

#### CHAIRMAN'S REVIEW

The Sagicor Group maintained a solid performance for the nine months to September 30, 2019. Group net income closed the period at US \$79.5 million against a prior year result of US \$59.0 million. Net income attributable to shareholders from continuing operations was US \$32.5 million compared to the prior year result of US \$28.5 million. Net income to shareholders from continuing operations in 2018 included the impact of a provision on the Government of Barbados Debt and was partially offset by certain one-time positive earnings releases.

Total revenue for the Group amounted to US \$1,399.0 million, against a prior year amount of US \$1,063.4 million, an increase of US \$335.6 million or 32%. Revenue growth was driven primarily by the USA business segment which generated premium growth, amplified by our strategic decision to cease reinsuring its premiums to third parties. Revenues continue to grow year over year in the Sagicor Jamaica and Sagicor Life business segments as well.

Benefits including change in actuarial liabilities for future benefits were US \$888.0 million, compared to US \$537.4 million for the previous year and was consistent with the growth in premium income. Expenses including credit impairment losses were US \$393.8 million, compared to US \$443.0 million for the same period in the prior year, a decrease of 11%. Expenses in the prior year included credit impairment losses of US \$96.0 million, largely related to the impairment of the Government of Barbados debt. Current year expenses include the impact of higher commissions related to sales growth in the USA segment.

Our operating segments continued to perform well. The Sagicor Life segment reflected robust organic growth, with net income amplified by comparison to Q3 2018 which included certain debt restructuring provisions on GoB debt. Sagicor Jamaica reflected continued robust growth and profitability across the segment. Sagicor Life USA segment reflected slowing growth in net premiums, as the segment scaled back new business production in the quarter, in response to relative net interest margins. Net income in the Sagicor Life USA segment declined relative to a prior year comparable quarter that included certain positive provisions.

Group comprehensive income was US \$115.9 million, compared to a loss of US \$6.6 million for the prior year. Shareholder comprehensive income from continuing operations was US \$62.4 million, compared to a loss of US \$10.0 million for the prior year. The Group continues to benefit from significant net gains on investments measured at Fair Value through Other Comprehensive Income. Losses incurred on the retranslation of foreign currency operations reduced this year when compared to the previous year.

Results for the third quarter of 2019 reflected moderate aggregate growth in our core operating segments, offset by losses in non-core segments. Group net income from continuing operations closed the three-month period to September 30, 2019 at US \$21.1 million compared to US \$19.6 million for the same period in 2018; an increase of US \$1.5 million (7.7%). Net income to shareholders from continuing operations was US \$6.3 million compared to US \$7.0 million in Q3 2018. During Q3 2019, Sagicor took a provision of \$2.5 million, representing our maximum potential impact from Hurricane Dorian. During Q3 2018, the Group increased its provisions on the Government of Barbados (GoB) debt; net impact on the net income was US \$16.4 million. Net income from continuing operations in 2018, also benefitted from certain one-time positive earnings releases that did not recur in 2019.

In the statement of financial position as at September 30, 2019, assets amounted to US \$8.1 billion, and liabilities amounted to US \$6.8 billion. Group equity was US \$1,248.8 million, compared to US \$1,135.5 million at December 31, 2018. Shareholders' equity was US \$660.4 million, compared to US \$600.9 million at December 31, 2018. The Group's debt was US \$512.4 million with a debt to capital ratio of 29.1%, compared to 30.2% at December 31, 2018.

On June 4, our shareholders overwhelmingly approved the previously announced transaction with Alignvest Acquisition II Corporation ("AQY"), with 99.5% of shares voting in favour of the transaction. Our shareholders showed further support by electing to receive an aggregate of approximately US \$20 million in cash consideration out of the maximum available US \$205 million we offered to them. As a result, the vast majority of Sagicor's shareholders will continue to retain their investment in Sagicor post the transaction.

