

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 June 30, 2023. These documents are available on Sagicor's website, at [www.sagicor.com](http://www.sagicor.com), under the heading "Financials and Filings", and under Sagicor's profile at [www.sedarplus.ca](http://www.sedarplus.ca). 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, total capital, revenues, contractual service margin, Minimum Continuing Capital and Surplus Requirement ratio, and core earnings. See the "Non-IFRS Measures" section in this document for relevant information about such measures.

## Sagicor Financial Company Ltd. Reports Second Quarter 2023 Results

Toronto and Barbados (August 14, 2023) – 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 second quarter ended June 30, 2023. All figures are in US\$ unless otherwise stated.

### Q2 Highlights

- **Revenues<sup>(1)</sup>** of \$312.9 million
- **Insurance revenue** of \$165.9 million
- **Net insurance and investment result** of \$156.6 million
- **Net income to shareholders** of \$48.8 million
- **Estimated core earnings to shareholders<sup>(1)</sup>** of \$13.0 million
- **Total comprehensive income to shareholders** of \$43.4 million
- **New business CSM<sup>(1)</sup>** of \$48.4 million
- **Total net CSM<sup>(1)</sup>** of \$697.1 million
- **Shareholders' equity and net CSM to shareholders<sup>(1)</sup>** of \$1,035.9 million
- **MCCSR ratio<sup>(1)</sup>** of 286%
- **Dividend of US\$0.05625 per common share** to be paid during the third quarter of 2023 (US\$0.225 annualised dividend)

### Andre Mousseau, President and Chief Executive Officer, said:

"Sagicor had a strong second quarter. We delivered solid core results in each of our segments. We also benefited from refinements to the inputs to our discount rates on liabilities which reduced the negative mark to market accounting volatility we observed in the first quarter of 2023. We believe our estimated core earnings to shareholders<sup>(1)</sup> this quarter of \$13 million to be a more accurate reflection of our underlying business performance."

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<sup>1</sup> 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.

## Overall Sagicor Group – Quarterly Highlights

Sagicor had Q2 2023 net income to shareholders of \$48.8 million. New business production in each of our segments was robust, with Sagicor Life USA posting excellent sales during the quarter in a favorable competitive and investment environment. Sagicor Jamaica and Sagicor Life generated net income to shareholders of \$10.8 million and \$8.7 million respectively. Due in part to the refinement in the discount rate inputs at Sagicor Life USA, that segment reported net income to shareholders of \$54.6 million.

Sagicor remains well capitalized with an MCCR ratio<sup>(1)</sup> for its insurance businesses of 286% and a debt to capital ratio<sup>(1)</sup> of 30.4%. Total capital<sup>(1)</sup> of \$2.1 billion includes total net CSM<sup>(1)</sup> of \$697 million as a component of capital. This is due to its importance as a store of value and a future indicator of earnings as it is expected to amortize into net income throughout the life of the insurance contracts.

Sagicor intends to disclose a drivers of earnings analysis and adopt a non-IFRS core earnings measure in future quarters. Sagicor believes this will support users' understanding of the underlying financial performance and the long-term performance and valuation of the business. We estimate core earnings to shareholders<sup>(1)</sup> under the currently proposed definition for Q2 2023 to be \$13.0 million which excludes \$35.8 million of adjustments from net income to shareholders. The adjustments in the second quarter consist of \$52.7 million of market experience gains, \$0.4 million in losses from actuarial methods and assumptions, \$3.6 million in one-time costs from IFRS 17 implementation and the ivari project, \$2.7 million in other items such as amortization of intangibles, and \$10.3 million consisting of the tax effects of the aforementioned. The market experience gain in Sagicor Life USA was partially offset by market experience losses in Sagicor Life and Sagicor Jamaica.

