



Sagicor Investments Trinidad & Tobago Limited

Financial Statements

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

Sagicor Investments Trinidad & Tobago Limited

Contents	Page
Statement of Management's Responsibility	1
Independent auditor's report	2 - 3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 39

Sagicor Investments Trinidad & Tobago Limited

Statement of Management's Responsibility

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Sagicor Investments Trinidad & Tobago Limited (the Company) which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and notes comprising material accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

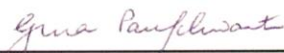
In preparing these audited financial statements, management utilised IFRS Accounting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS Accounting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Executive VP & CFO Finance
27 March 2024



Manager, Financial Accounting
27 March 2024



Independent auditor's report

To the shareholder of Sagicor Investments Trinidad & Tobago Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sagicor Investments Trinidad & Tobago Limited (the Company) as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Port of Spain
Trinidad, West Indies
28 March 2024

Sagicor Investments Trinidad & Tobago Limited


Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)


		As at	
	Notes	31 December	
		2023	2022
		\$	\$
Assets			
Property, plant and equipment	5	41,138	60,693
Deferred tax asset	6	1,431,907	4,741,139
Investments	7	555,478,601	594,251,072
Amounts due from related parties	8	954,344	1,520,014
Other receivables	9	287,445	2,546
Cash and cash equivalents		<u>16,474,114</u>	<u>9,090,379</u>
Total assets		<u>574,667,549</u>	<u>609,665,843</u>
Liabilities			
Amount due to related parties	8	29,095,055	37,183,162
Repo repurchase obligation	10	280,138,464	315,564,181
Collateralised loan notes	11	202,236,667	202,236,667
Other payables		500,454	572,417
Taxation payable		<u>9,028</u>	<u>--</u>
Total liabilities		<u>511,979,668</u>	<u>555,556,427</u>
Equity			
Share capital	12	36,911,943	36,911,943
Contributed surplus	12	433,057	433,057
Reserves	13	(3,061,495)	(10,793,549)
Retained earnings		<u>28,404,376</u>	<u>27,557,965</u>
Total equity		<u>62,687,881</u>	<u>54,109,416</u>
Total equity and liabilities		<u>574,667,549</u>	<u>609,665,843</u>

The notes on pages 8 to 39 are an integral part of these financial statements.

On 27 March 2024, the Company's Board of Directors authorised these financial statements for issue.



Director



Director

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Priscilla House-Cope
Port of Spain
Trinidad, West Indies
28 March 2024

Sagicor Investments Trinidad & Tobago Limited

Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 31 December	
		2023 \$	2022 \$
Income			
Interest income	14	28,492,817	34,556,674
Fees and commission income		<u>613,914</u>	<u>285,426</u>
		29,106,731	34,842,100
Interest expense	15	<u>(14,333,299)</u>	<u>(15,758,936)</u>
Net interest income		14,773,432	19,083,164
Fair value gain/(loss) on financial assets		1,089,484	(898,419)
Foreign exchange loss		(160,901)	(475,939)
Realised loss on investments		(7,732,478)	(4,144,913)
Impairment (loss)/gain		<u>(10,516)</u>	<u>90,678</u>
Total net income		<u>7,959,021</u>	<u>13,654,571</u>
Expenses			
Operating expenses	16	(6,323,241)	(5,995,635)
Marketing expenses	16	(623,337)	(1,232,189)
Total expenses		<u>(6,946,578)</u>	<u>(7,227,824)</u>
Net income before tax		1,012,443	6,426,747
Income tax expense	17	<u>(166,032)</u>	<u>(305,528)</u>
Profit after tax		<u>846,411</u>	<u>6,121,219</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net fair value change in FVOCI financial assets		<u>7,732,054</u>	<u>(1,346,766)</u>
Total comprehensive income		<u>8,578,465</u>	<u>4,774,453</u>

The notes on pages 8 to 39 are an integral part of these financial statements.

Sagicor Investments Trinidad & Tobago Limited

Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Share Capital \$	Contributed surplus \$	Reserves \$	Retained earnings \$	Total \$
Year ended 31 December 2023					
Balance at 31 December 2022	36,911,943	433,057	(10,793,549)	27,557,965	54,109,416
Net profit for the year	--	--	--	846,411	846,411
Other comprehensive income	--	--	7,732,054	--	7,732,054
Balance at 31 December 2023	<u>36,911,943</u>	<u>433,057</u>	<u>(3,061,495)</u>	<u>28,404,376</u>	<u>62,687,881</u>
Year ended 31 December 2022					
Balance at 31 December 2021	36,911,943	433,057	(9,446,783)	21,436,746	49,334,963
Net profit for the year	--	--	--	6,121,219	6,121,219
Other comprehensive loss	--	--	(1,346,766)	--	(1,346,766)
Balance at 31 December 2022	<u>36,911,943</u>	<u>433,057</u>	<u>(10,793,549)</u>	<u>27,557,965</u>	<u>54,109,416</u>

The notes on pages 8 to 39 are an integral part of these financial statements.

