

Sagicor Financial Company Ltd. Reports Second Quarter 2021 Results

Toronto and Barbados (August 13, 2021) – Sagicor Financial Company Ltd. (TSX: SFC, “Sagicor” or “Company”), a leading financial services provider in the Caribbean with a growing presence in the U.S., today announced its results for the second quarter ended June 30, 2021. All figures are in US\$ unless otherwise stated.

Highlights

- **Total net revenue** of \$516.3 million in Q2 increased 13% year over year
- **Net insurance premiums** of \$364.9 million in Q2 increased 18% year over year
- **Net income to shareholders** of \$9.3 million in Q2, excluding one-time costs related to bond refinancing, net income to shareholders would have been \$14.9 million
- **Earnings per share** of US\$0.064 or C\$0.079 in Q2
- **Total comprehensive income to shareholders** was \$16.6 million in Q2
- **Book value per share** of US\$7.57 or C\$9.33 in Q2
- **Dividend of US\$0.05625 per common share** to be paid during the third quarter (US\$0.225 annualized dividend)

Dodridge Miller, Group President and Chief Executive Officer, said:

“Sagicor is pleased to announce another quarter of solid profitability and growth. Sagicor Life USA posted a strong quarter reflecting progress in our U.S. strategy as that business grows towards scale. Our businesses in the Caribbean also grew compared to a challenging period in Q2 2020, and they remain profitable in the face of continued economic headwinds.”

Consolidated Highlights

Profitability (US\$ millions)	Q2 2021	Q2 2020	Change	YTD 2021	YTD 2020	Change
Total net revenue	516.3	458.5	13%	947.7	801.7	18%
Net income (loss) to shareholders	9.3	(0.3)	3,200%	40.8	(29.6)	238%
Annualized return on shareholders' equity (%)	3.4%	(0.1%)	3.5 pts	7.5%	(5.2%)	12.7 pts

Financial strength (US\$ millions)	Q2 2021	Q2 2020	Change
Shareholders' equity	1,102	1,110	(1%)
Book value per share (US\$ per share)	7.57	7.21	5%
MCCSR ratio (%)	247%	264%	(17 pts)
Debt to capital ratio (%)	31.3%	23.9%	(7.4 pts)
Total capital	2,346	2,146	9%

Overall Sagicor Group - Quarterly Highlights

- Total net revenue including premiums** of \$516.3 million increased 13% in the quarter compared to the same period in the prior year. Net insurance premium revenue increased by 18% Y/Y to \$364.9 million. Reversals of credit impairment losses amounted to a \$2.9 million gain during the quarter.
- Net income to shareholders** of \$9.3 million in the quarter was a significant improvement over the net loss of \$0.3 million recorded in Q2 2020. The main positive contributing factor to the financial performance during the three-month period were strong sales and improved asset spreads in our U.S. segment. Net income in this quarter was negatively affected by \$5.6 million of one-time costs related to the early retirement of our bond due in 2022.
- Total comprehensive income to shareholders** was \$16.6 million with \$7.2 million of other comprehensive income to shareholders. The other comprehensive income was primarily due to the marking to market of prices of bonds held at fair value through other comprehensive income. These gains were partly offset by a net change in actuarial liabilities reserve, and retranslation losses due to the devaluation of the Jamaican dollar.
- Total capital** of \$2,346 million increased 13% compared to the prior quarter due to an improvement in asset values. The Company's voluntarily adopted **MCCSR ratio** for its insurance businesses remained strong at 247% and the Company's **debt to capital ratio** was 31.3%, representing a short term increase of 9.1 percentage points Y/Y as the company held \$188 million of excess debt it intended to retire subsequent to quarter end. Accounting for that debt repayment which was completed on August 11, our debt to capital ratio would have been approximately 25%.

Dividends

On August 13, 2021, the Board of Directors of Sagicor Financial Company Ltd. approved and declared a quarterly dividend of US\$0.05625 per common share. This quarterly dividend will be paid on September 20, 2021, to shareholders of record at the close of business on August 30, 2021. This is the seventh dividend payment Sagicor has paid to its shareholders since becoming a publicly listed company on the Toronto Stock Exchange. The Company will continue to review its dividend policy going forward given the economic situation stemming from the COVID-19 pandemic.