## Consolidated Highlights

Profitability (US\$ millions)	Q2 2023	Restated Q2 2022	Change Y/Y	YTD 2023	Restated YTD 2022	Change Y/Y
Net income to shareholders	48.8	(81.2)	n.m. <sup>(2)</sup>	50.2	(162.2)	n.m. <sup>(2)</sup>
Annualised return on shareholders' equity <sup>(1)</sup> (%)	43.9%	n.m. <sup>(2)</sup>	n.m. <sup>(2)</sup>	22.5%	n.m. <sup>(2)</sup>	n.m. <sup>(2)</sup>
New business CSM <sup>(1)</sup>	48.4	51.2	(5%)	76.6	93.0	(18%)

Financial Strength (US\$ millions)	Q2 2023	Q1 2023	Change Q/Q
Shareholders' equity	462.5	428.3	8%
Net CSM to shareholders <sup>(1)</sup>	573.4	566.6	1%
Shareholders' equity and net CSM to shareholders <sup>(1)</sup>	1,035.9	994.9	4%
Total net CSM <sup>(1)</sup>	697.1	690.5	1%
Book value per share <sup>(1)</sup> (US\$ per share)	3.24	3.00	8%
MCCR ratio <sup>(1)</sup> (%)	286%	308%	(22 pts)
Debt to capital ratio <sup>(1)</sup> (%)	30.4%	31.2%	(0.8 pts)
Total capital <sup>(1)</sup>	2,118.2	2,076.8	2%

<sup>1</sup> 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.

<sup>2</sup> Not meaningful.

## ivari Update and Outlook

Sagicor is currently awaiting receipt of regulatory approvals required under the Canadian *Insurance Companies Act* with respect to the acquisition of ivari. All other conditions for closing, except those that are only capable of being satisfied on closing, have been satisfied. We continue to expect to receive regulatory approvals for the acquisition in Q3 2023 with closing occurring shortly thereafter.

Sagicor reiterates its preliminary guidance and pro-forma impacts of the ivari transaction as previously disclosed in the March 27, 2023, press release, and reiterated in its May 15, 2023, Q1 2023 results press release. All IFRS 17 financial information is unaudited, for informational purposes only, and is pro-forma and forward-looking in nature. It is not necessarily indicative of what Sagicor's or ivari's results of operations would have been had Sagicor or ivari reported under IFRS 17 as of January 1, 2022. The impact assumes the acquisition of ivari, with a Q3 2023 targeted close, was completed and it is expected to have the following pro-forma impacts:

- Sagicor's current Q2 2023 shareholders' equity of \$463 million would increase primarily by the bargain purchase gain (negative goodwill) created by the purchase price being lower than ivari's adjusted net assets acquired. Pro-forma we expect shareholders' equity will be approximately \$650 to 725 million;
- Sagicor's current Q2 2023 net CSM to shareholders<sup>(1)</sup> is \$573 million and pro-forma we expect net CSM to shareholders will be approximately \$1.1 to 1.3 billion;
- Sagicor's current Q2 2023 shareholders' equity and net CSM to shareholders capital is \$1,036 million and pro-forma we expect shareholders' equity and net CSM to shareholders capital will be approximately \$1.8 to 2.0 billion;
- Pro-forma 2024 return on shareholders' equity<sup>(1)</sup> will be approximately 14 to 16%;
- Beyond 2024 the pro-forma company will target high single-digit CSM to shareholders<sup>(1)</sup> growth and double-digit net income to shareholders growth;
- Sagicor expects ivari to be accretive on a book value and earnings basis and approximately neutral to return on equity (ROE)<sup>(1)</sup> upon closing of the transaction; and
- Upon the acquisition of ivari, the change in debt to capital (including CSM)<sup>(1)</sup> ratio is expected to be near neutral.

