



Press Release

Toronto and Barbados, August 14, 2020
(USD, unless otherwise noted)

Sagicor Financial Company Ltd. Reports Second Quarter 2020 Results

Sagicor Financial Company Ltd. (TSX: SFC, “Sagicor” or “Company”) today announced its results for the second quarter ended June 30, 2020.

Highlights

- **Total revenue** of \$459 million, a decline of 2% in the quarter
- **Net insurance premiums** of \$310 million, a decline of 1% in the quarter
- **Net income from continuing operations attributed to shareholders** was a loss \$0.3 million in the quarter; excluding a \$10.6 million after-tax reduction in net income due to a change in reserves related to an internal reinsurance transaction, this would have been net income of \$10.3 million, down 7% from \$11.1 million in Q2 2019
- **Earnings per share from continuing operations** was a loss of \$0.002 for quarter
- **Total comprehensive income to shareholders** of \$37.1 million as asset prices recovered losses from Q1
- **Strong financial position with total capital available** of \$2.1 billion and **MCCSR** of 264%
- **Book value per share** was \$7.21 (C\$9.75), an increase of 2% from the first quarter

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

“While the pandemic continues to impact our new business growth, Sagicor delivered consistent top line revenue, demonstrating our resilience and ability to sustain the business in challenging times due to our diverse sources of income.”

“The outlook for the regions in which we operate remains uncertain given the unpredictable nature of the length and severity of the contraction of economic activity, which also continues to impact new business. However, the pandemic has accelerated the implementation of various innovations for meeting and exceeding the needs of our clients despite the challenges presented by COVID-19 and the ‘new norm’. Sagicor also continues to pursue new, innovative ways of doing business that create value and the best possible service to its clients.”

“We are also generally pleased that the underlying performance of our company demonstrates that our business can navigate such economic challenges. 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, as borders slowly reopen and when economies resume normally, we remain in a strong capital position to move forward our growth objectives.”

Consolidated Highlights

	Q2 2020	Q2 2019	Change	YTD 2020	YTD 2019	Change
Total Revenue (\$ millions)	459	468	(2%)	802	984	(19%)
Net income (loss) attributed to common shareholders (\$ millions)	(0.3)	11.1	(103%)	(29.6)	26.2	(213%)
Annualized return on common shareholders equity (%)	(0.1%)	6.9%	(7.0) pts	(5.2%)	8.5%	(13.7) pts

Note: Values may not add due to rounding

	Q2 2020	Q4 2019	Change
Shareholders' Equity (\$ millions)	1,073	1,154	(7%)
Book value per common share (\$ per share)	7.21	7.81	(8%)
MCCSR ratio (%)	264%	253%	11 pts
Debt to Capital ratio (%)	23.9%	22.8%	(1.1) pts
Total Capital available (\$ millions)	2,146	2,266	(5%)

Overall Sagicor Group Highlights

- Total revenues including premiums** declined 2% in the quarter compared to the same period last year. Net insurance premium revenue of \$310 million decreased by 1%. Revenues were generally impacted by lower new business sales across all segments due to challenges in the operating environment, offset by higher net investment income. Investment income benefited from realized and unrealized gains of \$36 million, a partial reversal of the mark-to-market losses reported at the end of the first quarter of 2020.
- Net Income from continuing operations attributed to shareholders** was a loss of \$0.3 million in the quarter. Excluding a \$10.6 million after-tax reduction in net income due to a change in reserves related to an internal reinsurance transaction, net income would have been \$10.3 million. Net income in the quarter was impacted by declines in new business sales and increases in expected credit losses, offset by positive net investment income as asset prices retraced most of their losses in Q1.
- Total comprehensive income** was \$37.1 million reflecting an improvement in asset prices as measured at fair value through other comprehensive income and would have been \$47.4 million without the reinsurance transaction.
- Total capital** of \$2.1 billion remained consistent compared to the prior quarter. The Company's **MCCSR ratio** for its regulated insurance businesses was 264% and the Company's **debt to capital ratio** was 23.9%.