Following completion of the Transaction, which is expected to close in the fourth quarter of 2019 subject to customary regulatory approvals, it is expected that Sagicor will retain over

US \$420 million of net cash from the transaction, leaving our company exceptionally well capitalized for future growth.

Effective 30 September 2019, the group acquired 60% of the share capital of Advantage General Insurance Company Limited domiciled in Jamaica for a purchase consideration of US \$31.4 million. The acquired business had no impact on the results for the nine months ended September 2019.

On October 18, 2019 the Government of Barbados (GOB) announced agreement in principle with the External Creditor Committee for the restructuring of its US dollar denominated commercial debt. In consideration of the recently released terms for the restructure of the US dollar denominated commercial debt, management believes that it has fully provided for this exposure.

Sagicor had announced its intention in November 2018 to acquire Scotia Jamaica Life Insurance Company Limited ("Scotiabank Insurance Jamaica") and ScotiaLife Trinidad and Tobago Limited ("Scotiabank Insurance Trinidad and Tobago"). Sagicor and The Bank of Nova Scotia Jamaica Limited have mutually agreed not to proceed with the 20-year distribution agreement for insurance products and solutions in Jamaica. As a result, Sagicor will not proceed with the acquisition of Scotiabank Insurance Jamaica at this time. Sagicor, Alignvest Acquisition II Corporation and Scotiabank Trinidad and Tobago Limited remain parties to a share purchase agreement dated November 27, 2018 (the "Trinidad SPA") pursuant to which Sagicor agreed to establish a 20-year distribution agreement for insurance products and solutions in Trinidad and Tobago, and acquire all of the issued and outstanding shares in the capital of Scotiabank Insurance Trinidad and Tobago, subject to the satisfaction of certain conditions precedent. Sagicor continues to pursue the transactions contemplated in the Trinidad SPA.

On behalf of the Board of Sagicor, I wish to thank our Shareholders and Customers for their continued support.



Stephen McNamara  
Chairman  
November 12, 2019

#### FINANCIAL HIGHLIGHTS

(in US Currency except percentages)

Nine months ended  
SEPTEMBER 30

	2019	2018
Total revenue	\$1,399.0 m	\$1,063.4 m
Overall Group net income	\$79.5 m	\$59.0 m
Overall shareholders' net income	\$33.0 m	\$31.7 m
Net income allocated to non-controlling interests	\$47.3 m	\$35.0 m
Total equity	\$1,248.8 m	\$895.9 m
Book Value per share	\$2.16	\$1.96
Ratio of Debt to Capital	29.1%	31.1%
Earnings per common share	10.6¢	9.3¢
Annualised return to common shareholders' equity	7.1%	6.4%

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

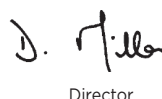
Amounts expressed in US \$'000

	September 30 2019 (unaudited)	September 30 2018 (unaudited)	December 31 2018 (audited)
<b>ASSETS</b>			
Financial investments	6,052,166	5,077,123	5,347,663
Other investments and assets	2,004,278	1,730,970	1,960,522
Assets of discontinued operation	-	13,301	17,239
<b>Total assets</b>	<b>8,056,444</b>	<b>6,821,394</b>	<b>7,325,424</b>
<b>LIABILITIES</b>			
Policy liabilities	4,250,733	3,590,893	3,662,438
Other liabilities	2,556,905	2,334,648	2,527,525
<b>Total liabilities</b>	<b>6,807,638</b>	<b>5,925,541</b>	<b>6,189,963</b>
<b>EQUITY</b>			
Shareholders' equity	660,370	598,107	600,869
Participating accounts	3,423	(10,528)	4,078
Non-controlling interests	585,013	308,274	530,514
<b>Total equity</b>	<b>1,248,806</b>	<b>895,853</b>	<b>1,135,461</b>
<b>Total liabilities and equity</b>	<b>8,056,444</b>	<b>6,821,394</b>	<b>7,325,424</b>

These financial statements have been approved for issue by the Board of Directors on November 12, 2019.



