



SAGICOR FINANCIAL CORPORATION LIMITED

FINANCIAL RESULTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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

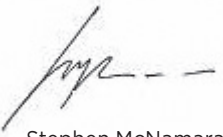
US \$420 million of net cash from the transaction, leaving our company exceptionally well capitalized for future growth.

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

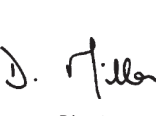
FINANCIAL HIGHLIGHTS		
<i>(in US Currency except percentages)</i>	Nine months ended SEPTEMBER 30	
	2019	2018
Total revenue	\$1,399.0 m	\$1,063.4 m
Overall Group net income	\$79.5 m	\$59.0 m
Overall shareholders' net income	\$33.0 m	\$31.7 m
Net income allocated to non-controlling interests	\$47.3 m	\$35.0 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			
<i>Amounts expressed in US \$'000</i>	September 30	September 30	December 31
	2019	2018	2018
	(unaudited)	(unaudited)	(audited)
ASSETS			
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
Total assets	8,056,444	6,821,394	7,325,424
LIABILITIES			
Policy liabilities	4,250,733	3,590,893	3,662,438
Other liabilities	2,556,905	2,334,648	2,527,525
Total liabilities	6,807,638	5,925,541	6,189,963
EQUITY			
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
Total equity	1,248,806	895,853	1,135,461
Total liabilities and equity	8,056,444	6,821,394	7,325,424

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	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE				
Net premium revenue	941,089	720,000	263,319	309,970
Net investment and other income	457,885	343,437	142,832	120,188
Total revenue	1,398,974	1,063,437	406,151	430,158
BENEFITS AND EXPENSES				
Benefits	887,995	537,381	248,295	238,965
Expenses	393,807	442,958	125,487	156,040
Total benefits and expenses	1,281,802	980,339	373,782	395,005
OTHER				
(Loss) / gain arising on business combinations, acquisitions and divestitures	(478)	5,267	(131)	(13)
INCOME BEFORE TAXES				
Income taxes	(37,670)	(32,591)	(11,096)	(15,396)
NET INCOME FROM CONTINUING OPERATIONS	79,024	55,774	21,142	19,744
Net income from discontinued operation	517	3,191	-	(166)
NET INCOME FOR THE PERIOD	79,541	58,965	21,142	19,578
NET INCOME / (LOSS) ATTRIBUTABLE TO:				
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
	79,541	58,965	21,142	19,578
Basic earnings per common share:				
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
Fully diluted earnings per common share:				
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	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
NET INCOME FOR THE PERIOD				
	79,541	58,965	21,142	19,578
Items net of tax that may be reclassified subsequently to income:				
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)
	38,757	(66,236)	(7,830)	(11,466)
Items net of tax that will not be reclassified subsequently to income:				
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 through other comprehensive income	18	(173)	-	(200)
Gains / (losses) on defined benefit plans	13	-	13	2,500
OTHER COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS	36,365	(65,593)	(7,276)	(9,182)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD				
	115,906	(6,628)	13,866	10,396
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:				
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
	115,906	(6,628)	13,866	10,396

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
Nine months to September 30, 2019:							
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	3,064	300,859	(41,277)	397,724	3,423	585,013	1,248,806
Nine months to September 30, 2018:							
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	3,059	300,471	(87,911)	382,488	(10,528)	308,274	895,853

CONSOLIDATED STATEMENT OF CASH FLOWS		
Amounts expressed in US \$000	Nine months to September 30	
	2019	2018
	(unaudited)	(unaudited)
CASH FLOWS		
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)
Net change in cash and cash equivalents - continuing operations	(25,526)	28,799
Net change in cash and cash equivalents - discontinued operation	17,756	-
Cash and cash equivalents, beginning of period	321,561	338,349
Cash and cash equivalents, end of period	313,791	367,148

STATEMENT OF INCOME BY SEGMENT						
Amounts expressed in US \$000 (unaudited)	Nine months to September 30, 2019					
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	Total
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)
INCOME BEFORE TAXES	36,794	116,104	23,953	(8,709)	(51,448)	116,694
Income taxes	(6,098)	(24,899)	(5,030)	(1,698)	55	(37,670)
NET INCOME / (LOSS) FROM CONTINUING OPERATIONS	30,696	91,205	18,923	(10,407)	(51,393)	79,024
Nine months to September 30, 2018						
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	Total
NET INCOME / (LOSS) FROM CONTINUING OPERATIONS	26,395	70,922	11,699	11,245	(64,487)	55,774
Net income / (loss) attributable to shareholders from continuing operations	34,117	34,833	11,699	(12,925)	(39,183)	28,541
Total Comprehensive income / (loss) attributable to shareholders from continuing operations	29,990	8,564	2,745	(13,640)	(37,694)	(10,035)

STATEMENT OF FINANCIAL POSITION BY SEGMENT						
Amounts expressed in US \$000 (unaudited)	September 30, 2019					
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	Total
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
Net assets	516,092	910,721	278,911	(456,918)	-	1,248,806
September 30, 2018						
	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	Total
Net assets	527,170	563,609	241,760	(436,686)	-	895,853

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	2018
	(unaudited)	(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.