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<sup>1</sup> 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 <sup>(1)</sup> (US\$ millions)	Q2 2023	Restated Q2 2022	Change Y/Y	YTD 2023	Restated YTD 2022	Change Y/Y
<b>Revenues<sup>(2)</sup></b>						
Sagicor Life	108.2	91.3	19%	217.3	183.0	19%
Sagicor Jamaica	154.6	75.5	>100%	311.5	170.8	82%
Sagicor Life USA	55.7	(173.5)	>100%	206.9	(306.5)	>100%
Head office <sup>(3)</sup>	(5.7)	(38.1)	85%	(4.4)	(28.3)	84%
<b>Total</b>	<b>312.9</b>	<b>(44.8)</b>	<b>&gt;100%</b>	<b>731.3</b>	<b>19.0</b>	<b>&gt;100%</b>
<b>Insurance Revenue</b>						
Sagicor Life	73.7	71.1	4%	146.8	142.2	3%
Sagicor Jamaica	72.9	62.2	17%	144.9	124.3	17%
Sagicor Life USA	19.3	16.3	18%	40.5	32.0	27%
Head office <sup>(3)</sup>	0.0	0.2	(100%)	(0.1)	0.1	(>100%)
<b>Total</b>	<b>165.9</b>	<b>149.8</b>	<b>11%</b>	<b>332.1</b>	<b>298.6</b>	<b>11%</b>
<b>Net Income / (Loss) to Shareholders</b>						
Sagicor Life	8.7	(0.4)	>100%	13.7	1.2	>100%
Sagicor Jamaica	10.8	13.3	(19%)	18.1	10.8	68%
Sagicor Life USA	54.6	(35.5)	>100%	59.0	(110.8)	>100%
Head office <sup>(3)</sup>	(25.3)	(58.6)	57%	(40.6)	(63.4)	36%
<b>Total</b>	<b>48.8</b>	<b>(81.2)</b>	<b>&gt;100%</b>	<b>50.2</b>	<b>(162.2)</b>	<b>&gt;100%</b>
<b>New Business CSM<sup>(2)</sup></b>						
Sagicor Life	14.0	11.4	23%	26.0	22.5	16%
Sagicor Jamaica	8.3	8.5	(2%)	16.3	16.3	0%
Sagicor Life USA	26.1	31.3	(17%)	34.3	54.2	(37%)
Head office <sup>(3)</sup>	-	-	-	-	-	-
<b>Total</b>	<b>48.4</b>	<b>51.2</b>	<b>(5%)</b>	<b>76.6</b>	<b>93.0</b>	<b>(18%)</b>

<sup>1</sup> Prior period amounts were restated to conform to current period presentation.

<sup>2</sup> 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.

<sup>3</sup> Head office includes parent company financing costs, administrative expenses, the Company's interest in Playa Hotels and Resorts, other operating companies, adjustments and other.

## Business Segment - Quarterly Highlights

### Sagicor Life

- Sagicor Life posted solid new business production growing CSM. Consistent with recent quarters, Q2 saw some continued modest negative experience from the in-force book of business.
- Net income to shareholders, which was impacted by negative market experience, was \$8.7 million.
- Total net CSM<sup>(1)</sup> was \$245.8 million, an increase of 2% Q/Q largely due to new business CSM<sup>(1)</sup> of \$14.0 million during the quarter.
- During Q2 management made certain reorganizational changes that resulted in the Sagicor General Insurance Inc. subsidiary now being reported within the Sagicor Life segment rather than Head Office and Other. Prior period amounts were restated to conform to current period presentation.

### Sagicor Jamaica

- Sagicor Jamaica continued to see strong life insurance production and improving results in its short-term insurance businesses. Commercial banking saw revenue growth due to greater card payment activity and increased net interest margins. The current capital markets environment in Jamaica continues to negatively impact the investment banking division leading to lower than targeted net income.
- Sagicor's share of Sagicor Jamaica's net income to shareholders was \$10.8 million.
- Total net CSM<sup>(1)</sup> was \$243.1 million which was stable Q/Q due to new business CSM<sup>(1)</sup> of \$8.3 million during the quarter which was mostly offset by amortization of CSM into profit.

### Sagicor Life USA

- Sagicor Life USA's new business production<sup>(1)</sup> of \$443.7 million was excellent due to the favorable competitive and investment environment. This led to robust growth in new business CSM.
- Net income to shareholders of \$54.6 million, which included a refinement in the discount rate which resulted in a positive impact to net income to shareholders.
- Total net CSM<sup>(1)</sup> was \$208.3 million, an increase of 1% Q/Q as strong new business CSM<sup>(1)</sup> of \$26.1 million from excellent production in the quarter was partly offset by changes in estimates that adjust CSM and amortization of CSM into profit.

