

Sagicor Financial Company Ltd. Reports Fourth Quarter and Full Year 2020 Results

Highly profitable Q4, strong revenue growth and solid capital position

Toronto and Barbados (March 30, 2021) – Sagicor Financial Company Ltd. (TSX: SFC, “Sagicor” or “Company”), a leading financial services provider in the Caribbean with a growing presence in the US, today announced its results for the fourth quarter and full year ended December 31, 2020. All figures are in US\$ unless otherwise stated.

Highlights

- **Total revenue** of \$674.5 million in Q4 increased 43% year over year
- **Net insurance premiums** of \$510.9 million in Q4, growing 70% year over year
- **Net income to shareholders** of \$29.0 million in Q4
- **Earnings per share** of US\$0.198 in Q4
- **Total comprehensive income to shareholders** was positive \$52.9 million in Q4
- **Strong financial position with total capital available** of \$2,128 million and **MCCSR** of 252%
- **Book value per share** of US\$7.58 or C\$9.63
- **Dividend of US\$0.05625 per common share** declared during the first quarter of 2021 (US\$0.225 annualized dividend)

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

“Sagicor delivered very strong profitability to shareholders during the quarter supported by much higher revenue and a solid financial position. We performed well in 2020 amidst a challenging economic environment from the global pandemic – the result of the tireless commitment from our team members and our advisors, and strong support from our long-standing customers.”

“Sagicor is well positioned to execute our growth plans given our financial, operational and risk management strengths. Our performance during the year adds to our 180-year track record of successfully navigating all manner of economic circumstances. I am excited as we look forward to the balance of 2021 and beyond, having demonstrated our resilience in 2020.”

Consolidated Highlights

Profitability (US\$ millions)	Q4 2020	Q4 2019	Change	2020	2019	Change
Total revenue	674.5	471.7	43%	1,878.4	1,867.3	1%
Net income (loss) to shareholders	29.0	11.5	152%	(3.6)	44.0	(108%)
Annualized return on shareholders' equity (%)	10.8%	6.2%	4.6 pts	(0.3%)	6.8%	(7.1 pts)

Financial strength (US\$ millions)	2020	2019	Change
Shareholders' equity	1,110	1,154	(4%)
Book value per share (US\$ per share)	7.58	7.81	(3%)
MCCSR ratio (%)	252%	253%	(1 pt)
Debt to capital ratio (%)	22.2%	22.8%	(0.6 pts)
Total capital	2,128	2,266	(6%)

Overall Sagicor Group - Quarterly Highlights

- Total revenues including premiums of \$674.5 million** increased 43% in the quarter compared to the same period last year while net insurance premium revenue of \$510.9 million increased by 70% Y/Y. Revenues were supported by significantly higher individual life and annuity sales in part driven by the US, and single premium annuities in the southern Caribbean, and higher net investment income. Net investment income of \$120.3 million (up 12% Y/Y), from the Company's \$7.2 billion portfolio of diversified financial assets, benefited from realized and unrealized gains of \$35.5 million as capital markets continued to experience some reversal of the mark-to-market losses recorded earlier in 2020.
- Net income to shareholders** was up 152% Y/Y to \$29.0 million in the quarter. 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 partly offset by a further strengthening of reserves due to an update in forward-looking assumptions in our Sagicor Life USA subsidiary, and restructuring charges related to the retirement of a senior executive. Net income to shareholders may be compared to \$11.5 million in Q4 2019 or \$54.9 million, excluding expenses relating to the Alignvest transaction. During that quarter, Sagicor also benefited from strong single premium sales and certain reserve releases on forward looking assumptions.
- Total comprehensive income to shareholders** was \$52.9 million with \$23.9 million of other comprehensive income to shareholders largely reflecting an improvement in asset prices.
- Total capital** of \$2,128 million increased 2% compared to the prior quarter due to further recovery in asset values. The Company's voluntarily adopted **MCCSR ratio** for its insurance businesses remained strong at 252% and the Company's **debt to capital ratio** was 22.2%, representing an improvement of 0.6 percentage points Y/Y.

