

Credit Rating Report

Sagicor Financial Company Ltd & Affiliates

Morningstar DBRS

May 24, 2024

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Credit Ratings

Issuer	Obligation	Credit Rating	Credit Rating Action	Trend
Sagicor Financial Company Ltd.	Issuer Rating	BBB (low)	Assigned Apr '24	Stable
Sagicor Financial Company Ltd.	Senior Debt	BBB (low)	Assigned Apr '24	Stable
Sagicor Life Insurance Company	Financial Strength Rating	A (low)	Assigned Apr '24	Stable
ivari	Financial Strength Rating	A (low)	Assigned Apr '24	Stable

Credit Rating Drivers

Factors with Positive Credit Rating Implications

- Morningstar DBRS would upgrade the credit ratings if the Sagicor Financial Company Ltd. (Sagicor, the Company) enhances its financial flexibility by materially reducing its financial leverage and improving its fixed-charge coverage ratio.
- A sustained improvement in the Company's profitability and risk profile would also result in a credit ratings upgrade.

Factors with Negative Credit Rating Implications

- Conversely, Morningstar DBRS would downgrade the credit ratings if the ivari acquisition does not lead to the expected levels of additional profitability and capital generation.
- A significant decline in solvency ratios at the group or operating entity level would also result in a credit ratings downgrade.

Credit Rating Considerations

Franchise Strength (Good)

- Sagicor is a leading financial services provider in the Caribbean region, with expanding operations in the U.S. where it has built a fast-growing annuity business and in Canada where it has raised capital and recently acquired ivari, a middle-market individual life insurance provider.

Risk Profile (Good/Moderate)

- Sagicor's good product and geographic diversification limits risks related to claims or financial guarantees. Because of its Caribbean presence, it is exposed to below investment-grade sovereign credit risk, mainly Jamaica. Recent decisions to grow in the U.S. and to acquire ivari carry higher strategic and execution risk.

Earnings Ability (Good)

- Sagicor has delivered strong growth and adequate profitability in recent years with a three-year weighted average return on shareholder's equity (ROE) of 9.6% when excluding the large gain on the acquisition of ivari in 2023. The Company had steady performance in Q1 2024 and, going forward, investment results and integration of ivari should be the main contributors to earnings volatility.

Liquidity (Strong/Good)

- Sagicor has a large portfolio of high quality, liquid fixed-income assets, which provides ample liquidity to pay claims and benefits. Holding company liquidity is more constrained as Sagicor is subject to various local capital requirements potentially limiting its ability to remit capital from its operating subsidiaries.

Capitalization (Moderate)

- Sagicor reported a consolidated Life Insurance Capital Adequacy Test (LICAT) ratio of 136% at Q4 2023. While the acquisition of ivari added substantial equity, earnings power to Sagicor, the resulting leverage of 41% and fixed-charge coverage of 5.7 times (x) as at Q4 2023 are elevated. Sagicor has successfully accessed both debt and capital markets in recent years.

Financial Information

(USD millions)	For the Year Ended December 31 (IFRS)				
	2023	2022	2021	2020	2019
Insurance Service Revenues	863	n/a	n/a	n/a	n/a
Fees and Other Income	118	n/a	n/a	n/a	n/a
Net Income	136	170	196	(15)	104
Return on Shareholder's Equity (%)	12.0	10.4	11.9	(0.3)	5.1
Financial Leverage Ratio (%)	41.6	29.6	29.1	22.2	22.8
Fixed-Charge Coverage Ratio (times (x))	5.7	7.6	6.9	1.6	4.7

Sources: Morningstar DBRS and company documents.

Notes: Insurance service revenues and fees and other income are IFRS 17 measures not available prior to 2023. Net income and return on equity for 2023 exclude the \$448 million bargain purchase gain. Net income and return on equity for 2022 and prior years are presented as originally reported under IFRS 4.

Issuer Description

Sagicor is a diversified international financial services provider with a long history in the Caribbean market and a growing presence in the U.S. and, more recently, in Canada. In addition to its core life insurance and annuity business, Sagicor also offers banking, wealth management, and property and casualty (P&C) insurance services in some jurisdictions. Sagicor is incorporated in Bermuda, and its main operating subsidiaries are located in Barbados, Jamaica, the U.S., and Canada.

Credit Rating Rationale

On April 17, 2024, DBRS Limited (Morningstar DBRS) assigned an Issuer Rating and a Senior Debt credit rating of BBB (low) to Sagicor Financial Company Ltd. In addition, Morningstar DBRS assigned a Financial Strength Rating of A (low) to Sagicor Life Insurance Company and ivari. The trends on all credit ratings are Stable. Sagicor has an established financial services franchise in the Caribbean and a growing presence in the U.S. and, more recently, in Canada through the acquisition of ivari in 2023. Sagicor has an ambitious strategy to become a leading North American life insurer and, in recent years, has raised capital and built an experienced executive team to achieve it. The Company has a relatively diversified product offering in the life insurance and annuities space and a conservative fixed income oriented portfolio with some exposure to non-investment-grade sovereign debt and bank loans in the Caribbean. Sagicor has delivered resilient earnings in recent years and is expected to generate a low double-digit return on equity (ROE) following the acquisition of ivari and the transition to IFRS 17. Sagicor has adequate capital and liquidity buffers for its risk exposures, and while it has raised significant debt to fund its strategic objectives, Morningstar DBRS expects the Company to be able to generate sufficient capital from the acquisition of ivari to lessen its debt burden over time.