### Head Office, Other and Adjustments

- Net loss to shareholders of \$25.3 million.

### Dividends

On August 10, 2023, 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 September 13, 2023, to shareholders of record at the close of business on August 23, 2023. This is the fifteenth consecutive dividend payment Sagicor will pay to its shareholders since becoming a publicly listed company on the Toronto Stock Exchange.

### Subsequent Event

On August 2, 2023, Sagicor established a senior unsecured revolving credit facility in an aggregate principal amount of up to US\$125 million.

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<sup>1</sup> 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.

## **Normal Course Issuer Bid**

Sagicor repurchased 486,424 shares which were cancelled in Q2 2023 for a total cost of approximately US\$1.8 million. The number of issued and outstanding common shares as at June 30, 2023 was 142,697,311.

## **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 consolidated financial statements and accompanying MD&A. The unaudited financial statements and MD&A are available on the Company’s website at [www.sagicor.com](http://www.sagicor.com) and will soon be filed on the System for Electronic Document Analysis and Retrieval Plus (“**SEDAR+**”) at [www.sedarplus.ca](http://www.sedarplus.ca).

## **Conference Call**

Sagicor Financial Company Ltd. will host a conference call for analysts and investors on Monday, August 14, 2023, at 3:00 p.m. Eastern Daylight Time in Toronto (3:00 p.m. Atlantic Standard Time in Barbados and Trinidad and Tobago, 2:00 p.m. Eastern Standard Time in Jamaica). To listen to the call via live audio webcast, visit the Company’s website at [www.sagicor.com](http://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). To join the conference call without operator assistance, you may register and enter your phone number at <https://emportal.ink/3OAYzrj> to receive an automated call back. A replay will also be available until September 14, 2023, by dialing 1-416-764-8677 or 1-888-390-0541 (North American toll free), passcode 298315#. A transcript of the call will also be made available on [www.sagicor.com](http://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. On August 25, 2022, Sagicor announced that it had entered into a definitive agreement to acquire ivari, a leading middle-market individual life insurer in Canada with over 80 years of history in the region. 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](http://www.sagicor.com).

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## **Forward-Looking Information**

*Certain information contained in this news release may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “expect”, “anticipate”, “target”, “believe”, “foresee”, “could”, “estimate”, “goal”, “intend”, “plan”, “seek”, “will”, “may”, “would” and “should” and similar expressions or words suggesting future outcomes. These forward-looking statements reflect material factors and expectations and assumptions of Sagicor Financial Company Ltd. Sagicor’s estimates, beliefs, assumptions and expectations contained herein (including that the acquisition of ivari will be completed in Q3 2023 on the terms previously disclosed) are inherently subject to uncertainties and contingencies regarding future events and the impact of IFRS 17 on the presentation of Sagicor’s financial statements, 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.sedarplus.ca](http://www.sedarplus.ca)). Readers are cautioned not to place undue reliance on the financial information or forward-looking statements contained herein, which reflect Sagicor’s estimates, beliefs, assumptions and expectations (including with respect to the impact of IFRS 17) only as of the date of this document. Sagicor disclaims any obligation to update or revise any forward-looking statements contained herein, whether as a result of new information, new assumptions, future events or otherwise, except as expressly required by law.*

## **Non-IFRS Measures**

*The Company reports certain non-IFRS measures and insurance industry metrics that are used to evaluate its performance. As non-IFRS measures generally do not have a standardized meaning, they may not be comparable to similar measures presented by other companies. Securities regulators require such measures to be clearly defined and reconciled with their most comparable IFRS measures. These measures are provided as additional information to complement 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 CSM, ROE, book value, MCCSR Ratio, Debt to Capital Ratio, Total Capital, Core Earnings, and New Business Production. Please see the “Non-IFRS financial measures” section below for a reconciliation of these non-IFRS measures.*

