group contracts
Barbados	Gross	143,348	54,883	137,493	53,959
	Net	143,348	54,883	137,493	53,959
Jamaica	Gross	790	378,736	789	370,795
	Net	790	378,736	789	370,795
Trinidad & Tobago	Gross	323,095	-	259,594	-
	Net	323,095	-	259,594	-
Other Caribbean	Gross	58,905	88	64,975	87
	Net	58,905	88	64,975	87
USA	Gross	3,088,651	16,361	2,713,923	17,974
	Net	2,646,564	4,604	2,156,830	5,364
Total	Gross	3,614,789	450,068	3,176,774	442,815
	Net	3,172,702	438,311	2,619,681	430,205

42.2 Contracts with investment returns (continued)

(c) Lapse risk

Lapse risk is that, on average, policyholders will terminate their policies ahead of the insurer's expectation. Early lapse may result in the following:

- Acquisition costs are not recovered from the policyholder;
- In order to settle benefits, investments are liquidated prematurely resulting in a loss to the insurer;
- Maintenance expenses are allocated to the remaining policies, resulting in an increase in expense risk.

(d) Expense risk

The Group monitors policy acquisition and policy maintenance expenses. Expenses are managed through policy design, fees charged and expense control. However, there are a significant number of inforce contracts for which insurers have limited or no ability to re-price for increases in expenses caused by inflation or other factors. Therefore, growth in maintenance expenses is funded either by increasing the volume of inforce policies or by productivity gains. Failure to achieve these goals will require increases in actuarial liabilities held.

(e) Investment risk

A substantial proportion of the Group's financial investments support insurer obligations under life and annuity contracts with investment returns. The financial risks outlined in note 40 pertaining to credit, liquidity, interest rate, foreign exchange and equity price are considered integral investment risks associated with these insurance contracts.

Asset defaults, mismatches in asset and liability cash flows, interest rate and equity price volatility generally have the effect of increasing investment risk and consequential increases in actuarial liabilities held.

42.3 Reinsurance risk

To limit its exposure of potential loss on an insurance policy, the insurer may cede certain levels of risk to a reinsurer. The Group selects reinsurers which have well-established capability to meet their contractual obligations and for new business a Sagicor credit risk rating of 1 or 2 is usually selected. Reinsurance ceded does not discharge the insurer's liability and failure by a reinsurer to honour its commitments could result in losses to the Group.

Insurers have limited their exposure per person by excess of loss or quota share treaties. Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. The principal features of retention programs used by insurers are summarised in the following table.

Type of insurance contract	**Retention by insurers** - currency amounts in thousands
Health insurance contracts with individuals	Retention per individual to a maximum of $88
Health insurance contracts with groups	Retention per individual to a maximum of $150
Life insurance contracts with individuals	Retention per individual life to a maximum of $500
Life insurance contracts with groups	Retention per individual life to a maximum of $250

42.4 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 (note 13.3 (b) to (f)), and
- the margins for adverse deviations (note 13.3 (g)).

Amounts expressed in US $000

42.4 Sensitivity arising from the valuation of actuarial liabilities (continued)

Under Canadian accepted actuarial standards, the AA is required to test the actuarial liability under economic scenarios. The scenarios developed and tested by insurers were as follows:

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.		

42.4 Sensitivity arising from the valuation of actuarial liabilities (continued)

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	1,255,727	1,180,848	283,568	316,371	2,866,288	2,428,407
Scenario	**Increase in net liability**		**Increase in net liability**		**Increase in net liability**	
Worsening rate of lapse	179,472	183,388	11,932	9,789	42,142	33,432
High interest rate	(119,465)	(110,776)	(42,058)	(48,388)	(127,259)	(137,412)
Low interest rate	184,897	174,538	54,777	61,034	150,203	168,188
Worsening mortality / morbidity	52,037	49,452	51,792	49,187	27,814	25,183
Higher expenses	20,022	19,730	9,677	8,841	2,649	2,113

Amounts expressed in US $000

42.5 Financial condition testing (FCT)

Financial condition testing (FCT) is a technique used by the Group to assess the adequacy of the insurer's financial condition by stress-testing the future solvency of the company under different future adverse economic and experience scenarios. The FCT assesses the impact over the next 5 years on the insurer's financial condition under specific scenarios. The period of 5 years and the specific scenarios have been selected by the Appointed Actuary as per the FCT guidance from the Canadian Institute of Actuaries.

The financial position of an insurer is reflected by the amounts of assets, liabilities and equity in the financial statements at a given date, such as at the end of its most recent fiscal year. The financial position therefore relies on the valuation assumptions used for establishing the actuarial liabilities being adequate to measure future adverse deviations in experience. The financial position does not offer any indication of an insurer's ability to execute its business plan.