Franchise Strength

Building Block Assessment: Good

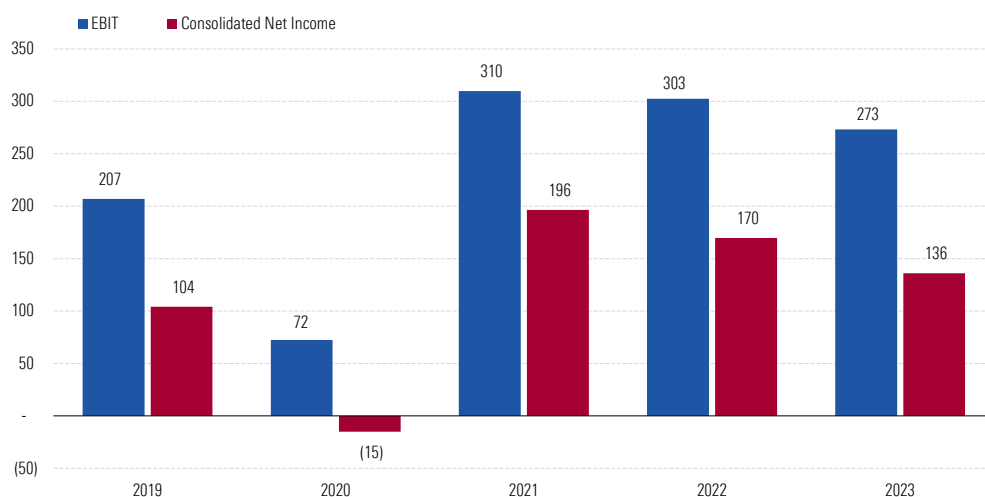
Sagicor has an established franchise with a dominant position and a long operating history in the Caribbean starting in the 1840s. It is active in 20 countries, including a leading market position in Jamaica (#1 in individual and group life insurance, #1 in asset management, #3 largest commercial bank), Barbados (#1 in individual and group life insurance and annuities), and Trinidad and Tobago (#2 in life insurance and annuities). It also has a growing presence as a provider of multi-year guaranteed annuities (MYGA) in the fragmented U.S. market, where it remains a relatively niche player. With the

acquisition of ivari, Sagicor now has a sizable presence in the universal life (UL) insurance market in Canada (#1 by premium volume), focusing on mass-affluent customers and smaller face amount policies, and ranks #7 in total individual life insurance by premium volume. While it mainly sells yearly renewable term (YRT) UL products, it also has acquired a large legacy block of guaranteed UL and term life insurance products.

Individual life, health, and annuity products account for 66% of the group's revenue, followed by group life, health, and annuity at 15%. P&C Insurance, Banking, Investment management and other services account for the remainder. Sagicor Canada, or ivari, is now the largest segment of the group as measured by 2024E core earnings at 43% of the total, followed by Sagicor Life Insurance Company, the U.S. subsidiary of Sagicor at 24%. The Company employs over 3,900 staff and 1,200 financial advisors.

Sagicor's business is diversified by geography and by product, strengthening its franchise as it benefits from more capital allocation and cross-selling opportunities, and it can apply its existing expertise and infrastructure to different markets. In the Caribbean, the Company focuses mainly on Jamaica, Barbados, and Trinidad and Tobago, which have different economic profiles and provide diversification but have limited growth potential. In the U.S. and Canada, Sagicor is often facing larger, more established peers, which can be a challenge and which forces the Company to be selective in its product offering. In recent years, Sagicor has shifted some of its head office operations to Canada where it has raised capital and hired experienced executives with the objective of building a leading North American life insurer.

Exhibit 1 EBIT and Net Income Results (USD millions)



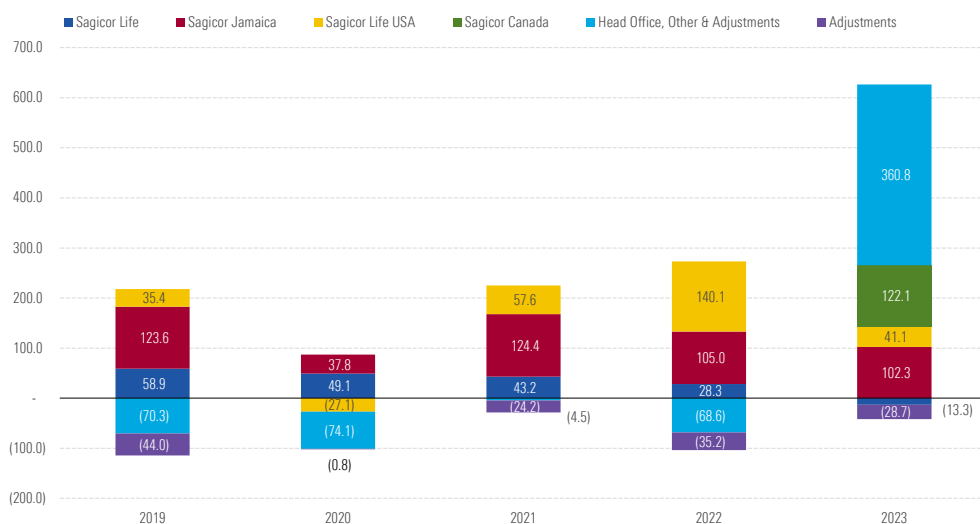
Sources: Morningstar DBRS, Company documents.

Notes: 2023 EBIT and Net Income excludes a \$448 million bargain purchase gain. 2022 and prior EBIT and net income are presented as originally reported under IFRS 4.

