

News Release



This news release for Sagicor Financial Company Ltd. ("Sagicor" or the "Company") should be read in conjunction with the Company's Management's Discussion & Analysis ("MD&A") and the Consolidated Financial Statements for the period ended December 31, 2021. These documents are available on Sagicor's website, at www.sagicor.com, under the heading "Financials and Filings", and under Sagicor's profile at www.sedar.com. This news release presents non-IFRS measures used by Sagicor in evaluating its results and measuring its performance. These non-IFRS measures are not standardized financial measures, are not included in the Consolidated Financial Statements, and may not be comparable to similar financial measures used by other companies. They include return on shareholders' equity, book value per share, debt to capital ratio and total capital. See the "Non-IFRS Measures" section in this document for relevant information about such measures.

Sagicor Financial Company Ltd. Reports Fourth Quarter and Full Year 2021 Results

Toronto and Barbados (March 21, 2022) – Sagicor Financial Company Ltd. (TSX: SFC), a leading financial services provider in the Caribbean with a growing presence in the U.S., today announced its results for the fourth quarter and full year ended December 31, 2021. All figures are in US\$ unless otherwise stated.

Highlights

- **Total net revenue** of \$2,359.1 million for 2021 increased 26% year over year
- **Net insurance premiums** of \$1,713.2 million for 2021 increased 22% year over year
- **Net income to shareholders** of \$41.9 million in Q4, and \$133.2 million for 2021
- **Earnings per share** of US\$0.293 or C\$0.368 in Q4, and US\$0.919 or C\$1.147 for 2021
- **Return on shareholders' equity⁽¹⁾** of 15.1% (annualized) in Q4, 12.6% for 2021
- **Total comprehensive income to shareholders** was \$7.3 million in Q4, and \$72.9 million for 2021
- **Book value per share⁽¹⁾** of US\$7.92 or C\$10.08 in Q4
- **Dividend of US\$0.05625 per common share** to be paid during the second quarter of 2022 (US\$0.225 annualized dividend)

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

"2021 was a record year for Sagicor and one of the strongest in our history. We delivered \$133 million of profits to our shareholders during the year, supported by excellent results in Sagicor Life USA and Sagicor Jamaica in particular. Sagicor Life also posted a robust performance considering the continued challenging operating environment from the pandemic in some of its key markets. Our Sagicor Life USA segment now represents the largest portion of our assets and revenues, and we expect this to continue.

Our colleagues worked diligently during another difficult year to achieve great outcomes for our customers across the Caribbean and the United States and to deliver strong results to our shareholders. I am extremely proud of our team members for their commitment and contributions to the communities in which they live and work.

We are excited about what lies ahead in 2022 and beyond, having demonstrated our company's strength in 2021. Sagicor is well positioned to continue the positive momentum as we execute our strategic growth plans."

⁽¹⁾ Represents a non-IFRS measure. See the Non-IFRS Measures section in this document and in our MD&A for relevant information about such measures.

Consolidated Highlights

Profitability (US\$ millions)	Q4 2021	Q4 2020	Change	2021	2020	Change
Total net revenue	629.5	674.5	(7%)	2,359.1	1,878.4	26%
Net income (loss) to shareholders	41.9	29.0	44%	133.2	(3.6)	3,800%
Annualized return on shareholders' equity ⁽¹⁾ (%)	15.1%	10.8%	4.3 pts	12.6%	(0.3%)	12.9 pts

Financial Strength (US\$ millions)	2021	2020	Change
Shareholders' equity	1,134	1,110	2%
Book value per share ⁽¹⁾ (US\$ per share)	7.92	7.58	4%
MCCSR ratio ⁽¹⁾ (%)	269%	252%	17 pts
Debt to capital ratio ⁽¹⁾ (%)	29.1%	22.2%	6.9 pts
Total capital ⁽¹⁾	2,349	2,128	10%