Director



Director

**CONSOLIDATED STATEMENT OF INCOME**
*Amounts expressed in US \$000*

	Nine months to September 30		Three months to September 30	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
<b>REVENUE</b>				
Net premium revenue	941,089	720,000	263,319	309,970
Net investment and other income	457,885	343,437	142,832	120,188
<b>Total revenue</b>	<b>1,398,974</b>	<b>1,063,437</b>	<b>406,151</b>	<b>430,158</b>
<b>BENEFITS AND EXPENSES</b>				
Benefits	887,995	537,381	248,295	238,965
Expenses	393,807	442,958	125,487	156,040
<b>Total benefits and expenses</b>	<b>1,281,802</b>	<b>980,339</b>	<b>373,782</b>	<b>395,005</b>
<b>OTHER</b>				
(Loss) / gain arising on business combinations, acquisitions and divestitures	(478)	5,267	(131)	(13)
<b>INCOME BEFORE TAXES</b>	<b>116,694</b>	<b>88,365</b>	<b>32,238</b>	<b>35,140</b>
Income taxes	(37,670)	(32,591)	(11,096)	(15,396)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>79,024</b>	<b>55,774</b>	<b>21,142</b>	<b>19,744</b>
Net income from discontinued operation	517	3,191	-	(166)
<b>NET INCOME FOR THE PERIOD</b>	<b>79,541</b>	<b>58,965</b>	<b>21,142</b>	<b>19,578</b>
<b>NET INCOME / (LOSS) ATTRIBUTABLE TO:</b>				
Common Shareholders				
From continuing operations	32,506	28,541	6,312	6,998
From discontinued operation	517	3,191	-	(166)
	33,023	31,732	6,312	6,832
Participating policyholders	(804)	(7,722)	(1,509)	588
Non-controlling interests	47,322	34,955	16,339	12,158
	<b>79,541</b>	<b>58,965</b>	<b>21,142</b>	<b>19,578</b>
<b>Basic earnings per common share:</b>				
From continuing operations	10.6 cents	9.3 cents	2.1 cents	2.3 cents
From discontinued operation	0.2 cents	1.0 cents	0.0 cents	(0.1) cents
	10.8 cents	10.3 cents	2.1 cents	2.2 cents
<b>Fully diluted earnings per common share:</b>				
From continuing operations	10.3 cents	9.1 cents	2.0 cents	2.2 cents
From discontinued operation	0.2 cents	1.0 cents	0.0 cents	(0.1) cents
	10.5 cents	10.1 cents	2.0 cents	2.1 cents

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*Amounts expressed in US \$000*

	Nine months to September 30		Three months to September 30	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
<b>NET INCOME FOR THE PERIOD</b>	<b>79,541</b>	<b>58,965</b>	<b>21,142</b>	<b>19,578</b>
<b>Items net of tax that may be reclassified subsequently to income:</b>				
Financial assets measured at fair value through other comprehensive income (FVOCI):				
Gains / (Losses) on revaluation	151,001	(57,623)	31,550	7,490
(Gains) / losses transferred to income	(6,683)	(964)	(5,578)	785
Net change in actuarial liabilities	(84,294)	27,297	(20,188)	(2,577)
Retranslation of foreign currency operations	(21,267)	(34,946)	(13,614)	(17,164)
	<b>38,757</b>	<b>(66,236)</b>	<b>(7,830)</b>	<b>(11,466)</b>
<b>Items net of tax that will not be reclassified subsequently to income:</b>				
Unrealised (losses) / gains arising on revaluation of owner occupied property	(2,423)	816	541	(16)
Net gains / (losses) on equity securities designated at fair value through other comprehensive income	18	(173)	-	(200)
Gains / (losses) on defined benefit plans	13	-	13	2,500
<b>OTHER COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS</b>	<b>36,365</b>	<b>(65,593)</b>	<b>(7,276)</b>	<b>(9,182)</b>
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	<b>115,906</b>	<b>(6,628)</b>	<b>13,866</b>	<b>10,396</b>
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:</b>				
Common Shareholders				
From continuing operations	62,429	(10,035)	4,976	2,941
From discontinued operation	517	3,191	-	(166)
	62,946	(6,844)	4,976	2,775
Participating policyholders	(505)	(8,307)	(1,830)	754
Non-controlling interests	53,465	8,523	10,720	6,867
	<b>115,906</b>	<b>(6,628)</b>	<b>13,866</b>	<b>10,396</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
*Amounts expressed in US \$000*

