

Sagicor Financial Company Ltd. to acquire ivari, a leading middle-market individual life insurer in Canada

- Transformational acquisition, expanding geography and accelerating growth
- Expands Sagicor's offering of protection and wealth management solutions into Canada
- Positions Sagicor as a leading provider of protection and savings products to the middle-market in North America
- ivari is the second largest provider of universal life insurance in Canada⁽¹⁾
- ivari adds C\$13.9 billion to Sagicor's existing assets; pro-forma debt securities to move from 69% to 83%⁽²⁾ investment grade as of year end 2021
- Immediately accretive to EPS and BVPS by double digit percentage points⁽³⁾⁽⁴⁾
- Improvement to MCCR ratio⁽³⁾; debt to capital ratio⁽³⁾ approximately unchanged⁽⁴⁾

Sagicor Financial Company Ltd. ("Sagicor" or the "Company") (TSX: SFC), a leading financial services provider in the Caribbean with a growing presence in the U.S., has entered into a definitive agreement to acquire ivari, a subsidiary of Wilton Re Ltd., subject to the satisfaction of customary conditions, including required regulatory approvals.

The expected consideration, to be paid in cash at closing, is C\$325 million, subject to certain adjustments. This purchase price assumes funding at ivari's current target total capital ratio under the LICAT 2023 capital adequacy standard recently finalized by OSFI and following the implementation of IFRS 17, both of which will be in force commencing January 1, 2023. Prior to the closing, ivari is expected to have additional equity capital injected into the business to meet this new standard, which is reflected in the above expected purchase price.

Headquartered in Toronto, ivari is a leading middle-market individual life insurer in Canada with over 80 years of history in the region. ivari provides individual life and critical illness insurance solutions for the Canadian middle-market. Currently, ivari has approximately 700,000 policyholders across Canada and has over 250 employees.

The acquisition of ivari aligns with Sagicor's business strategy of growing in individual life insurance and diversifying into adjacent geographic markets. Canada has a large, well-established, and growing life

⁽¹⁾ Source: LIMRA's Canadian Individual Life Insurance Sales 2021. LIMRA numbers are carrier-reported, and participants vary year-to-year, impacting reported market share.

⁽²⁾ Accounting for planned sale of approximately C\$700 million of direct equities and reinvestment into investment grade bonds by ivari by year end 2022.

⁽³⁾ Represents a non-IFRS measure. See the "Non-IFRS Measures" section in this press release for relevant information about such measures.

⁽⁴⁾ See the "Forward-Looking Information / Cautionary Statements" section in this press release.

insurance market. ivari has historically proven its ability to grow, particularly in universal life insurance with an 11% new paid premium compound annual growth rate from 2017 to 2021⁽¹⁾. This acquisition would result in a Caribbean-headquartered international life insurance company with major operations in the Caribbean, the U.S., and Canada. On a pro forma basis, Sagicor would have over US\$20 billion of combined total assets and approximately US\$2.6 billion of annual total gross premium revenue as of year end 2021. The transaction combines Sagicor’s over 180 years of experience in individual life insurance and brings on ivari’s high caliber team, efficient operating platform, strong advisory channels and focused business model that is scalable for growth.

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

“Today we have taken a new step in shaping Sagicor’s future. The acquisition of ivari transforms Sagicor into a leading North American insurer serving the middle-market in addition to our market leadership in the Caribbean. We are excited about ivari’s leading position in the Canadian market and its focus on improving its customers’ financial well-being. It is a scaled business primed for growth with C\$13.9 billion in well-managed assets as of year end 2021 and a dedicated and focused management team. Through this acquisition, Sagicor will double the size of its balance sheet and deliver its over 180 years of experience in individual life insurance to the Canadian market.”

Todd Lawrence, President and Chief Executive Officer of ivari, said:

“ivari is pleased to join the Sagicor Group of companies. Over the past several years, we have simplified our business model to focus on where we have scale and deep and meaningful relationships to provide exceptional service to our advisors and customers. ivari is focused on accelerating our growth in the underserved middle-market in Canada and distributes through a strong independent distribution network based on a long history of relationships built on trust. ivari’s customers, distribution network and other stakeholders will continue to experience the same level of service they are accustomed to. The team’s dedication to providing excellent service continues. We are excited by our strong growth prospects and what the future of ivari holds as part of the Sagicor Group of companies.”

The acquisition is expected to be immediately accretive. Based on ivari’s 2021 net income of C\$74 million, and assuming the financing as contemplated, the transaction would be greater than 25% accretive on an earnings per share pro forma 2021 basis⁽²⁾. Furthermore, the transaction internal rate of return is well in excess of Sagicor’s targets. Sagicor intends to continue to maintain a strong capital⁽³⁾ position post-acquisition. Sagicor’s pro-forma MCCR⁽³⁾ ratio is expected to improve by over 10 percentage points and its

⁽¹⁾ Based on ivari company reports.