Overall Sagicor Group - Quarterly Highlights

- **Net income to shareholders** of \$41.9 million in the quarter improved 44% as compared to the \$29.0 million recorded in Q4 2020. Profitability during the quarter was supported by robust sales of annuities and asset spreads in our Sagicor Life USA segment, and a solid performance from Sagicor Jamaica overall. Sagicor Life posted robust profits despite continued economic headwinds in the Southern Caribbean. Losses on the company's shareholding in Playa Hotels & Resorts N.V. reduced net income by \$2.6 million.
- **Total comprehensive income to shareholders** was \$7.3 million with \$34.6 million of other comprehensive loss to shareholders due in part to the devaluation of the Jamaican dollar against the U.S. dollar.
- **Total capital⁽¹⁾** of \$2,349 million increased 5% compared to the prior quarter driven by optimization of the balance sheet through the additional bond offering in December. The company's **MCCSR ratio⁽¹⁾** for its insurance businesses improved to 269% and the company's **debt to capital ratio⁽¹⁾** was 29.1%.

Dividends

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 25, 2022, to shareholders of record at the close of business on April 4, 2022. This is the ninth dividend payment Sagicor has paid to its shareholders since becoming a publicly listed company on the Toronto Stock Exchange.

⁽¹⁾ Represents a non-IFRS measure. See the Non-IFRS Measures section in this document and in our MD&A for relevant information about such measures.

Business Segment Performance

Sagicor has three main reporting 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 2021	Q4 2020	Change (%)	2021	2020	Change (%)
Total net revenue						
Sagicor Life	130.2	190.6	(32%)	504.6	523.3	(4%)
Sagicor Jamaica	202.1	177.1	14%	718.5	631.9	14%
Sagicor Life USA	285.0	295.0	(3%)	1,067.7	679.0	57%
Head office ⁽¹⁾	12.2	11.8	3%	68.3	44.2	54%
Benefits and expenses						
Sagicor Life	(106.9)	(151.5)	29%	(451.6)	(465.0)	3%
Sagicor Jamaica	(153.7)	(139.3)	(10%)	(550.9)	(480.7)	(15%)
Sagicor Life USA	(261.2)	(282.7)	8%	(990.0)	(709.3)	(40%)
Head office ⁽¹⁾	(28.7)	(39.3)	27%	(120.0)	(127.8)	6%
Net income/(loss) to shareholders						
Sagicor Life	21.8	35.2	(38%)	43.9	47.7	(8%)
Sagicor Jamaica	16.4	11.0	49%	60.4	50.5	20%
Sagicor Life USA	17.4	8.8	98%	57.6	(27.1)	313%
Head office ⁽¹⁾	(13.7)	(26.0)	47%	(28.7)	(74.7)	62%

⁽¹⁾ Head office, other, and adjustments

Business Segment - Quarterly Highlights

Sagicor Life

- **Total net revenue including premiums** of \$130.2 million was down 32% Y/Y and net premium revenue of \$94.6 million decreased 39% Y/Y, with the relative decrease due to a large single premium annuity sale in the prior period. Life and health insurance premium revenue grew during the quarter even as the segment was exposed to adverse economic conditions and lockdowns from the pandemic in several of its key markets during the quarter. Net investment income remained flat Y/Y.
- **Net income to shareholders** of \$21.8 million decreased by 38% Y/Y, compared to an unusually profitable Q4 2020. Net income in Q4 2021 benefitted from positive emergence from its existing book of business through its reserves, which offset continuing adverse policyholder behavior as a result of slow economic activity in the region.

Sagicor Jamaica

- **Total net revenue including premiums** of \$202.1 million increased 14% Y/Y, driven in part by the commercial and investment banking segments which benefited from a market rebound during the quarter, experiencing improved transaction volumes and resulting fee income. Net premium revenue increased by 6% Y/Y to \$96.0 million as the individual life insurance business reported strong results underpinned by new business sales and portfolio growth. The property and casualty business also grew Y/Y.
- **Net income to shareholders**, after consideration of Sagicor's 49.1% ownership, increased by 49% Y/Y to \$16.4 million, relative to a profit of \$11.0 million in the same quarter in the prior year.