The financial condition of an insurer at a particular date is its prospective ability at that date to meet its future obligations, especially obligations to policyholders, those to whom it owes benefits and to its shareholders. The financial condition analysis examines both an insurer's ability to execute its business plan and to absorb adverse experience beyond that provided for when its actuarial liabilities are established. The analysis projects the expected future financial position under these scenarios over the FCT period.

The purpose of the FCT is:

- to develop an understanding of the sensitivity of the total equity of the insurer and future financial condition to changes in various experience factors and management policies;
- to alert management to material, plausible and imminent threats to the insurer's solvency; and
- to describe possible courses of action to address these threats.

An FCT is conducted periodically by some insurers within the Group.

43 FIDUCIARY RISK

The Group provides investment management and pension administration services to investment and pension funds which involve the Group making allocation, purchase and sale decisions in relation to a wide range of investments. These services give rise to fiduciary risk that may expose the Group to claims for mal-administration or under-performance of these funds.

In the ordinary course of business, the Group manages assets of pension funds, mutual funds and unit trusts which are held in a fiduciary capacity and are not included in the Group's financial statements. The investments and cash under administration are summarised in the following table.

	2022	2021
Pension and insurance fund assets	2,168,541	2,230,082
Mutual fund, unit trust and other investment fund assets	1,501,398	1,233,956
	3,669,939	3,464,038

44 STATUTORY RESTRICTIONS ON ASSETS

Insurers are registered to conduct insurance business under legislation in place in each relevant jurisdiction. This legislation may prescribe requirements with respect to deposits, investment of funds and solvency for the protection of policyholders. In general, these requirements do not restrict the ability of the insurer to trade investments. Banking subsidiaries may also be required to hold deposits with Central Banks which regulate the conduct of banking operations.

To satisfy the above requirements, invested assets and cash totalling $1,701,356 (2021 - $1,634,248) have been deposited with regulators or are held in trust to the order of regulators.

In some countries where the Group operates, there are exchange controls or other restrictions on the remittance of funds out of those countries.

Amounts expressed in US $000

45 CAPITAL MANAGEMENT

The Group's objectives when managing capital, which is a broader concept than equity in the statement of financial position, are:

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

45.1 Capital resources

The principal capital resources of the Group are as follows:

	2022	2021
Shareholders' equity	1,084,244	1,133,970
Non-controlling interests' equity	418,427	531,662
Notes and loans payable (debt)	632,535	683,388
Total financial statement capital resources	2,135,206	2,349,020

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.

45.2 Capital adequacy

The capital adequacy of the principal operating subsidiaries is discussed in this section.

(a) Life insurers

Capital adequacy is managed at the operating company level. It is calculated by the Appointed Actuary and reviewed by executive management, the audit committee and the board of directors. In addition, certain subsidiaries of the Group seek 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 the Group prescribe differing risk-based assessment measures for statutory purposes, and a number of jurisdictions in the Caribbean region have no internationally-recognised 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 superceded 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%. 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 the calculation of the MCCSR, in consultation with its appointed actuary, which are believed appropriately reflect the risk-based assessment of the capital position. As the MCCSR is no longer prescribed by Canadian regulators and is interpreted in different ways by 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 for the life insurers of the Sagicor Group as of December 31 has been estimated as 269.7% (2021 – 268.6%). 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.

Amounts expressed in US $000

45.2 Capital adequacy (continued)

(i) Sagicor Life Jamaica

Sagicor Life Jamaica is governed by the Jamaican MCCSR regime which requires an insurer to maintain a minimum ratio of 150%. For the years ended December 31, 2022 and 2021, this ratio was 208.6% and 162.0% respectively.

(ii) Sagicor Life Insurance Company (USA)

A risk-based capital (RBC) formula and model have been adopted by the National Association of Insurance Commissioners (NAIC) of the United States. RBC is designed to assess minimum capital requirements and raise the level of protection that statutory surplus provides for policyholder obligations. The RBC formula for life insurance companies measures four major areas of risk: (i) underwriting, which encompasses the risk of adverse loss developments and property and casualty insurance product mix; (ii) declines in asset values arising from credit risk; (iii) declines in asset values arising from investment risks, including concentrations; and (iv) off-balance sheet risk arising from adverse experience from non-controlled assets such as reinsurance guarantees for affiliates or other contingent liabilities and reserve and premium growth. If an insurer's statutory surplus is lower than required by the RBC calculation, it will be subject to varying degrees of regulatory action, depending on the level of capital inadequacy.