(unaudited)	Share Capital	Share Premium	Reserves	Retained Earnings	Participating Accounts	Non-controlling Interest	Total
<b>Nine months to September 30, 2019:</b>							
Balance, beginning of period	3,061	300,665	(76,995)	374,138	4,078	530,514	1,135,461
Total comprehensive income from continuing operations	-	-	29,913	32,516	(505)	53,465	115,389
Total comprehensive income from discontinued operation	-	-	-	517	-	-	517
Transactions with holders of equity instruments:							
Movements in treasury shares	3	194	-	-	-	-	197
Changes in reserve for equity compensation benefits	-	-	5,303	-	-	-	5,303
Acquisition of subsidiary and insurance business	-	-	-	-	-	14,911	14,911
Dividends declared	-	-	-	(7,658)	-	(11,915)	(19,573)
Transfers and other movements	-	-	502	(1,789)	(150)	(1,962)	(3,399)
Balance, end of period	<b>3,064</b>	<b>300,859</b>	<b>(41,277)</b>	<b>397,724</b>	<b>3,423</b>	<b>585,013</b>	<b>1,248,806</b>
<b>Nine months to September 30, 2018:</b>							
Balance, beginning of period	3,059	300,470	(47,482)	367,327	865	308,089	932,328
Prior period adjustment	-	-	94	1,124	-	3,677	4,895
January 1, 2018 adjustment-change on initial application of IFRS 9	-	-	(217)	(10,442)	(2,930)	(2,352)	(15,941)
Balance as restated	3,059	300,470	(47,605)	358,009	(2,065)	309,414	921,282
Total comprehensive income from continuing operations	-	-	(38,576)	28,541	(8,307)	8,523	(9,819)
Total comprehensive income from discontinued operation	-	-	-	3,191	-	-	3,191
Transactions with holders of equity instruments:							
Movements in treasury shares	-	1	-	-	-	-	1
Changes in reserve for equity compensation benefits	-	-	(750)	-	-	-	(750)
Disposal of interest in subsidiaries	-	-	(935)	935	-	(2,221)	(2,221)
Dividends declared	-	-	-	(7,648)	-	(10,237)	(17,885)
Transfers and other movements	-	-	(45)	(540)	(156)	2,795	2,054
Balance, end of period	<b>3,059</b>	<b>300,471</b>	<b>(87,911)</b>	<b>382,488</b>	<b>(10,528)</b>	<b>308,274</b>	<b>895,853</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**
*Amounts expressed in US \$000*

	Nine months to September 30	
	2019 (unaudited)	2018 (unaudited)
<b>CASH FLOWS</b>		
Operating activities:		
Cash from income, interest and taxation	419,609	234,171
Net increase in investments and operating assets	(465,327)	(304,492)
Net change in operating liabilities	61,181	156,746
	15,463	86,425
Investing activities	(38,860)	(27,077)
Financing activities	5,282	(22,059)
Effects of exchange rate changes	(7,411)	(8,490)
<b>Net change in cash and cash equivalents - continuing operations</b>	<b>(25,526)</b>	<b>28,799</b>
Net change in cash and cash equivalents - discontinued operation	17,756	-
Cash and cash equivalents, beginning of period	321,561	338,349
<b>Cash and cash equivalents, end of period</b>	<b>313,791</b>	<b>367,148</b>

## STATEMENT OF INCOME BY SEGMENT

Amounts expressed in US \$000

(unaudited)