Sagicor Life USA

- **Total net revenue including premiums** decreased by 3% Y/Y to \$285.0 million. Net premium revenue was \$249.6 million, down 2% Y/Y, as the segment significantly increased sales of annuities as part of its stated strategy to scale the business but experienced a slightly stronger production quarter in Q4 of 2020. Revenue was impacted positively by increased interest income which grew 16% Y/Y due to the continued strong growth of the investment portfolio as a result of the added assets from the \$977 million of sales for the twelve months ended December 31, 2021.
- **Net income to shareholders** of \$17.4 million was up 98%, compared to \$8.8 million for the same quarter in the prior year. This significant improvement in profitability year over year was driven by present value of profitable new business sold in the quarter.

Additional Bond Offering

On December 15, 2021 Sagicor completed an additional \$150 million offering of its previously issued (May 13, 2021) 5.300% Senior Notes due May 13, 2028. The Company intends to use all of the net proceeds from this offering for general corporate purposes, including, but not limited to, supporting the growth of its U.S. business. With these additional notes, the total outstanding amount of Sagicor's 5.300% Senior Notes is \$550 million.

Outlook for 2022

The Group's financial results in Q4 2021 continue to reflect positive emergence from our in-force life insurance portfolios, and robust growth in our U.S. segment, while still operating below full potential in our Caribbean markets due to the continued effects of the pandemic on economic activity and travel. In 2022 the economies in which we operate are seeing positive signs of returns to normal economic activity, including an improving forward outlook for tourism. We will continue to monitor the situation and anticipate resuming specific guidance with respect to earnings targets when the timing of economic recovery becomes more certain.

Normal Course Issuer Bid

Sagicor repurchased 171,200 shares in Q4 2021 for a total cost of approximately US\$0.9 million. Since the start of the program in June 2020, the Company has repurchased 6,930,721 shares in the open market for cancellation for an aggregate purchase price of approximately US\$33.1 million as at Q4 2021. The number of issued and outstanding common shares at December 31, 2021 was 143,184,643.

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 consolidated financial statements and accompanying management's discussion and analysis. 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 March 28, 2022, 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 12949153. A replay will also be available until April 28, 2022, by dialing 1-416-764-8677 or 1-888-390-0541 (North American toll free), passcode 949153#. 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.

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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, debt to capital ratio and total capital. Please see the "Non-IFRS Financial Information" section of the Management's Discussion and Analysis and the discussion below for a reconciliation of these non-IFRS measures.

Return on Shareholders' Equity: IFRS does not prescribe the calculation of return on shareholders' equity and therefore a comparable measure under IFRS is not available. To determine this measure, reported net income/(loss) attributable to shareholders is divided by the total weighted average common shareholders' equity for the period. The quarterly return on shareholders' equity is annualised. The ROE provides an indication of overall profitability of the company.

Book value per share: To determine the book value per share, shareholders' equity is divided by the number of shares outstanding at the period end, net of any treasury shares. All components of this measure are IFRS measures.

Debt to capital ratio: The debt to capital ratio is the ratio of notes and loans payable (refer to note 16 to the 2021 audited consolidated financial statements) to total capital (excluding participating accounts), where capital is defined as the sum of notes and loans payable and total equity excluding participating accounts. This ratio measures the proportion of debt a company uses to finance its operations as compared with its capital.

Total capital: This measure provides an indicator for evaluating the Company's performance. Total capital is the sum of shareholders' equity, notes and loans payable and non-controlling interest. This measure is the sum of several IFRS measures.

Minimum Continuing Capital and Surplus Requirements (MCCSR): The MCCSR is a capital adequacy measure for life insurance companies that was established by the Office of the Superintendent of Financial Institutions Canada (“OSFI”). It was used to monitor that insurers maintain adequate capital to meet their financial obligations with 150% being the minimum standard that was recommended by Canadian regulators when it was in effect; companies were expected to establish and meet an internal target greater than 150%. Refer to note 45.2 to the 2021 audited financial statements, for details. IFRS does not prescribe the calculation for the MCCSR, therefore a comparable measure under IFRS is not available.

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.