Sagicor has a diversified distribution strategy, reflecting its presence in numerous markets, and its wide product offering, but relies on specific distribution channels for its U.S. and Canadian segments. Sagicor intends to focus on its U.S. business for growth going forward while defending its leading Caribbean

position and the newly acquired operations in Canada. Since the acquisition of ivari, Sagikor's largest segment by assets, revenues, or profitability, is now the Canadian individual insurance business. ivari's distribution strategy relies heavily on the multi-level marketing advisory channel, which has a proven track record of reaching middle market customers in Canada. In the U.S., Sagikor's MYGA products are mainly distributed through independent advisory channels. In the Caribbean, Sagikor has an established distribution position due to its strong brand, history, and market share. This includes a full-service financial institution offering in Jamaica and the Cayman Islands as well as a large captive distribution force offering life insurance, health insurance, and pension products in the English-speaking Caribbean.

Exhibit 2 Earnings by Segment (USD millions)



Sources: Morningstar DBRS, Company documents.

Notes: Effective Q1 2023 the company has combined Head office, Other, and Adjustments. Earnings for years 2023 and prior are presented as reported under IFRS 4.

Sagikor has demonstrated operational excellence through its long history in multiple markets, including some where the regulatory infrastructure and financial system is less developed. In recent years, Sagikor has experienced multiple transformational changes, including the public listing in Canada, changes to the leadership team, the transition to IFRS 17, its growth in the U.S. and its acquisition of ivari. So far, the Company has demonstrated good execution on this transformation, with the integration of ivari being the remaining major operational challenge with early signs pointing in the right direction and no major integration issue being reported.

Risk Profile

Building Block Assessment: Good/Moderate

Sagikor has a diversified product portfolio mainly composed of life insurance products, traditional fixed annuities, banking, wealth management, retirement and P&C insurance services. With the acquisition of ivari, Sagikor acquired a large legacy block of long-term guaranteed individual life insurance, which can be more exposed to interest rate and lapse risk as the long-term payments to policyholders are subject to policyholder behaviour. In recent years, ivari has shifted its product offering toward yearly renewable

term UL instead, where earnings are more fee-based, and the Company assumes less investment and policyholder behaviour risk. Still, future fee income will be driven by market performance and retention rates. Its U.S. annuity portfolio is mainly composed of MYGA annuities, which are relatively low risk as they offer a guaranteed interest rate and a fixed duration, which allows the company to match its liabilities with fixed-income investments. The exposure to longevity risk or market risk is therefore limited in comparison to other types of annuities. Most of the profitability from selling fixed annuities typically comes from earning a credit spread on the assets used to back the annuity cash flows. Sagicor's Caribbean businesses are diversified with exposure to life and health insurance as well as pension, asset management, P&C insurance, and banking services. While some of these products may be riskier on their own, the overall product risk profile is manageable given the lack of concentration to one exposure.

With its roots in the Caribbean, Sagicor is exposed to the sovereign credit risk of Jamaica and other non-investment-grade sovereigns primarily due to its investments in local sovereign debt. As of 2023, Sagicor has 84% of its investment portfolio invested in investment-grade assets, up from 71% prior to the acquisition of ivari. The Company also has a mortgage and finance loan portfolio, arising in parts from its banking operations, amounting to approximately 9% of assets. Sagicor is exposed to natural catastrophe risk mainly in its Caribbean operations, where hurricanes can cause highly concentrated human and material damage, which could be especially severe on the Company's relatively small banking and property insurance businesses. Sagicor adequately uses reinsurance to protect itself against P&C catastrophe risk, including through its own Bermuda-based affiliate Sagicor Reinsurance Bermuda Limited. External reinsurance counterparties are highly rated leading global reinsurers. As of 2023, credit impairments on the portfolio remained minimal.

Exhibit 3 Fixed Income Portfolio

Bonds Rated (USD millions)	For the Year Ended December 31 (IFRS)				
	2023	2022	2021	2020	2019
AAA/AA	3,383	794	616	523	557
A	2,005	661	801	471	507
BBB	5,137	3,175	2,836	2,301	1,773
BB and Below	2,005	1,984	1,911	1,935	2,229
Total Bonds	12,529	6,614	6,165	5,230	5,065

Bonds Rated (%)	For the Year Ended December 31 (IFRS)				
	2023	2022	2021	2020	2019
AAA/AA	27.0	12.0	10.0	10.0	11.0
A	16.0	10.0	13.0	9.0	10.0
BBB	41.0	48.0	46.0	44.0	35.0
BB and Below	16.0	30.0	31.0	37.0	44.0
Total Bonds	100.0	100.0	100.0	100.0	100.0

Sources: Morningstar DBRS and Company documents.

Sagicor's investments in equity and alternative assets are small, at approximately 1% of the portfolio for each. The Company is also exposed to equity markets risk through assets backing policyholder funds, which will generate a varying amount of future fees based on the value of the funds. Interest rate risk is also present on the life insurance and annuity contracts sold by Sagicor. In particular, ivari's long-term

liability cash flow profile is challenging to match with assets of a similar duration, which leads to earnings and capital sensitivity to interest rate movements.

