# **Emergent Capital, Inc. Announces Second Quarter 2017 Results**

BOCA RATON, Fla., Aug. 14, 2017 /PRNewswire/ -- Emergent Capital, Inc. (OTCQB: EMGC) ("Emergent" or the "Company"), today announced its financial results for the three and six month periods ended June 30, 2017.

#### Three Months Ended June 30, 2017

Total income from continuing operations was \$3.5 million for the three month period endedJune 30, 2017 compared to a loss of \$15.8 million for the same period in 2016. Income from continuing operations for the three months endedJune 30, 2016 was significantly impacted by the adoption of the U.S. Society of Actuaries 2015 Valuation Basic Table("2015 VBT"), which resulted in a reduction in the fair value of the Company's life settlements by approximately \$17.6 million. Income was also impacted by a\$2.7 million gain on the maturity of three policies during the quarter endedJune 30, 2017 compared to a \$2.5 million gain on maturity of two policies for the same period in 2016.

The following table provides a summary of the components of income from the Company's life settlements.

		Months Ended ne 30, 2017	Three Months Ended June 30, 2016		
Change in estimated probabilistic cash			-		
flows	\$	23,181	\$	17,789	
Premiums paid during period		(21,451)		(17,683)	
2015 VBT Adoption		<u> </u>		(17,638)	
Change in life expectancy evaluation		(1,091)		(8,177)	
Change in discount rates		_		7,149	
Unrealized gain on acquisitions		_		262	
Realized gain on maturities		2,743		2,485	
Change in fair value of life settlements	\$ 3,382		\$	(15,813)	

Total expenses from continuing operations were \$9.9 million for the three month period endedJune 30, 2017 compared to income of \$6.0 million for the same period in 2016. Expenses for the quarter endedJune 30, 2016 were primarily impacted by the adoption of the 2015 VBT, which resulted in a \$15.7 million reduction for the change in the fair value of the White Eagle and Red Falcon Revolving Credit Facilities (together, the "Revolving Credit Facilities".) Expenses for the quarter ended June 30, 2017 were also impacted by a \$778,000 increase in interest expense associated with increased borrowings on the Company's White Eagle Revolving Credit Facility, which was offset by a reduction in operating expenses of \$2.7 million primarily related to a decrease in legal fees and personnel costs.

The Company reported a net loss from continuing operations of \$6.5 million, or \$(0.23) per diluted share for the three month period ended June 30, 2017, compared to \$9.8 million, or \$(0.36) per diluted share for the same period in 2016.

#### Six Months Ended June 30, 2017

Total income from continuing operations for the six month period endedJune 30, 2017 was \$29.0 million compared to a loss of \$7.3 million during the same period in 2016. The increase is primarily due to the adoption of the 2015 VBT during the six months ended June 30, 2016, which reduced the fair value of the Company's life settlements by \$17.6 million, and an \$8.2 million increase in realized gains due to policy maturities.

The following table provides a summary of the components of income from the Company's life settlements.

	_	Nonths Ended ne 30, 2017	Six Months Ende June 30, 2016		
Change in estimated probabilistic cash	-				
flows	\$	45,782	\$	36,619	
Premiums paid during period		(42,034)		(34,336)	
2015 VBT Adoption		· <u> </u>		(17,638)	
Change in life expectancy evaluation					
		6,207		(10,244)	
Change in discount rates		(40)		7,149	
Unrealized gain on acquisitions		_		262	
Realized gain on maturities		19,007		10,763	
Change in fair value of life settlements	\$	28,922	\$	(7,425)	

Total expenses from continuing operations were \$33.6 million for the six month period endedJune 30, 2017 compared to \$9.9 million for the same period in 2016. Expenses during the six months endedJune 30, 2016 were significantly impacted by the adoption of the 2015 VBT, which resulted in a \$15.7 million reduction in the fair value of the Revolving Credit Facilities. The Company's expenses for the six months ended June 30, 2017 were impacted by an increase of \$2.3 million in interest expense associated primarily with increased borrowings on the White Eagle Revolving Credit Facility and the 8.5% Senior Unsecured Convertible Notes, which was offset by a \$4.1 million reduction in operating expenses primarily due to a\$1.9 million and \$1.7 million decrease in legal expenses and personnel costs, respectively, compared to the six month period endedlune 30, 2016.