⁽²⁾ See the “Forward-Looking Information / Cautionary Statements” section in this press release.

⁽³⁾ Represents a non-IFRS measure. See the “Non-IFRS Measures” section in this press release for relevant information about such measures.

debt to capital ratio⁽¹⁾ is expected to remain approximately unchanged. Under IFRS 17, management expects a similarly attractive financial impact.⁽²⁾

The transaction is expected to be financed largely through new debt and cash on hand. A commitment for up to US\$320 million of new debt financing has been entered into in the form of a 5-year senior secured term loan facility. As part of its capital management strategy, Sagicor may opt to replace or refinance this term loan with debentures issued in the debt capital markets or other financing sources in whole or in part if and when appropriate.

The share purchase agreement and new debt commitment, and an investor presentation, will be filed on SEDAR in the near future.

The transaction is expected to close in the next 6 to 12 months and is subject to receipt of regulatory approvals and satisfaction of customary closing conditions.

Conference Call

Sagicor Financial Company Ltd. will host a conference call for analysts and investors to discuss the acquisition on August 25, 2022, at 5:00 p.m. Eastern Daylight Time in Toronto (5:00 p.m. Atlantic Standard Time in Barbados and Trinidad and Tobago, 4:00 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, 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 44731384. A replay will also be available until September 25, 2022, by dialing 1-416-764-8677 or 1-888-390-0541 (North American toll free), passcode 731384#. A transcript of the call will also be made available on www.sagicor.com.

Advisors

National Bank Financial acted as lead financial advisor, J.P. Morgan and RBC Capital Markets acted as financial advisors, and Stikeman Elliott LLP and Paul Hastings LLP acted as legal advisors to Sagicor.

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,

⁽¹⁾ Represents a non-IFRS measure. See the "Non-IFRS Measures" section in this press release for relevant information about such measures.

⁽²⁾ See the "Forward-Looking Information / Cautionary Statements" section in this press release.

Wilkey, St. Michael, Barbados. Additional information about Sagicor can be obtained by visiting www.sagicor.com.

About ivari

With a national network of thousands of independent, professional advisors, ivari provides a full range of life insurance products to help Canadians make the right choice for their protection needs. ivari had C\$13.9 billion in total assets and total gross premium revenue of C\$968 million as at and for the year ended 2021. ivari's head office is located at 200-5000 Yonge Street, Toronto, Ontario, M2N 7J8, Canada. Additional information about ivari can be obtained by visiting www.ivari.ca.

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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 press release 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, total capital and Minimum Continuing Capital and Surplus Requirements. Please see the "Non-IFRS Financial Information" section of Sagicor's Q2 2022 MD&A as filed on SEDAR, which is incorporated by reference herein, and the discussion below for information regarding these non-IFRS measures.

Return on Shareholders' 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 common shareholders' equity for the period. The quarterly return on shareholders' equity is annualised. The ROE provides an indication of the overall profitability of the Company.*

Book value and book value per share (BVPS): *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. Book value is shareholders' equity. 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 the 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 previously utilized by the Office of the Superintendent of Financial Institutions of Canada. It was used to monitor insurers maintaining adequate capital to meet their financial obligations, with 150% being the minimum standard that was recommended by the Canadian regulator when it was in effect; insurance companies were expected to establish and meet an internal target greater than 150%. Refer to note 45.2 to the Company's 2021 audited financial statements, for details. IFRS does not prescribe the calculation for the MCCSR, therefore a comparable measure under IFRS is not available.*

Forward-Looking Information / 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. These forward-looking statements reflect material factors and expectations and assumptions of Sagicor. These forward-looking statements include the assumptions: that the transaction is able to be completed on the timelines and on the terms currently anticipated; that all regulatory approvals can be obtained on the timelines and in the manner currently anticipated; that the anticipated benefits of the transaction are able to be achieved; that the businesses of both Sagicor and ivari will continue to operate in a manner consistent with past practice; that the parties’ transition plans are effective; that ivari is able to maintain the same target regulatory capital ratio range post-closing as applies under its current ownership (failing which additional regulatory capital infusions could be required to be made by Sagicor); that no material and mutually agreed management actions out of the ordinary course of business occur at ivari (if they do, then the net benefit to ivari would be shared between Sagicor and the seller and the purchase price would increase accordingly, and the required regulatory capital infusion and/or the purchase price would be less); and that no additional changes to OSFI’s proposed LICAT 2023 regulatory capital regime and/or to IFRS 17 occur before their January 1, 2023 implementation dates. 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 press release. 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.