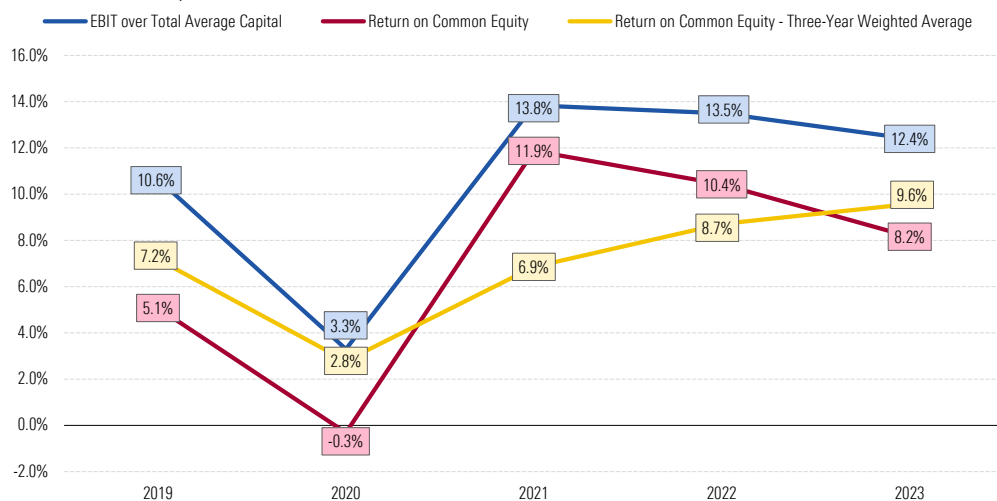
As Sagicor is ongoing multiple transformations and is operating in various markets with different products, risks, and regulations, the Company is exposed to heightened operational risk. In recent years, there has been no evidence of operational issues which is indicative of good risk management practices. The Company has an adequate risk management framework considering its size and its diverse operations. In recent years, management has shown the desire and the ability to take on additional risks, including aggressive growth in the U.S., the acquisition of ivari, and increased debt financing. To address this situation, the Company has hired new finance and risk executive talent including multiple Canadian hires with experience in leading financial services organizations.

Earnings Ability

Building Block Assessment: Good

Sagicor has delivered respectable revenue growth and profitability in recent years, including nearly doubling the size of the Company through the acquisition of ivari. Organically, most of the Company's growth is coming from its U.S. annuity business with Caribbean business appearing more mature given the already dominant position of Sagicor. The acquisition of ivari has added substantial core earnings power to Sagicor with the Company expecting the Canadian segment to generate 43% of the group's core earnings in 2024. However, Sagicor doesn't intend to make large investments in the growth of ivari in the future and instead plans to continue to fund its growth in the U.S.

Exhibit 4 Profitability Metrics



Sources: Morningstar DBRS, Company documents.

Note: Reporting follows IFRS 17 as of 2023, while 2022 and prior year results are based on IFRS 4.

Sagicor's profitability was exceptionally strong in 2023 due to a gain on the purchase price of ivari being significantly below its net IFRS value. Excluding this gain, 2023 performance remained good despite the economic slowdown amid rising interest rates. Consolidated net income of \$136 in 2023 benefitted from

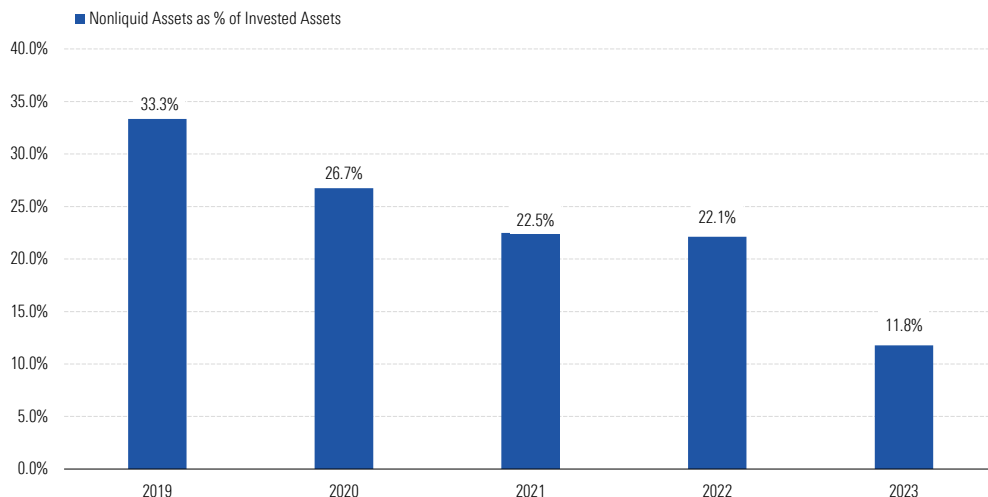
rebounding markets in Q4 and compares favourably to a net loss of \$103 million in 2022 on a re-stated basis, but is below the \$169 million earned in 2022 on an IFRS 4 basis, as the deferral of profits through the contractual service margin (CSM) under IFRS 17 dampens the Company's immediate earnings. The Company has generally maintained an ROE in the low double digits and is expected to continue to do so under IFRS 17. In Q1 2024, Sagicor had steady results with net income of \$29.6 million (compared to \$1.4 million in Q1 2023) and an ROE of 10.8%. Results were particularly strong in the Company's U.S. segment, mainly because of market value impacts on investments. Investment returns are expected to drive earnings volatility for the Company going forward as movements in its large balance sheet create short-term volatility despite a relatively strict asset and liability matching from a LICAT capital perspective.

Liquidity

Building Block Assessment: Good/Moderate

Sagicor's investments are generally highly liquid, with the potential exception of its large holding of sovereign debt of Caribbean countries, representing 13% of investments, with Jamaica being the largest exposure. In addition, Sagicor has a less liquid loan portfolio as part of its banking operations amounting to 9% of assets. The portfolio acquired through ivari is highly liquid as it holds exclusively investment grade bonds and pass-through equity securities.

Sagicor has recently opened a \$125 million bank line of credit, which provides additional liquidity and is fully undrawn as of Q1 2024. While Sagicor has plenty of liquid assets to meet policyholder liability cash flows, it will be more constrained in meeting interest and dividend cash flow expectations at the holding company level given the high debt levels and desire to continue to fund the growth of the U.S. business. Sagicor intends to rely heavily on remittances from its Canadian segment to pay debt interest and dividends, and there remains uncertainty on the long-term performance of ivari, although early signs are positive as its capital position has improved with the rise in interest rates.