	Nine months to September 30, 2019					Total
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	
Total revenue	372,931	542,760	458,476	64,537	(39,730)	1,398,974
Total benefits and expenses	335,659	426,656	434,523	73,246	11,718	1,281,802
Loss arising on business combinations, acquisitions and divestitures	(478)	-	-	-	-	(478)
<b>INCOME BEFORE TAXES</b>	<b>36,794</b>	<b>116,104</b>	<b>23,953</b>	<b>(8,709)</b>	<b>(51,448)</b>	<b>116,694</b>
Income taxes	(6,098)	(24,899)	(5,030)	(1,698)	55	(37,670)
<b>NET INCOME / (LOSS) FROM CONTINUING OPERATIONS</b>	<b>30,696</b>	<b>91,205</b>	<b>18,923</b>	<b>(10,407)</b>	<b>(51,393)</b>	<b>79,024</b>
<b>Net income / (loss) attributable to shareholders from continuing operations</b>	<b>31,500</b>	<b>43,153</b>	<b>18,923</b>	<b>(35,465)</b>	<b>(25,605)</b>	<b>32,506</b>
<b>Total Comprehensive income / (loss) attributable to shareholders from continuing operations</b>	<b>40,454</b>	<b>49,443</b>	<b>31,549</b>	<b>(33,804)</b>	<b>(25,213)</b>	<b>62,429</b>

### Nine months to September 30, 2018

	Nine months to September 30, 2018					Total
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	
<b>NET INCOME / (LOSS) FROM CONTINUING OPERATIONS</b>	<b>26,395</b>	<b>70,922</b>	<b>11,699</b>	<b>11,245</b>	<b>(64,487)</b>	<b>55,774</b>
<b>Net income / (loss) attributable to shareholders from continuing operations</b>	<b>34,117</b>	<b>34,833</b>	<b>11,699</b>	<b>(12,925)</b>	<b>(39,183)</b>	<b>28,541</b>
<b>Total Comprehensive income / (loss) attributable to shareholders from continuing operations</b>	<b>29,990</b>	<b>8,564</b>	<b>2,745</b>	<b>(13,640)</b>	<b>(37,694)</b>	<b>(10,035)</b>

## STATEMENT OF FINANCIAL POSITION BY SEGMENT

Amounts expressed in US \$000

(unaudited)

	September 30, 2019					Total
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	
Total assets	2,041,470	3,412,182	2,733,751	390,902	(521,861)	8,056,444
Total liabilities	1,525,378	2,501,461	2,454,840	847,820	(521,861)	6,807,638
<b>Net assets</b>	<b>516,092</b>	<b>910,721</b>	<b>278,911</b>	<b>(456,918)</b>	<b>-</b>	<b>1,248,806</b>
	September 30, 2018					Total
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	
<b>Net assets</b>	<b>527,170</b>	<b>563,609</b>	<b>241,760</b>	<b>(436,686)</b>	<b>-</b>	<b>895,853</b>

## PRODUCTS AND SERVICES

Total external revenues relating to the Group's products and services are summarised as follows:

Amounts expressed in US \$000

	Nine months to September 30	
	2019 (unaudited)	2018 (unaudited)
Life, health and annuity insurance contracts issued to individuals	924,978	669,307
Life, health and annuity insurance and pension administration contracts issued to groups	238,819	210,171
Property and casualty insurance	38,283	34,706
Banking, investment management and other financial services	134,756	127,162
Other revenues	62,138	22,091
	1,398,974	1,063,437

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting policies set out in note 2 of the December 31, 2018 audited financial statements, except for the adoption of IFRS 16 - 'Leases'. This standard became effective from January 1, 2019. IFRS 16 removes the distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals, for virtually all lease contracts.

In accordance with the transition provisions in IFRS 16, the standard has been implemented using the modified retrospective method with no restatement of comparative information. In applying IFRS 16 for the first time, the group has used the practical expedients permitted by the standard.