Business Segment Performance

Sagicor considers its business within three main operating segments: Sagicor Life (includes southern Caribbean), Sagicor Jamaica (of which the Company owns 49.1% and which is consolidated by the Company), and Sagicor Life USA.

Performance (US\$ millions)	Q2 2021	Q2 2020	Change (%)	YTD 2021	YTD 2020	Change (%)
Total revenue						
Sagicor Life	122.4	97.2	26%	252.6	210.4	20%
Sagicor Jamaica	176.5	166.9	6%	341.8	299.3	14%
Sagicor Life USA	206.4	179.8	15%	317.2	270.7	17%
Head office ⁽¹⁾	11.0	14.5	(24%)	36.1	21.3	69%
Benefits and expenses						
Sagicor Life	(115.6)	(93.5)	(24%)	(236.3)	(203.4)	(16%)
Sagicor Jamaica	(155.1)	(139.3)	(11%)	(292.3)	(243.7)	(20%)
Sagicor Life USA	(186.2)	(183.6)	(1%)	(295.6)	(292.5)	(1%)
Head office ⁽¹⁾	(30.9)	(24.1)	(28%)	(55.8)	(56.9)	2%
Net income/(loss) to shareholders						
Sagicor Life	6.8	2.2	209%	15.1	4.1	268%
Sagicor Jamaica	7.0	9.1	(23%)	16.9	18.2	(7%)
Sagicor Life USA	16.0	(2.9)	652%	17.1	(17.2)	199%
Head office ⁽¹⁾	(20.5)	(8.7)	(136%)	(8.3)	(34.7)	76%

⁽¹⁾ Head office, other, and adjustments

Note: Values may not add due to rounding

Business Segment - Quarterly Highlights

Sagicor Life

- **Total net revenue including premiums** of \$122.4 million increased 26% Y/Y. Net premium revenue of \$89.3 million increased 18% Y/Y as the segment grew new business sales to individuals compared to the prior year which was impacted by the COVID-19 pandemic. Net investment income of \$24.2 million was \$5.4 million above the \$18.8 million reported in the same quarter last year.
- **Net income to shareholders** of \$6.8 million increased by 209% or \$4.6 million Y/Y, as new business generation increased year over year, offset in part by higher lapses and surrenders due to continued slow economic activity in the southern Caribbean.

Sagicor Jamaica

- **Total net revenue including premiums** of \$176.5 million increased 6% Y/Y. Net premium revenue decreased slightly by 2% Y/Y to \$87.0 million primarily due to the devaluation of the Jamaican dollar, offset by an increase in fees and other revenue which increased 48% or \$10.7 million.
- **Net income to shareholders**, after consideration of Sagicor's 49.1% ownership, decreased by 23% Y/Y to \$7.0 million, relative to a profit of \$9.1 million in the same quarter in the prior year. The decrease in profitability was largely due to higher benefits in our insurance businesses from increases in death claims partly because of COVID-19, as well as higher health claims driven by medical cost inflation.

Sagicor Life USA

- **Total net revenue including premiums** increased 15% Y/Y to \$206.4 million. Net premium revenue closed the period at \$179.2 million, up 32% Y/Y, as the segment increased sales of annuities as part of its stated strategy to scale the business.
- **Net income to shareholders** was \$16.0 million compared to a loss of \$2.9 million in the same quarter in the prior year driven by growth in new annuity business and improved asset spreads reflected in the actuarial liabilities due to asset allocation improvements.

Bond Refinance

On May 13, 2021 Sagicor completed an offering of \$400 million of 5.300% Senior Notes due May 13, 2028. The Company used partial proceeds of the transaction to repurchase \$130 million in aggregate principal amount of its 8.875% Senior Notes due 2022 issued by its subsidiary Sagicor Finance (2015) Limited (the "2022 Notes"). Pursuant to Sagicor Finance (2015) Limited's notice of redemption, Sagicor repurchased the \$188 million remaining aggregate principal amount of the 2022 Notes on August 11, 2021. Sagicor expects to save approximately \$7 million of annual interest costs as a result of the bond refinancing.

Outlook for 2021

Sagicor's businesses continue to show their strength and resiliency in the face of continued economic uncertainty. While each of our businesses has remained profitable, our recovery of our growth and profit margins to target levels will be dependent on a return to normal economic activity. Sagicor will wait to reintroduce financial guidance until the timing of such recovery becomes clear.