*Contractual service margin (CSM): The CSM represents an estimate of unearned future profits. This is a new component of insurance contract liabilities under IFRS 17, which was not required under IFRS 4. For new business issued under IFRS 4, the estimated profit or loss over the term of the contract is recognized in income at the date of issue. Expected future profits on new business under IFRS 17 are deferred and recorded in the CSM and amortized into income as insurance services are provided over the term of the contract. Under IFRS 17, expected losses on new business are recognized at the date of issue. Net CSM is net of reinsurance CSM.*

*Return on Equity (ROE): 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 shareholders’ equity for the period. The quarterly return on shareholders’ equity is annualized. 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.*

*Minimum Continuing Capital and Surplus Requirements (MCCSR): Sagicor voluntarily adopted the Canadian Minimum Continuing Capital and Surplus Requirement (MCCSR) standard as its risk-based assessment measure to provide a consolidated view of capital adequacy. The MCCSR was a standard used by Canadian regulators from 1992 until 2018, when it was superseded by the Life Insurance Capital Adequacy Test (LICAT). When it was in place, the minimum standard recommended by the Canadian regulators was an MCCSR of 150.0%. Canadian practices for calculation of the MCCSR evolved and changed from inception through its replacement. In jurisdictions where the MCCSR is currently prescribed, such as Jamaica, the MCCSR guidance is not consistent with the most recent Canadian MCCSR guidelines or with current Canadian capital standards under LICAT. Sagicor has made certain interpretations in our calculation of the MCCSR, in consultation with our appointed actuary, which we believe appropriately reflect the risk-based assessment of our capital position, including accounting for CSM in MCCSR. As the MCCSR is*

no longer prescribed by Canadian regulators and is interpreted in different ways by our local regulators, there can be no assurance that Sagicor's MCCSR figures are comparable to current reporting by Canadian life insurers or that of Canadian life insurers at any single point in time since the implementation of the MCCSR. IFRS does not prescribe the calculation for the MCCSR, therefore a comparable measure under IFRS is not available.

*Revenues:* Revenues is the sum of three IFRS measures: insurance revenue, net investment income, and fees and other income.

*Debt to capital ratio:* The debt to capital ratio is the ratio of notes and loans payable (refer to note 11 of the Company's first quarter unaudited consolidated financial statements) to total capital (excluding participating accounts), where capital is defined as the sum of notes and loans payable and total equity including total net CSM and 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 (\$2.1 billion as at Q2 2023) is the sum of shareholders' equity (\$463 million), notes and loans payable (\$644 million), non-controlling interest (\$315 million) and total net CSM (\$697 million). This measure is the sum of several IFRS measures.

*New business CSM:* This measure is the amount of the contractual service margin added from contracts initially recognised in the period.

*New Business Production:* This measure is equal to the amount of annuities and life insurance new business paid premium.

*Total net CSM:* This measure is the balance of the direct contractual service margin net of reinsurance contractual service margin.

*Net CSM to shareholders:* This measure is the amount of the total net CSM attributable to shareholders.

*Shareholders' equity and net CSM to shareholders:* This measure is the sum of total shareholders' equity and net CSM to shareholders. It is an important measure for monitoring growth and measuring insurance businesses' value.

In addition, as discussed above, in future quarters, Sagicor is expected to report core earnings, an estimate of which for Q2 2023 is included above. Core earnings is intended to remove from reported earnings or loss the impacts of the following items that create volatility in Sagicor's results under IFRS, or that are not representative of its underlying operating performance. Each of these items is classified as a supplementary financial measure and has no directly comparable IFRS financial measure disclosed in Sagicor's financial statements to which the measure relates, nor are reconciliations available, including among others unexpected market-related impacts, changes in assumptions, management actions, certain acquisition or disposition related amounts and others such as one-time costs, amortization of intangibles, and tax effects of the aforementioned items. The estimated core earnings to shareholders for Q2 2023 can be reconciled to net income to shareholders as follows:

**Reported Earnings and Estimated Core Earnings Reconciliation (US\$ millions)**

<b>Net income to shareholders</b>	<b>48.8</b>
Market experience gains and losses	(52.7)
Changes in actuarial methods and assumptions	0.4
Other (includes tax effects, one-time costs, amortization of intangibles)	16.6
<b>Estimated core earnings to shareholders</b>	<b>13.0</b>