The RBC methodology provides for four levels of regulatory action. The extent of regulatory intervention and action increases as the ratio of surplus to RBC falls. The least severe regulatory action is the "Company Action Level" (as defined by the NAIC) which requires an insurer to submit a plan of corrective actions to the regulator if surplus falls below 200% of the RBC amount.

Sagicor Life Insurance Company looks to maintain a surplus of at least 300% of the RBC amount, and the company has maintained these ratios as of December 31, 2022 and 2021 respectively.

45.2 Capital adequacy (continued)

(b) Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited

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 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. A similar treatment is adopted for off financial statements exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the capital adequacy ratios. During 2022 and 2021, all applicable externally imposed capital requirements were complied with.

	Sagicor Investments Jamaica		Sagicor Bank Jamaica	
	2022	**2021**	**2022**	**2021**
Actual capital base to risk-weighted assets	15%	18%	13%	14%
Required capital base to risk-weighted assets	10%	10%	10%	10%

Amounts expressed in US $000

45.3 Financial covenants

(a) 5.30% Senior Notes due 2028

Under the indenture entered into by the Group on the issue of new senior notes on May 31, 2021 and December 15, 2021, the Group has to comply with a number of covenants as follows:

COVENANT	DESCRIPTION
Limitation of indebtedness	Under this covenant, the Group is restricted to incremental borrowing up to a prescribed level. The Group must maintain a debt to capitalisation ratio equal to or less than 35% in order to incur additional debt.
Limitation on restricted payments covenant	This covenant limits cash outflows, dividends, acquisition and investments by the Group. The Group must maintain a debt to capitalisation ratio equal to or less than 35% and an MCCSR capital ratio in excess of 175%.
Limitation on restricted distributions from subsidiaries	This covenant limits the subsidiaries from creating encumbrances or restrictions on their ability to make distributions to the Parent.
Limitation on sale of assets of subsidiary stock	This covenant restricts the Group from selling material subsidiary assets without using the proceeds to either reinvest in the business or offer to buy back bondholders.
Limitation on affiliate transactions	This covenant restricts affiliate transactions of the Group.
Change in control	This covenant allows investors to put their bonds back to the Group at a certain value when a specified event has changed ownership/control of the Group.
Limitation on liens	This covenant restricts the Group's ability to secure future debt with the Group's assets.
Optional Redemption	The notes are redeemable at the Group's option after May 13, 2024 at specified redemption rates.

At December 31, 2022, the Group was in compliance with the specified covenants.

45.3 Financial covenants (continued)

(b) Unsecured bond, 5.75% and 6.50% tranches due 2023

Under a trust deed dated September 16, 2019 entered into by the Group on the issue of these securities, the facilities of which were extended on April 27, 2022, the Group has to comply with a number of covenants as follows:

COVENANT	DESCRIPTION
Change in control	Under a change in control, each holder has the right to require the issuer to purchase all or any part of the bonds.
Limitation on indebtedness	SFCL will not create, or permit to subsist, any security interest on any of its present or future assets without the prior consent in writing of the Trustee.
Limitation on indebtedness	SFCL will not seek to incur any additional indebtedness where the incurrence of additional indebtedness will give rise to any breach of the Financial Covenants, except with the prior written consent of the Trustee.
	Financial Covenants SFCL will maintain the following ratios: (i) Minimum Interest Services Coverage Ratio of 1.5. (ii) Maximum Debt to Equity Ratio of 75%
Restrictions on dividends	Except with the prior written consent of the Trustee, SFCL will not pay any dividends while SFCL is in breach of any of the financial covenants.
Restrictions on dealing with affiliates	The covenant restricts affiliate transactions of the Group.

At December 31, 2022, the Group was in compliance with the specified covenants.

Amounts expressed in US $000

45.3 Financial covenants (continued)

(c) Sagicor General Insurance Inc 3.50% loan agreement

COVENANT	DESCRIPTION
Debt service coverage ratio	The guarantor subsidiary, Sagicor Life Inc, must maintain a minimum debt service coverage ratio of 1.5 to 1.0.
Effective net worth	The subsidiary net worth must not fall below US$15.0 million.
Total funded debt to net worth	The total funded debt to net worth ratio of the subsidiary must not exceed 1.0 to 1.0.

At December 31, 2022, the Group was in compliance with the specified covenants.

46 REINSURANCE CONTRACT

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.

Amounts expressed in US $000

47 RELATED PARTY TRANSACTIONS

Other than as disclosed in notes 5, 9, 12, 16, 27, 30, 31 and 43, there are no material related party transactions except as disclosed below.