Normal Course Issuer Bid

As announced in June, Sagicor received approval to renew its share buyback program that allows it to repurchase up to 9,131,133 of its common shares during the 12-month period commencing June 24, 2021 and ending June 23, 2022, under a normal course issuer bid. Sagicor repurchased 1,215,521 shares in Q2 2021 for a total cost of approximately US\$6.2 million. Since the start of the program in June 2020, the Company has repurchased 4,424,621 shares in the open market for cancellation for an aggregate purchase price of approximately US\$20.6 million as at Q2 2021. The number of issued and outstanding common shares at June 30, 2021 was 145,650,793.

Management's Discussion and Analysis and Consolidated Financial Statements (Unaudited)

This press release, which was approved by the Company's Board of Directors and Audit Committee, should be read in conjunction with the Company's unaudited financial statements and accompanying management's discussion and analysis ("MD&A"). The unaudited financial statements and MD&A are available on the Company's website at www.sagicor.com and will soon be filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Conference Call

Sagicor Financial Company Ltd. will host a conference call for analysts and investors to review its earnings results on August 18 at 11:00 a.m. EST in Toronto (11:00 a.m. AST in Barbados and Trinidad, 10:00 a.m. EST in Jamaica). To listen to the call via live audio webcast, visit the Company's website at www.sagicor.com, under the tab "Investor Relations." The conference call is also available by dialing 1-416-764-8688 or 1-888-390-0546 (North American toll free) or 08006522435 (United Kingdom) or 1-866-290-2216 (Barbados) or 1-800-207-8221 (Trinidad), passcode 18719792. A replay will also be available until September 18, 2021 by dialing 1-416-764-8677 or 1-888-390-0541 (North American toll free), passcode 719792#. A transcript of the call will also be made available on www.sagicor.com.

About Sagicor Financial Company Ltd.

Sagicor Financial Company Ltd. (TSX: SFC) is a leading financial services provider in the Caribbean, with over 180 years of history, and has a growing presence as a provider of life insurance products in the United States. Sagicor offers a wide range of products and services, including life, health, and general insurance, banking, pensions, annuities, and real estate. 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. Additional information about Sagicor can be obtained by visiting www.sagicor.com.

As a result of the transaction with Alignvest Acquisition II Corporation, the financial history of the Company presented herein, as well as in the Company's filings made after the closing of the transaction, are that of Sagicor Financial Corporation Limited, now a wholly-owned subsidiary of the Company.

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Non-IFRS Measures

The Company reports certain non-IFRS measures that are used to evaluate the performance of its businesses and the performance of their respective segments. As non-IFRS measures generally do not have a standardized meaning, they may not be comparable to similar measures presented by other issuers. Securities regulators require such measures to be clearly defined and reconciled with their most comparable IFRS measure.

The Company references non-IFRS measures and insurance industry metrics in this document and elsewhere. Non-IFRS measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these are provided as additional information to complement those IFRS measures by providing further understanding of the results of the operations of the Company from management's perspective. Accordingly, these measures should not be considered in isolation, nor as a substitute for analysis of the Company's financial information reported under IFRS. Non-IFRS measures used to analyze the performance of the Company's businesses include but are not limited to: return on shareholders' equity, book value per share, MCCSR, debt to capital ratio, debt to equity ratio, and dividend pay-out ratio. Please see the "Non-IFRS Financial Information" section of the Management's Discussion and Analysis for a reconciliation of these non-IFRS measures.

Cautionary Statements

Certain information contained in this news release may be forward-looking statements within the meaning of Canadian securities laws. Forward-looking statements are often, but not always identified by the use of words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "will", "may", "would" and "should" and similar expressions or words suggesting future outcomes. This news release includes forward-looking information and statements pertaining to the impact of the COVID-19 pandemic. These forward-looking statements reflect material factors and expectations and assumptions of Sagicor. Sagicor's estimates, beliefs and assumptions are inherently subject to uncertainties and contingencies regarding future events and as such, are subject to change. Risks and uncertainties not presently known to Sagicor or that it presently believes are not material could cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional information on these and other factors that could affect events and results are included in other documents and reports that will be filed by Sagicor with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Sagicor's expectations only as of the date of this document. Sagicor disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by law.