Exhibit 5 Nonliquid Assets Concentration

Sources: Morningstar DBRS and company documents.

Sagikor's claims are generally stable and predictable due to the nature of its mostly life insurance product offering and to the diversity of its business lines, which reduces the risk of large, unexpected cash requirements to meet claims. Sagikor's limited reinsurance operations are mostly internal and are unlikely to result in a liquidity shortfall.

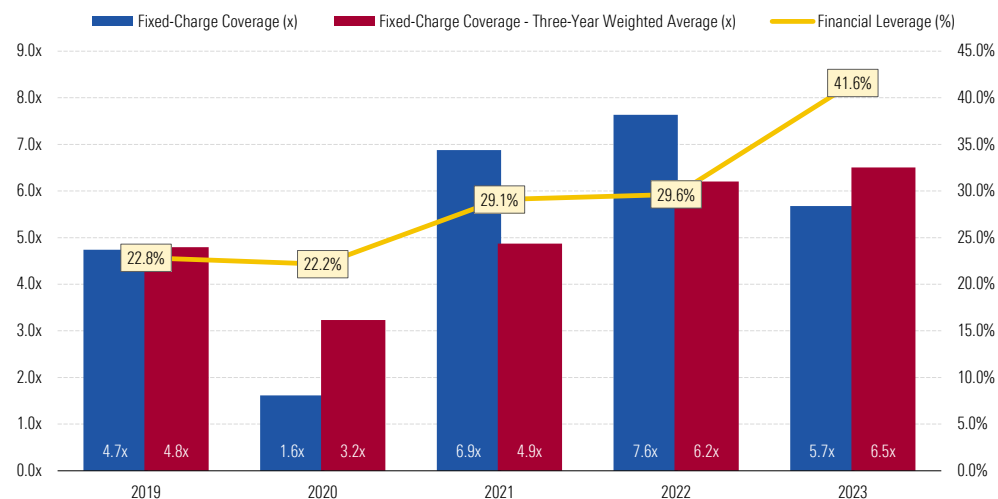
Capitalization**Building Block Assessment: Moderate**

Sagikor has an adequate capital buffer, which is commensurate with the risk exposures assumed by the Company. Despite not being regulated in Canada at the group level, it calculated a group LICAT ratio for the first time in 2023, which was at 136% at YE2023, providing sufficient buffer for the risks assumed by the Company. Sagikor also measures its group capital adequacy using a modified version of the Minimum Continuing Capital and Surplus Requirements (MCCSR), the former Canadian life insurance capital framework, which was also adopted by Jamaica. As of YE2023, Sagikor's MCCSR ratio was 301%, compared with 276% at YE2022. The solvency ratios of its operating entities are also adequate in consideration of the local requirements.

Historically, Sagikor has maintained a leverage ratio of around 30%. However, the transition to IFRS 17 had a negative impact on the leverage ratio due to the reduction in equity and introduction of CSM. The Company funded the ivari acquisition mostly with debt, which, along with the transition to IFRS 17, increased the leverage ratio to 41% at YE2023, which is above most of its peers. The Company also has a large minority interest component, mostly arising from its Jamaican operations, which is included in the total capital for leverage purposes and provides loss absorption at the operating entity level but isn't available to service holding company debt. The Company is comfortable with its current amount of debt and intends to maintain it in the medium term. Sagikor also intends to rely on ivari's profitability and capital generation to cover a substantial portion of its debt interest payments. The Company's fixed-

charge coverage of 5.7x at YE 2023 demonstrates adequate earnings to cover debt servicing, although it could fluctuate in the near term based on the performance and integration cost of ivari.

Exhibit 6 Leverage and Coverage



Sources: Morningstar DBRS, company documents.

Note: Reporting follows IFRS 17 as of 2023, while 2022 and prior year results are based on IFRS 4.

Sagicor has demonstrated good access to capital markets in recent years, raising both debt and equity in Canada and the U.S. It also maintains a small debt issuance on the Jamaican market. Successful integration of ivari will help provide greater capital flexibility to the Company over time, and its untapped \$125 million credit facility provides short-term flexibility. Sagicor’s capital generation is expected to be mainly driven by earnings performance in coming years, with growth in the U.S. as well as interest and dividend cash flows being the main uses of excess capital. The Canadian segment will play a significant role in funding group capital needs, which makes good integration and financial performance at ivari particularly important for the credit rating of Sagicor.

Sagcor Financial Company Ltd & Affiliates

ESG Checklist

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis: Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*		
Environmental		Overall:	Y	R
Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuer's financial, operational, and/or reputational standing?	N	N	N
Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	N	N	N
Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	Y	R	R
	In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially under key IPCC climate scenarios up to a 2°C rise in temperature by 2050?	Y	R	R
Climate and Weather Risks		Y	R	R
Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N	N
Social		Overall:	N	N
Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services pose a financial or regulatory risk to the issuer?	N	N	N
Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts, that could result in a material financial or operational impact?	N	N	N
	Do violations of rights create a potential liability that could negatively affect the issuer's financial wellbeing or reputation?	N	N	N
Human Capital and Human Rights		N	N	N
Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N	N
Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could it result, in financial penalties or client attrition to the issuer?	N	N	N
Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N	N
Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N	N
Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N	N
Governance		Overall:	N	N
Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N	N
	Are there any political risks that could affect the issuer's financial position or its reputation?	N	N	N
Bribery, Corruption, and Political Risks		N	N	N
Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N	N
Corporate / Transaction Governance	Does the issuer's corporate structure allow for appropriate board and audit independence?	N	N	N
	Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	N	N	N
	Does the board and/or management have a formal framework to assess climate-related financial risks to the issuer?	N	N	N
Corporate / Transaction Governance		N	N	N
Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N	N
Consolidated ESG Criteria Output:		Y	R	R

* A Relevant Effect means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.