Key management transactions and balances

Key management comprises directors and senior management of the Company and of Group subsidiaries. Key management includes those persons at or above the level of Vice President or its equivalent. Compensation of and loans to these individuals are summarised in the following tables.

	2022	2021
Compensation:		
Salaries, directors' fees and other short-term benefits	33,152	25,030
Equity-settled compensation benefits	4,703	5,650
Pension and other retirement benefits	804	1,333
	38,659	32,013

	Mortgage loans	Other loans	Total loans
Balance, beginning of year	3,230	797	4,027
Advances	146	469	615
Repayments	(832)	(312)	(1,144)
Effects of exchange rate changes	13	15	28
Balance, end of year	2,557	969	3,526
Interest rates prevailing during the year	3.8% - 7.5%	4.0% - 16.5%	

47 RELATED PARTY TRANSACTIONS (continued)

Investment advisory and management advisory agreement.

On April 10, 2019, Sagicor Financial Corporation Limited (Sagicor) entered into an Investment Advisory and Management Agreement with Alignvest Management Corporation (Alignvest) for the provision of investment advisory services and/or discretionary investment management services in respect of Sagicor's and its subsidiaries' assets. Under this agreement, Alignvest was appointed to provide specified advisory services and has a right of first offer to provide other investment advisory services or investment management services to Sagicor and its subsidiaries where Sagicor wishes to externalise these services, provided that Alignvest or its affiliates have clearly defined and relevant core competencies. Any such services would be provided by Alignvest or its affiliates on arm's length commercial terms. As consideration for services rendered and performed under the agreement, Alignvest or its applicable affiliates will receive a fee equal to $2.5 million, reduced annually for any fees paid to Alignvest or its affiliates with respect to investment management services or other services provided. The Agreement commenced on December 5, 2019, when Sagicor completed its proposed transaction between Alignvest Acquisition II Corporation, with an initial term of three years unless terminated for cause. In December 2022, the Agreement was terminated.

Amounts expressed in US $000

48 LEASE LIABILITIES

The lease liabilities recognised are as follows:

	December 31, 2022	December 31, 2021
Current lease liabilities	7,394	8,262
Non-current lease liabilities	25,900	24,574
	33,294	32,836

The lease liabilities relate to the following right-of-use assets:

	December 31, 2022	December 31, 2021
Land & buildings	28,457	25,933
Office furnishing, equipment & vehicles	1,240	543
Total right-of-use assets(1)	29,697	26,476

(1) Included in property, plant and equipment

49 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 continues to cause some disruption in certain of the economies in which the Sagicor Group operates. However, in response to the 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.

50 SUBSEQUENT EVENT

Subsequent to the year end, 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.

Shareholder Information

Shareholder Information

DIVIDENDS

Quarterly dividends were declared and paid as follows in 2022:

A quarterly dividend of US 5.625 cents per common share was approved, payable on April 25, 2022, to the registered holders of the common shares of record at the close of business on April 4, 2022.

A quarterly dividend of US 5.625 cents per common share was approved, payable on June 15, 2022 to the registered holders of the common shares of record at the close of business on May 25, 2022.

A quarterly dividend of US 5.625 cents per common share was approved, payable on September 14, 2022 to the registered holders of the common shares of record at the close of business on August 24, 2022.

A quarterly dividend of US 5.625 cents per common share was approved, payable on December 14, 2022 to the registered holders of the common shares of record at the close of business on November 23, 2022.

TRANSFER AGENT – SHAREHOLDER ASSISTANCE

For more information on managing your Sagicor shares, shareholders may contact our Transfer Agent, TSX Trust Company.

Investor & Account Assistance

Sign in to your TSX Trust account to access all the data related to your account, including a summary of holdings, transaction history and, proxy voting and more. For your convenience, the TSX has also created a list of Frequently Asked Questions and provided several useful forms at the following link - https://www.sagicor.com/en/Investor-Relations/Transfer-Agent.

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CONNECT WITH SAGICOR FINANCIAL COMPANY LTD.

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STOCK EXCHANGE LISTINGS

Sagicor Financial Company Ltd. is listed on the Toronto Stock Exchange – Symbol TSX:SFC.

Sagicor Financial Corporation Limited was delisted from the London and the Trinidad and Tobago Stock Exchanges and has applied to be delisted from and Barbados Stock Exchange.

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Connect with us

Sagicor Financial Company Ltd. welcomes your feedback regarding any aspect of our business, or of any member of the Sagicor Group of companies. We are very happy for you to contact us through any of the channels listed below.

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