



Press Release

Toronto and Barbados, June 8, 2020
(USD, unless otherwise noted)

Sagicor Financial Company Ltd. Reports First Quarter 2020 Results

Sagicor Financial Company Ltd. (TSX: SFC) today announced its results for the first quarter ended March 31, 2020. First quarter reported net income to shareholders was a loss of \$29 million, while underlying net income, which is a non-IFRS measure that excludes the estimated effect of the COVID-19 pandemic, was a profit of \$18 million.

Highlights

- **Total revenue** declined 33% in the quarter to \$343 million as asset devaluations lowered net investment income
- **Net insurance premiums** declined 13%, mainly impacted by lower new annuity business in the US offset in part by premium growth across all business lines in Jamaica
- **Net loss from continuing operations attributed to shareholders** of \$29 million in the quarter was largely impacted by realized and unrealized market declines from the impact to broad markets from COVID-19 and increased provisions for expected credit losses
- **Management's estimate of underlying net income attributed to shareholders**, excluding asset price declines, increased provisions to expected credit losses and other non-recurring items, which is a non-IFRS measure, was \$18 million in the quarter, compared to net income attributed to shareholders of \$15 million in the same period in 2019
- **Earnings per share from continuing operations** was a loss of \$0.197 for quarter
- **Strong financial position with total capital available** of \$2.1 billion and **MCCSR** of 227%
- **Book value of per share** was \$7.07, a decline of 9% from \$7.81 at December 31, 2019, driven by asset price declines

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

“The COVID-19 pandemic has created unprecedented disruption to the markets in which we operate. As COVID-19 was spreading globally and entering the Caribbean, Sagicor very early undertook a comprehensive response plan guided by the objectives of the safety of our people, business continuity for our customers and compassion for our communities. Sagicor provided much needed financial support and contributed to local government discussions on country preparedness and responses. Lock-downs and stay-at-home orders are forcing us to rethink how we engage with customers, staff and wider stakeholders. We at Sagicor are busy readying ourselves to quickly and efficiently operate in a post COVID-19 environment as lock-down restrictions ease in our markets, which is currently expected to occur gradually. We are pleased that our teams have stepped up to the challenge and have continued to serve the communities that rely on us.”

“We are also pleased that the underlying performance of our company, excluding the effects the pandemic had on asset prices at the end of the quarter, showed robust year over year growth. Many of the asset price declines we

observed in March 2020 have substantially reversed themselves already in Q2. While new business generation will continue to be disrupted for the foreseeable future, we are well-positioned to resume our growth position when the economies in which we operate return to normal function.”

Consolidated Highlights (Unaudited)

	Q1 2020	Q1 2019	Change
Shareholders’ Equity (\$ millions)	1,050	640	64%
Operating Return on Equity (%)	(10.5%)	9.9%	(20.4) pts
Book value per common share (US\$ per share)	\$7.07	\$9.05	(22%)
MCCSR ratio (%)	227%	242%	(15.0) pts
Debt to Capital ratio (%)	24.0%	28.6%	(4.6) pts
Total Capital available (\$ millions)	\$2,124	\$1,678	27%
This press release contains non-IFRS financial measures. Refer to “Non-IFRS Measures” below for further details. Values may not add due to rounding.			

	Q1 2020	Q1 2019	Change
Total Revenue (\$ millions)	343	516	(33%)
Net income (loss) from continuing operations (\$ millions)	(25)	33	(176%)
Net income (loss) attributed to common shareholders (\$ millions)	(29)	15	(294%)

Overall Sagicor Group Highlights

- Total revenues including premiums** declined 33% in the quarter compared to the same period last year. Net insurance premium revenue of \$318 million decreased by 13%. Premiums were largely impacted by lower annuity business in the United States resulting from the continued low interest rate environment, offset by premium growth across all business lines in Jamaica. A decline in net investment income driven by mark-to-market losses on assets and certain asset impairments further amplified the reduction in revenue.
- Net Income from continuing operations attributed to shareholders** was a loss of \$29 million in the quarter, mainly impacted by significant mark-to-market losses on financial assets and declines in new business sales. Underlying net income to shareholders, a non-IFRS measure which we believe helps investors better understand the normalized earnings capacity and valuation of the business, was \$18 million, compared with net income from continuing operations of \$15 million in the prior year.
- Total capital** of US \$2.1 billion declined by US \$142 million over year end 2019, mainly from market declines in response to the COVID-19 pandemic. The Company’s **MCCSR ratio** for its regulated insurance businesses was 227% and the Company’s **debt to capital ratio** was 24%.

Underlying Net Income

Underlying net income is a non-IFRS measure which we believe helps investors better understand the normalized earnings capacity and valuation of the business, excluding the estimated impact of the COVID-19 pandemic due to:

- higher estimated credit loss provisions;
- the marking to market of investment assets, including bonds, equities and hedging instruments;
- the write-down of certain intangibles; and
- the reduced value of certain deferred tax losses as a result of lower gain positions on investments.

Some of these adjustments may reverse in future quarters if and as general economic conditions and asset values improve in a post pandemic environment. In addition, we have excluded certain one-time costs associated with the 2019 arrangement with Alignvest Acquisition II Corporation. During the quarter, such analysis was used in both management planning and internal reporting.