A Significant Effect means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

Environmental, Social, and Governance (ESG) Considerations**Environmental**

Environmental factors do not affect the credit ratings or trends assigned to Sagicor but were deemed relevant to the credit analysis. While Sagicor does not directly sell any products that contribute to material carbon emissions or that will be materially affected by carbon pricing, it is exposed to climate risk through its banking and property and casualty segments in the Caribbean where severe weather risk is high. These business segments are not substantial components of Sagicor's operations but could be subject to losses due to worsening severe weather in the future. Sagicor uses adequate reinsurance coverage to protect the Company from P&C catastrophe risk.

Social

This factor does not impact the credit ratings or trends assigned to Sagicor. While Sagicor has not reported issues related to product governance or data breaches, future breaches could damage the Company's reputation, adversely impact its risk profile, and lead to expenses in particular given the Company's exposure to sensitive client information. Sagicor has a corporate social responsibility program focused on supporting health, education, sports, and community and youth development in the communities where it operates.

Governance

This factor does not affect the credit ratings or trends assigned to Sagicor. There have been no reported cases of serious failures in governance as they relate to the Company in the past. Sagicor maintains comprehensive corporate governance board committee structures and risk reporting processes, including an appropriate representation of independent directors. Sagicor has board-level oversight of climate risk and integrates climate issues in its risk management framework.

Balance Sheet (As Reported)

(USD millions)	For the Year Ended December 31 (IFRS)				
	2023	2022	2021	2020	2019
ASSETS					
Cash	486.6	368.1	360.0	360.0	273.1
Restricted Cash	95.6	80.1	78.1	79.6	88.4
Financial Investments	16,337.4	8,346.7	7,889.8	6,626.8	6,080.8
Financial Investments Repledged	687.8	623.9	608.3	611.7	604.9
Reinsurance Contract Assets	3,212.9	544.7	630.7	715.7	724.2
Insurance Contract Assets	1.3	-	-	-	-
Miscellaneous Assets and Receivables	297.9	299.7	276.8	239.5	208.1
Income Tax Assets	331.4	80.2	47.2	26.3	26.6
Associates and Joint Ventures	67.8	60.9	55.3	165.8	230.6
Intangible Assets	93.2	105.3	89.1	95.9	106.9
Investment Property	85.4	77.4	76.0	78.3	95.6
Property, Plant, and Equipment	195.5	178.9	266.8	266.6	289.9
Segregated Funds Assets	492.3	-	-	-	-
Total Assets	22,384.9	10,765.9	10,377.9	9,266.3	8,728.9
Liabilities					
Accounts Payable and Accrued Liabilities	293.8	248.4	253.5	255.5	240.3
Actuarial Liabilities	-	5,182.7	4,792.6	4,152.7	3,604.7
Other Policy Liabilities	-	362.9	341.4	292.7	287.0
Income Tax Liabilities	30.4	82.9	61.9	65.1	56.9
Investment Contract Liabilities	477.9	472.3	468.1	437.6	424.3
Reinsurance Contract Liabilities	14.8	-	-	-	-
Insurance Contract Liabilities	15,732.2	-	-	-	-
Deposit and Security Liabilities	2,950.4	2,182.3	1,996.4	1,826.8	1,752.7
Lease Liabilities	38.0	33.3	32.8	39.6	35.7
Notes and Loans Payable	945.7	632.5	683.4	471.6	517.7
Other Liabilities/Retirement Benefit Liabilities	80.5	65.7	81.5	66.5	59.8
Insurance Contract Liabilities on Account of Segregated Fund Policyholders	492.3	-	-	-	-
Total Liabilities	21,055.9	9,263.0	8,711.7	7,608.1	6,979.1
Equity					
Share Capital	1.4	1.4	1.4	1.5	1.5
Share Premium	725.0	734.9	737.1	753.5	762.0
Reserves	(73.4)	(190.0)	(60.5)	(14.9)	(9.0)
Retained Earnings/(Accumulated deficit)	317.9	537.9	455.9	369.7	399.6
Total Shareholder' Equity	970.9	1,084.2	1,134.0	1,109.8	1,154.1
Participating Accounts	-	0.2	0.6	1.6	1.2
Noncontrolling Interests	358.1	418.4	531.7	546.8	594.5
Total Equity	1,329.0	1,502.9	1,666.2	1,658.2	1,749.8
Total Liabilities and Equity	22,384.9	10,765.9	10,377.9	9,266.3	8,728.9

Sources: Morningstar DBRS and company documents.

*Other assets include Other Assets, Fixed Assets, Intangible Assets, and Goodwill and Deferred Income Tax Assets.