Dividends

The Board of Directors of Sagicor Financial Company Ltd. approved and declared a quarterly dividend of US\$0.05625 per common share payable in the third quarter. This quarterly dividend will be paid on September 18, 2020, to shareholders of record at the close of business on August 28, 2020. Sagicor 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 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>	Q2 2020	Q2 2019	Change (%)	YTD 2020	YTD 2019	Change (%)
Total Revenues						
Sagicor Life Inc. (SLI)	97	111	(13%)	210	246	(15%)
Sagicor Jamaica	167	182	(8%)	299	346	(13%)
Sagicor USA	180	164	10%	271	372	(27%)
Corporate and Other (including adjustments)	15	11	28%	21	20	8%
Benefits and Expenses						
Sagicor Life Inc. (SLI)	(93)	(99)	6%	(203)	(220)	8%
Sagicor Jamaica	(139)	(145)	4%	(244)	(280)	13%
Sagicor USA	(184)	(156)	(18%)	(293)	(356)	18%
Corporate and Other (including adjustments)	(24)	(29)	17%	(57)	(52)	(10%)
Net Income/(loss) from continuing operations attributed to shareholders						
Sagicor Life Inc. (SLI)	2	10	(77%)	4	21	(81%)
Sagicor Jamaica	9	14	(36%)	18	25	(26%)
Sagicor USA	(3)	6	(148%)	(17)	13	(233%)
Corporate and Other (including adjustments)	(8)	(19)	53%	(35)	(33)	(6%)

Note: Values may not add due to rounding

Business Segment Highlights

Sagicor Life Inc.

- **Total revenue including premiums** declined 13% in the quarter primarily impacted by lower new business sales due to economic uncertainty from the pandemic and an increase in expected credit losses. Net premium revenues of \$76 million declined 8% over the same quarter last year.
- **Net income attributed to shareholders**, after accounting for the income allocated to policyholders, decreased 77% in the quarter to \$2 million.

Sagicor Jamaica

- **Total revenue including premiums** declined 8% in the quarter as measured in US dollars. Revenue was mainly impacted by a depreciation in the Jamaican dollar against the US dollar, as our Jamaican subsidiary's functional currency is the Jamaican dollar and must be translated into US dollars for our financial statements. It was also impacted by positive mark-to-market movements in capital markets and premium growth in the annuity and group health insurance businesses, offset by credit impairment losses. Our Jamaica business also benefited from higher premiums from its investment in Advantage General Insurance Company Limited.
- **Net income attributed to shareholders**, after consideration of Sagicor's 49% ownership, decreased by 36% to \$9 million in the quarter.

Sagicor USA

- **Total revenue including premiums** increased 10% in the quarter. Revenues were positively impacted by higher net investment income resulting from the reversal of some of the unrealized mark-to-market losses experienced in the first quarter.
- During the quarter, Sagicor USA completed a transfer of insurance risks associated with certain life products and \$195 million of financial instruments to support those products. This transaction was undertaken as part of Sagicor's stated strategy to optimize its capital allocations and structure and resulted in meaningful capital being freed up to support other initiatives. The transaction resulted in a one-time strengthening of reserves of \$13.0 million resulting in a \$10.6 million after-tax reduction in net income.
- **Net income attributed to shareholders** was a loss of \$3 million mainly impacted by the transaction with the Company's captive reinsurer, Sagicor Reinsurance Bermuda Limited (SRBL). Management estimates that absent the implementation of the captive reinsurance agreement, net income attributed to shareholders would have been \$7.7 million in the quarter.

Outlook for 2020

The Company's financial performance for the balance of 2020 remains uncertain. We have put in place a series of initiatives to mitigate the effect of the pandemic on our operations and financial results. We are cautiously optimistic that signs of improving conditions will persist through Q3 and Q4 of 2020; however, because the length and severity of the economic contraction in our operating jurisdictions remains unpredictable, the impact of the pandemic on financial results for the balance of the year remains uncertain.

Normal Course Issuer Bid

As previously announced, Sagicor authorized a share buyback program that allows it to repurchase up to 3 million of its common shares under a normal course issuer bid. As at June 30, 2020, the Company had purchased 963,000 shares in the open market for cancellation for an aggregate purchase price of approximately \$3.9 million.

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 Monday, August 17 at 11:00 a.m. EDT 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 (#18899665) 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). A replay will also be available until September 17, 2020 by dialing 1-416-764-8677 or 1-888-390-0541 (North American toll free), passcode 899665#.

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, MCCR, debt to capital ratio, debt to equity ratio, dividend payout 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”, “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.

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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