Dividends

As previously announced, 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 April 21, 2021, to shareholders of record at the close of business on March 31, 2021. This is the fifth 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)	Q4 2020	Q4 2019	Change (%)	2020	2019	Change (%)
Total revenue						
Sagicor Life	191	162	18%	523	533	(2%)
Sagicor Jamaica	177	194	(9%)	632	735	(14%)
Sagicor Life USA	295	103	186%	679	562	21%
Head office ⁽¹⁾	12	12	(4%)	44	37	19%
Benefits and expenses						
Sagicor Life	(152)	(131)	(15%)	(465)	(465)	0%
Sagicor Jamaica	(139)	(140)	0%	(481)	(568)	15%
Sagicor Life USA	(283)	(82)	(246%)	(709)	(515)	(38%)
Head office ⁽¹⁾	(39)	(24)	(63%)	(128)	(115)	(11%)
Net income/(loss) to shareholders						
Sagicor Life	35	29	20%	48	61	(22%)
Sagicor Jamaica	11	18	(40%)	51	61	(18%)
Sagicor Life USA	9	17	(47%)	(27)	35	(177%)
Head office ⁽¹⁾	(26)	(53)	51%	(75)	(70)	(7%)

⁽¹⁾ Head office, other, and adjustments

Note: Values may not add due to rounding

Business Segment - Quarterly Highlights

Sagicor Life

- **Total revenue including premiums** of \$190.6 million an increase of 18% Y/Y. Net premium revenues of \$156.1 million increased 24% Y/Y as the segment benefitted from a large single premium annuity sale of \$63.9 million. Net investment income of \$24.7 million was marginally lower Y/Y.
- **Net income to shareholders** of \$35.2 million increased by 20% or \$5.8 million Y/Y due in part to improved asset liability matching from acquired debt securities that better match its policy liability maturity profile at attractive yields, resulting in a reduction of its actuarial provisions as previously mentioned.

Sagicor Jamaica

- **Total revenue including premiums** of \$177.1 million declined 9% Y/Y in U.S. dollars, driven principally by a devaluation of nearly 8% year over year in the Jamaican dollar. Net premium revenue decreased 3% Y/Y to \$90.6 million as declines in the life, health, and property and casualty insurance businesses were partly offset by improvements in annuities. The segment experienced higher investment gains due to local and international capital markets movements as the markets continue to recover, and lower fees and other income.
- **Net income to shareholders**, after consideration of Sagicor's 49.1% ownership, decreased by 40% Y/Y to \$11.0 million, relative to a profit of \$18.2 million in the same quarter in the prior year, as actuarial gains in Q4 2019 did not recur in Q4 2020.

Sagicor Life USA

- **Total revenue including premiums** increased 186% Y/Y to \$295.0 million, a very strong result. Net premium revenue closed the period at \$255.4 million, up 260% or \$184.5 million Y/Y. The segment benefitted from higher multi-year guaranteed annuity (MYGA) business, the result of a direct strategy to increase its sales. Revenue was also positively impacted by the continued reversal of unrealized mark-to-market losses incurred earlier in the year.
- **Benefits** of \$263.9 million increased \$199.4 million or 309% Y/Y. The large increase in benefits was mostly associated with new business acquired during the quarter which increased actuarial liabilities.
- **Net income to shareholders** of \$8.8 million relative to a profit of \$16.5 million in the same quarter in the prior year. Gains from the strong premium growth were offset by a \$18.1 million strengthening of actuarial liabilities associated with forward-looking assumptions surrounding its policy liabilities.

Outlook for 2021

The Group's outlook for 2021 continues to be clouded by the uncertain resolution to the COVID-19 pandemic. The Group's financial results in Q4 2020 continued to normalize with strong premium growth and further recovery of asset values. However, the economies in which we operate continue to be directly impacted by the lockdown in our markets and reduction in global economic activity, including tourism, which affects our Caribbean economies significantly. It is unclear when the pandemic will recede enough to fully open the economies in which we operate. As such, we will continue to monitor the situation and will resume providing specific guidance with respect to earnings targets when the timing of economic recovery becomes more certain.

Normal Course Issuer Bid

As announced in September, Sagicor received approval for an amended share buyback program that allows it to repurchase up to 8,000,000 of its common shares under a normal course issuer bid. Sagicor repurchased 354,500 shares in Q4 2020. Since the start of the program in June 2020, the Company has purchased 2,942,500 shares in the open market for cancellation for an aggregate purchase price of approximately US\$13.1 million as at December 31, 2020.

Management’s Discussion and Analysis and Consolidated Financial Statements (audited)

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 audited financial statements and accompanying management’s discussion and analysis (“**MD&A**”). The audited 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 April 6 at 2:00 p.m. EST in Toronto (2:00 p.m. AST in Barbados and Trinidad, 1:00 p.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 #00837274. A replay will also be available until May 6, 2021 by dialing 1-416-764-8677 or 1-888-390-0541 (North American toll free), passcode 837274#. 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.