**Other liabilities include Deferred Income Tax Liabilities.

Income Statement

(USD millions)	For the Year Ended December 31 (IFRS)			
	2022	2021	2020	2019
Revenues				
Premium Revenue	2,159.8	1,817.5	1,502.0	1,323.3
Reinsurance Premium Expense	(111.7)	(104.3)	(98.5)	(81.7)
Net Premium Revenue	2,048.1	1,713.2	1,403.4	1,241.5
Gain on Derecognition of Amortised Cost Investments	4.3	23.2	8.9	12.9
Gain on Derecognition of Assets Carried at FVOCI	1.2	22.8	20.2	30.0
Interest Income Earned from Financial Assets Measured at Amortized Cost and FVOCI	432.7	337.4	314.8	308.0
Other Investment (Loss)/Income	(114.7)	92.4	16.1	111.8
Credit Impairment Losses	(6.3)	4.3	(24.0)	(4.9)
Fees and Other Revenue	175.0	165.9	139.0	168.0
Total Revenues, Net	2,540.3	2,359.1	1,878.4	1,867.3
	-	-	-	-
Benefits				
Policy Benefits and Change in Actuarial Liabilities	1,650.1	1,499.8	1,269.2	1,169.6
Policy Benefits and Change in Actuarial Liabilities Reinsured	(46.0)	(11.1)	(90.4)	(107.3)
Net Policy Benefits and Change in Actuarial Liabilities	1,604.1	1,488.7	1,178.8	1,062.3
Interest Costs	62.4	42.7	42.9	54.2
Total Benefits	1,666.5	1,531.4	1,221.7	1,116.5
	-	-	-	-
Expenses				
Administrative Expenses	392.9	349.8	340.6	333.2
Commissions and Related Compensation	137.5	136.0	121.2	120.2
Premium and Asset Taxes	17.7	17.5	14.9	14.6
Finance Costs	39.6	45.1	44.9	43.6
Depreciation and Amortization	31.0	32.7	39.6	35.5
Listing Expense and Other Transaction Costs	-	-	-	43.4
Total Expenses	618.6	581.1	561.1	590.5
	-	-	-	-
Other				
Gain Arising on Business Combinations, Acquisitions, and Divestitures	1.7	10.7	(1.3)	(0.4)
Share of Operating Income of Associates and Joint Ventures	6.1	7.4	(35.0)	3.3
Loss on Impairment of Investment in Associates and Joint Ventures	-	-	(31.8)	-
Total Other Income	7.8	18.1	(68.0)	3.0
Income Before Taxes	262.9	264.7	27.6	163.3
Income Taxes	(93.3)	(68.3)	(42.7)	(59.7)
Net Income for the Year	169.6	196.5	(15.1)	103.6

Sources: Morningstar DBRS and company documents.

Income Statement (IFRS 17) (as Reported)

(USD millions)	For the Year Ended December 31 (IFRS)	
	Q1 2024	2023
Insurance Revenue	355.2	862.5
Insurance Service Expenses	(288.6)	(696.1)
Net Expenses from Reinsurance Contracts Held	(36.8)	(95.2)
Insurance Service Result	29.7	71.2
Gain / (Loss) on Derecognition of Amortized Cost Investments	(0)	(0)
Gain / (Loss) on Derecognition of Assets Carried at FVTOCI	0.8	2.3
Interest Income Earned From Financial Assets Measured at Amortised Cost and FVTOCI	62.6	224.1
Credit Impairment Recovery / (Loss)	0.1	(3.9)
Net gain/ (loss) on FVTPL investments	185.0	-
Other Investment Income / (Loss)	0.9	1,331.3
Net Investment Income / (Expenses)	249.3	1,553.8
Finance Income / (Expenses) From Insurance Contracts Issued	(69.9)	(1,366.7)
Finance Income / (Expenses) From Reinsurance Contracts Held	(57.9)	346.8
Net Insurance Finance Income / (Expenses)	(127.9)	(1,019.9)
Net Investment Result Before Segregated Funds	121.4	533.9
Net Investment Income / (Expenses) for Segregated Funds	25.3	34.9
Finance Income / (Expenses) From Insurance Contracts Issued for Segregated Funds	(25.3)	(34.9)
Net Investment Result for Segregated Funds	-	-
Total Investment Result	121.4	533.9
Net Insurance and Investment Result	151.1	605.1
Gain Arising on Business Combinations, Acquisitions and Divestitures	-	448.3
Fees and Other Income	34.8	117.7
Share of Income of Associates and Joint Ventures	1.2	7.7
Other Operating Expenses	(83.7)	(350.1)
Other Interest and Finance Costs	(57.2)	(155.3)
Income / (Loss) Before Taxes	46.1	673.4
Income Taxes	(16.5)	(89.2)
Net Income / (Loss) for the Year	29.6	584.2

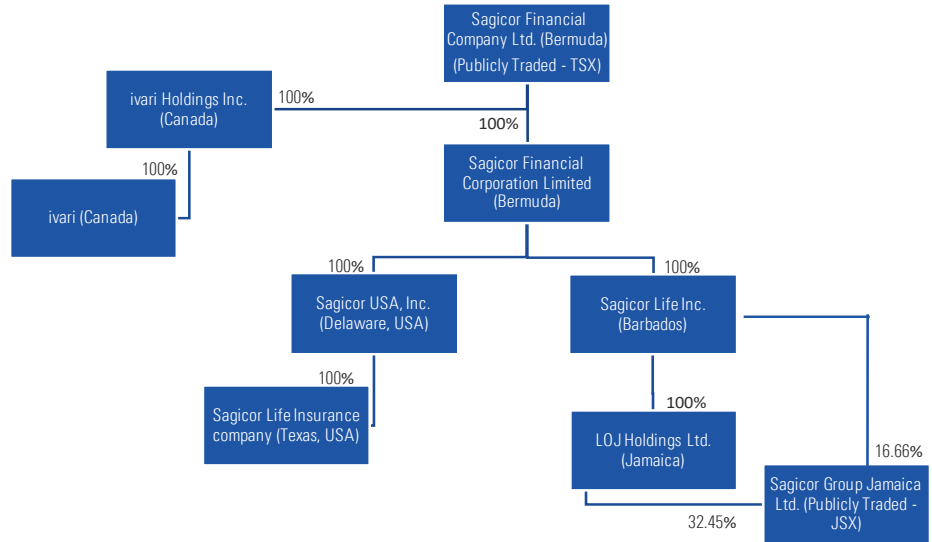
Sources: Morningstar DBRS and company documents.