This table shows an estimated reconciliation of net income (loss) attributed to shareholders for the quarter ended March 31, 2020 to underlying net income:

Net income (loss) attributed to shareholders	(\$29.3 million)
Increase in expected credit losses due COVID-19 (1)	\$12.9 million
Mark to market losses due to COVID-19 (1)	\$22.0 million
Write-down of intangibles and other (1)	\$5.0 million
Reduction in deferred tax assets (1)	\$3.8 million
Expenses recognized in quarter related to arrangement in 2019	\$3.1 million
Underlying net income (1)	\$17.5 million

(1) *Management estimate*

Business Segment Performance

Sagicor considers its business within three main operating segments: Sagicor Life Inc. (includes southern Caribbean), Sagicor Jamaica (of which Sagicor Group owns 49% and which is consolidated by the Company), and Sagicor USA.

<i>(US\$ millions, unless otherwise noted)</i>	Q1 2020	Q1 2019	Change (%)	Full Year 2019
Total Revenues				
Sagicor Life Inc. (SLI)	113	135	(16%)	533
Sagicor Jamaica	132	164	(19%)	735
Sagicor USA	91	208	(56%)	562
Corporate and Other (including adjustments)	7	9	(22%)	37
Benefits and Expenses				
Sagicor Life Inc. (SLI)	(110)	(121)	9%	(465)
Sagicor Jamaica	(104)	(135)	23%	(568)
Sagicor USA	(109)	(200)	45%	(515)
Corporate and Other	(33)	(23)	(43%)	(115)
Net Income/(loss) from continuing operations attributed to shareholders				
Sagicor Life Inc. (SLI)	2	12	(84%)	61
Sagicor Jamaica	9	10	(13%)	61
Sagicor USA	(14)	7	(307%)	35
Corporate and Other (including adjustments)	(26)	(14)	(86%)	(114)

Business Segment Highlights

Sagicor Life Inc.

- **Total revenue including premiums** declined 16% in the quarter primarily impacted by negative mark-to-market losses of \$5.1 million on financial investments and higher expected credit losses of \$3.8 million from the financial market impact from COVID-19. Net premium revenues of US \$94 million declined 12% over the same quarter last year which had benefited from a significant single premium contract in the Eastern Caribbean market. Adjusting for that impact, net premiums increased 8% in current quarter.
- **Benefits and expenses** decreased 9% in the quarter mainly due to decreased provisions from lower single premium business.
- **Net income attributed to shareholders**, after accounting for the income allocated to policyholders, decreased 84% in the quarter. Management estimates underlying net income was approximately \$10 million in Q1 2020.

- In response to challenges faced by its clients across the region due to COVID-19, Sagicor Life instituted temporary measures such as early payment of pension payments in case of need, payment deferrals on mortgages, acceptance of COVID-19 related claims under health and life insurance policies, and non-termination of life insurance policies to the end of June. As well, Sagicor Life announced its capability to promote and accept telemedicine claims to support medical practitioners and customers who utilize clinical solutions supported by technology. Sagicor Life was one of the first companies in the Caribbean to support telemedicine by adding this convenience to healthcare for its clients.

Sagicor Jamaica

- **Total revenue including premiums** declined 19% in the quarter. Revenue was impacted by a broad decline in bond and equity prices and significant unrealized expected credit losses on investment securities and loan portfolios from the market reaction to COVID-19, offset by an increase of 18% in net premium revenues mainly from growth across all business lines in Jamaica.
- **Benefits and expenses** decreased 23% during the quarter driven by actuarial liability improvements in morbidity and lapse experience assumptions.
- **Net income attributable to shareholders**, after consideration of Sagicor's 49% ownership, decreased by 13% to \$9 million in the quarter. Management estimates underlying net income to shareholders was \$14 million in the quarter.
- In addition to significant measures to ensure the health and safety of its employees, Sagicor Jamaica implemented various measures across its diversified businesses to assist its clients. For example, Sagicor Bank Jamaica facilitated self-service banking options through its online platform.

Sagicor USA

- **Total revenue including premiums** declined 56% in the quarter mainly impacted by continued falling crediting rates on its annuity products resulting in lower annuity business. Revenues were also impacted by significant realized and unrealized investment losses of \$43 million due to the capital markets reaction to COVID-19.
- **Benefits and expenses** declined by 45% in the quarter due to lower annuity premium written and associated reserves to support the portfolio.
- **Net income attributable to shareholders** was a loss of \$14 million mainly driven by lower investment income impacted by the capital market reaction to COVID-19. Management estimates underlying net income was approximately \$8 million in the quarter.
- Sagicor USA remains well-prepared with respect to its customers in terms of receipt of payment of premiums, payment of death claims or other policyholder benefits, and expense payments in the context of the pandemic. Sagicor USA implemented a plan to temporarily suspend all policy lapse notices to ensure continuation of coverage and developed a policy to allow policyholders to pay past due premiums in installments rather than balloon payments to ease short term financial impact. A preliminary assessment shows no significant increase in cash outflows due to lapses, surrenders or death claims.

Outlook for 2020

- The Company's financial performance for the balance of 2020 remains uncertain. While the results for the quarter were materially impacted by the capital markets reaction to COVID-19, there has been an observed

recovery in the asset prices that had caused the losses reported in the quarter. The length and severity of the economic contraction in our operating jurisdictions remains unpredictable.

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.sagikor.com and will soon be filed on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com.

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: underlying net income, return on shareholders’ equity, book value per share, MCCSR, debt to capital ratio, debt to equity ratio, dividend pay-out ratio, and coverage 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” 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 Sagikor. Sagikor’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 Sagikor 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 Sagikor 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.

About Sagicor Financial Company Ltd.

Sagicor Financial Company Ltd. (TSX: SFC) is a leading financial services provider in the Caribbean, with almost 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, is that of Sagicor Financial Corporation Limited, now a wholly-owned subsidiary of the Company.

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