The Company reported a net loss from continuing operations of \$4.6 million, or \$(0.16) per fully diluted share, for the six month period ended June 30, 2017 compared to a net loss of\$17.2 million, or\$(0.63) per fully diluted share, for the same period in 2016.

#### Life Settlements Portfolio Highlights

On June 30, 2017, the estimated fair value of the Company's 614 life insurance policies wa\$526.3 million compared to \$498.4 million for 621 life insurance policies at December 31, 2016. The weighted average discount rate was 16.39% and 16.37% at June 30, 2017 and December 31, 2016, respectively. The aggregate face value of the Company's portfolio of life insurance policies was approximately \$2.9 billion on June 30, 2017.

During the quarter, three life insurance policies that served as collateral under the revolving credit facility matured with a face value totaling \$5.2 million.

As of June 30, 2017, the Company had cash and cash equivalents and certificates of deposit of \$23.7 million and a Book Value per share of \$5.92.

#### About Emergent Capital, Inc.

Emergent (OTCQB: EMGC) is a specialty finance company that invests in life settlements. More information about Emergent can be found at www.emergentcapital.com.

#### Safe Harbor Statement

This press release may contain certain "forward-looking statements" relating to the business of Emergent Capital, Inc. and its subsidiary companies. All statements, other than statements of historical fact included herein are "forward-looking statements." These forward-looking statements are often identified by the use of forward-looking terminology such as "believes." "expects" or similar expressions, and involve known and unknown risks and uncertainties. Although Emergent believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Investors should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Other than as required under the securities laws, Emergent does not assume a duty to update these forward-looking statements.

#### -SELECTED FINANCIAL TABLES FOLLOW-

### Emergent Capital, Inc. **CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

		ree Months Ended June 30,	For the Six Months Ended June 30,			
	2017	2016	2017	2016		
	(in	thousands, except s	share and per sha	re data)		
Income						
Change in fair value of life settlements	\$ 3,382	\$ (15,813)	\$ 28,922	\$ (7,425)		
Other income	79	27	129	93		
Total income	3,461	(15,786)	29,051	(7,332)		
Expenses	-	<del>_</del> -	-	· · · · · · · · · · · · · · · · · · ·		
Interest expense	8,163	7,385	15,698	13,435		
Change in fair value of Revolving Credit Facilities	(1,785)	(19,667)	10,046	(15,570)		
Personnel costs	1,049	2,274	2,133	3,830		
Legal fees	657	1,710	1,652	3,528		
Professional fees	1,204	1,568	2,807	3,211		
Insurance	198	194	390	438		
Other selling, general and administrative expenses	449	525	913	1,017		
Total expenses	9,935	(6,011)	33,639	9,889		
Income (loss) from continuing operations before	_					
income taxes	(6,474)	(9,775)	(4,588)	(17,221)		
(Benefit) provision for income taxes	_	_	_	_		
Net income (loss) from continuing operations	\$ (6,474)	\$ (9,775)	\$ (4,588)	\$ (17,221)		
Discontinued Operations:						

#### Discontinued Operations:

Income (loss) from discontinued operations		(35)		(127)		(225)		(194)
(Benefit) provision for income taxes								
Net income (loss) from discontinued operations		(35)		(127)		(225)	· <u></u>	(194)
Net income (loss)	\$	(6,509)	\$	(9,902)	\$	(4,813)	\$	(17,415)
Basic and diluted income (loss) per share:								-
Continuing operations	\$	(0.23)	\$	(0.36)	\$	(0.16)	\$	(0.63)
Discontinued operations	\$		\$	_	\$	(0.01)	\$	(0.01)
Net income (loss)	\$	(0.23)	\$	(0.36)	\$	(0.17)	\$	(0.64)
Weighted average shares outstanding:								
Basic and Diluted	28,	,169,414	27	,491,768	28	,159,080	27	7,486,508