Peer Group Comparison—F2023

	Sagikor Financial Company Ltd	iA Financial Corporation Inc.	The Independent Order of Foresters	The Empire Life Insurance Company	Sun Life Financial
Operating Company Financial Strength Rating	A (low)	AA (low)	A	A	AA
Holding Company Issuer Rating	BBB(low)	A	A	n/a	A (high)
Trend	Stable	Stable	Stable	Stable	Stable
Period Ended	12/31/2023	12/31/2023	12/31/2023	12/31/2023	12/31/2023
Currency/units	USD million	CAD million	CAD million	CAD million	CAD million
Financial Data (CAD millions)					
Net Income to Common Shareholders	532	769	191	156	3,086
Net Premium Income	n/a	n/a	n/a	n/a	n/a
Fee Income & Other Revenue	114	1,507	113	31	7,832
Total Assets	22,385	93,846	16,886	18,665	333,241
Total Common Equity	971	6,663	2,043	1,742	21,343
Total Equity	1,329	7,038	2,043	1,888	24,200
Total Capital	2,275	8,537	2,291	2,241	30,578
Earnings Ability Ratios (%)					
Return on Common Equity (Leveraged Returns)	8.2	11.6	9.3	8.4	13.3
Return on Common Equity (Leveraged Returns; Three-Year Weighted Average)	9.6	12.1	7.2	9.9	13.8
EBIT/Total Capitalization	12.4	12.4	7.7	10.6	12.1
EBIT/Total Capitalization (Three-Year Weighted Average)	13.0	12.7	5.6	11.4	13.1
Liquidity Ratios (%)					
Nonliquid Asset Concentration	11.8	5.3	n.a.	1.6	12.0
Capitalization & Asset Quality Ratios (%)					
Life Insurance Capital Adequacy Test (LICAT/CARLI)	136.0	139.0	194.9	155.4	141.7
Intangibles & Goodwill/Common Equity	9.6	47.5	3.9	5.0	66.3
Tangible Common Equity/Total Capital	38.6	41.0	85.7	73.9	23.5
Tangible Capital/ Total Policyholder Liabilities	13.4	9.4	38.4	29.3	11.6
Financial Leverage	41.6	22.0	10.8	31.0	28.2
Fixed-Charge Coverage (Current Period; x)	5.7	11.4	22.9	7.8	18.5
Fixed-Charge Coverage (Three-Year Weighted Average; x)	6.5	10.3	16.9	9.4	14.1
Interest Charge Coverage (Current Period; x)	5.7	16.2	22.9	15.2	7.4
Interest Charge Coverage (Three-Year Weighted Average; x)	6.5	14.4	16.9	15.3	10.1
Quality Assets/Noncapital Liabilities	29.7	59.4	76.5	75.1	41.1
Total Capital/Riskier Assets	40.3	86.8	132.8	119.2	68.5
BBB and Lower Bonds/Total Bonds (including Private Placements)	57.0	26.7	-	28.7	27.8

Sources: Morningstar DBRS and Company documents.

Simplified Corporate Organization Chart



Sources: Morningstar DBRS and Company documents.

Credit Rating Methodologies

The applicable methodologies are *Global Methodology for Rating Insurance Companies and Insurance Organizations* (April 15, 2024) and *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* (January 23, 2024), which can be found on dbrs.morningstar.com under Methodologies & Criteria.

Credit Ratings

Issuer	Obligation	Credit Rating Action	Credit Rating	Trend
Sagicor Financial Company Ltd.	Issuer Rating	Assigned	BBB (low)	Stable
Sagicor Financial Company Ltd.	Senior Debt	Assigned	BBB (low)	Stable
Sagicor Life Insurance Company	Financial Strength Rating	Assigned	A (low)	Stable
Ivari	Financial Strength Rating	Assigned	A (low)	Stable

Previous Actions

- ["Morningstar DBRS Assigns Issuer Rating of BBB \(low\) to Sagicor Financial Company Ltd. and Financial Strength Rating of A \(low\) to its Operating Subsidiaries; Stable Trends,"](#) April 17, 2024.

Related Research

- [New Weight Loss Drugs Expensive For Insurers to Cover, But May Help Address Costs of Obesity,](#) April 09, 2024
- [Large Canadian Life Insurers' CRE Exposure Poses a Threat to Their Otherwise Positive Operating Environment,](#) March 21, 2024
- [Heightened Regulatory Risks for Life Insurers Focusing on Alternative Investments and Asset-Intensive Reinsurance,](#) February 15, 2024
- [Canadian Insurers See Lower Debt Issuance in 2023, But Outlook Remains Broadly Stable for 2024,](#) February 05, 2024
- [As Private Equity Sets its Sights on Life Insurers, What are the Credit Rating Implications?,](#) January 25, 2024
- [Resilient Results for Canadian Life Insurers After Adoption of IFRS 17,](#) August 21, 2023
- [DBRS Morningstar Updates Its Global Insurance Methodology Following the Implementation of IFRS 17,](#) August 08, 2023
- [Bank Run Scenario Unlikely To Hit Canada's Lifecos But Impacts May Arise From Broader Market Panic,](#) March 21, 2023

Previous Reports

N/A

Notes:

All figures are in U.S. dollars unless otherwise noted.

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