# Emergent Capital, Inc. CONSOLIDATED BALANCE SHEETS

		June 30, 2017	De	ecember 31, 2016*
	(	Unaudited)	-	
	•	thousands	except	share data)
ASSETS	•		•	,
Assets				
Cash and cash equivalents	\$	623	\$	2,246
Cash and cash equivalents (VIE)		22,042		9,072
Certificates of deposit		1,006		6,025
Prepaid expenses and other assets		4,525		1,112
Deposits - other		1,377		1,347
Life settlements, at estimated fair value		736		680
Life settlements, at estimated fair value (VIE)		525,546		497,720
Receivable for maturity of life settlements (VIE)		21,911		5,000
Fixed assets, net		185		232
Investment in affiliates		2,384		2,384
Total assets	\$	580,335	\$	525,818
LIABILITIES AND STOCKHOLDERS' EQUITY				
Liabilities				
Accounts payable and accrued expenses		6,214	\$	2,590
Accounts payable and accrued expenses (VIE)		718		593
Other liabilities		227		359
Interest payable - Promissory Notes		11		_
Promissory Notes		1,892		_
Interest payable - Convertible Notes		2,382		2,272
Convertible Notes, net of discount and deferred debt costs		66,061		60,535
Interest payable - Senior Secured Notes		200		213
Senior Secured Notes, net of discount and deferred debt costs		29,482		29,297
White Eagle Revolving Credit Facility, at estimated fair value (VIE)		304,874		257,085
Total liabilities		412,061	·	352,944
Commitments and Contingencies				
Stockholders' Equity				
Common stock (par value \$0.01 per share, 80,000,000 authorized at June 30, 2017 and				
December 31, 2016; 29,021,844 issued and 28,413,844 outstanding as of June 30, 2017				
and December 31, 2016		290		290
Preferred stock (par value \$0.01 per share, 40,000,000 authorized; 0 issued and				
outstanding as of June 30, 2017 and December 31, 2016)		_		_
Treasury Stock, net of cost (608,000 shares as of June 30, 2017 and December 31,				
2016)		(2,534)		(2,534)
Additional paid-in-capital		307,860		307,647
Accumulated deficit		(137,342)		(132,529)
Total stockholders' equity		168,274		172,874
Total liabilities and stockholders' equity	\$	580,335	\$	525,818

<sup>\*</sup> Derived from audited consolidated financial statements.

## Emergent Capital, Inc. Selected Operating Data (dollars in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017			2016		2017		2016
Period Acquisitions — Policies Owned								
Number of policies acquired				1				1
Average age of insured at acquisition		_		90.3		_		90.3
Average life expectancy — Calculated LE (Years)		_		2.3		_		2.3
Average death benefit	\$	_	\$	690	\$	_	\$	690
Aggregate purchase price	\$	_	\$	16	\$	_	\$	16
End of Period — Policies Owned								
Number of policies owned		614		625		614		625
Average age of insured		82.9		81.9		82.9		81.9
Average death benefit per policy	\$	4,729	\$	4,746	\$	4,729	\$	4,746
Average Life Expectancy — Calculated LE								
(Years)		8.7		9.4		8.7		9.4
Aggregate Death Benefit	\$	2,903,899	\$	2,966,388	\$	2,906,899	\$	2,966,388
Aggregate fair value	\$	526,282	\$	473,046	\$	526,282	\$	473,046
Monthly premium — average per policy	\$	11.5	\$	10.3	\$	11.5	\$	10.3
Period Maturities								
Number of policies matured		3		2		7		8
Average age of insured at maturity		88.8		88.9		83.5		85.9
Average life expectancy - Calculated LE (Years)		3.5		3.7		3.5		5.1
Aggregate death benefit	\$	5,223	\$	4,200	\$	43,073	\$	17,180
Gains on maturity	\$	2,743	\$	2,485	\$	19,007	\$	10,763
Proceeds collected	\$	16,173	\$	5,500	\$	26,173	\$	20,980

SOURCE Emergent Capital, Inc.

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