Sagicor Investments Trinidad & Tobago Limited

Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Year ended 31 December	
	2023 \$	2022 \$
Operating activities		
Profit before tax	1,012,443	6,426,747
Adjustment for non-cash items:		
Impairment gain/(loss)	10,516	(90,678)
Interest earned	(28,677,647)	(34,916,458)
Interest expense	14,333,299	15,758,936
Net fair value (gain)/loss	(1,089,484)	898,419
Foreign exchange gains	160,901	475,939
Amortisation on bonds	184,830	359,784
Depreciation	52,040	51,773
Changes in operating assets and liabilities:		
Interest received	30,354,959	37,167,627
Interest paid	(14,971,162)	(17,535,457)
Tax paid	(157,003)	(629,100)
(Increase)/decrease in prepayments and other receivables	(284,899)	156,469
Decrease in amount due from/to related parties	(7,522,437)	(41,290,264)
(Decrease)/increase in accounts payable	(71,963)	244,045
Increase in Repo Repurchase Obligations	(34,741,114)	(84,581,725)
Purchase of financial assets	(27,927,000)	(113,696,540)
Sale of financial assets	76,749,941	194,833,895
Net cash inflow/(outflow) generated from operating activities	<u>7,416,220</u>	<u>(36,366,588)</u>
Investing activities		
Purchase of property plant and equipment	(32,485)	--
Net cash outflow from investing activities	<u>(32,485)</u>	<u>--</u>
Increase/(decrease) in cash and cash equivalents	7,383,735	(36,366,588)
Cash and cash equivalents		
Cash and cash equivalents at beginning of year	9,090,379	45,456,967
Cash and cash equivalents at end of year	<u>16,474,114</u>	<u>9,090,379</u>
Represented by:		
Fixed deposits	3,544	3,442
Cash at bank	16,470,570	9,086,937
	<u>16,474,114</u>	<u>9,090,379</u>

The notes on pages 8 to 39 are an integral part of these financial statements.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

1 General information

Sagicor Asset Management (Trinidad and Tobago) Limited (SAMTT) (the Company) was incorporated on 11 August 2005 in Trinidad and Tobago, and began operating as a securities company on the 13 October 2005 upon registration with the Trinidad and Tobago Securities Exchange Commission.

SAMTT owns units in the Sagicor Life Inc. US Global Balanced Fund (The Fund). This Fund is governed by the laws of Trinidad and Tobago and established by a declaration of Trust made by the Trustee, duly incorporated and validly existing under the provisions of the Financial Institutions Act 2008 of the Republic of Trinidad and Tobago. The Trustee of the Fund is First Caribbean International Bank (Trinidad and Tobago) Limited.

On 31 January 2020, the Company changed its name from Sagicor Asset Management (Trinidad & Tobago) Limited to Sagicor Investments Trinidad & Tobago Limited (SITTL). The company was approved by the Securities and Exchange Commission of Trinidad and Tobago to conduct the activities of Broker Dealer as Agent, Broker Dealer as Principal and Underwriter as governed under the Securities Industry Act 1995 of the Republic of Trinidad and Tobago.

SITTL also owns units in the Sagicor Go- Mutual Funds. These Funds are governed by the laws of Trinidad and Tobago and established by a declaration of Trust made by the Trustee, duly incorporated and validly existing under the provisions of the Financial Institutions Act 2008 of the Republic of Trinidad and Tobago. The Trustee of the Funds is Republic Bank Limited -Trust Services Division.

The activities of the company are those of a securities company dealing in Broker Dealer activities. The Company's main line of business for 2023 was Repurchase agreements.

Sagicor Life Insurance Trinidad & Tobago Limited was approved as fit and proper to be a substantial shareholder of SITTL.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a. Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of Fair Value through Profit and Loss and Fair Value through other comprehensive income financial assets.

The preparation of the financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are included in Note 4.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

(i) New and amended standards and interpretations adopted by the Company

Amendment to IAS 1 'Presentation of financial statements' on classification of liabilities (effective from 1 January 2023 and applicable to the Fund from 1 January 2023). The narrow-scope amendment to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The amendment had no impact on the financial statements of the Company.

Amendment to IAS 1 'Presentation of financial statements' on disclosure of accounting policies (effective from 1 January 2023 and applicable to the Company from 1 January 2023).

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendment did not have a significant impact on the current year disclosure of accounting policies of the Company.

Amendment to IAS 8 'Accounting policies, changes in Accounting Estimates and Errors' on disclosure of accounting policies (effective from 1 January 2023 and applicable to the Company from 1 January 2023).

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

This amendment did not significantly impact the financial statements of the Company.

Amendment to IAS 12 'Income Taxes' (effective from 1 January 2023 and applicable to the Company from 1 January 2023).

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

(i) New and amended standards and interpretations adopted by the Company (continued)

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

This amendment is not expected to significantly impact the financial statements of the Company.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

Amendment to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: (effective from 1 January 2024 and applicable to the Company from 1 January 2024). The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs') Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following: The terms and conditions of SFAs.

1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.
3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
4. Non-cash changes in the carrying amounts of financial liabilities in (b).
5. Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances.

This amendment is not expected to significantly impact the financial statements of the Company.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

b. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The financial statements are presented in Trinidad and Tobago Dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through profit and loss are recognised in profit or loss as part of the foreign exchange gain or loss. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

c. Financial assets

(i) Classification of financial assets

Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit and loss (FVTPL). Financial assets and liabilities are recognised when the company becomes a party to the contractual provision of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset.

(ii) Business model assessment

The Company's business model is to:

- Receive contractual cash flows from its debt securities with a view to earning a spread between interest income received on its debt securities and the interest paid on its funding obligations.
- Generate fee income from wealth management services through a combination of mutual fund vehicles and direct management of third-party assets.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

c. Financial assets (continued)

(ii) Business model assessment (continued)

The maturity profile on its debt securities was significantly longer than the maturity profile of the funding obligations. As a result, management believes the company will only be able to hold the debt securities until maturity if the funding obligations are renewed upon maturity. Management believes that it is highly likely that the underlying securities will have to be sold to generate liquidity to settle maturing funding obligations.

The Company classifies its financial assets through the following measurement categories

Fair Value through Other Comprehensive Income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss.

When debt securities measured at FVOCI are derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses).

Income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in foreign exchange gains/(losses).

Fair Value through Profit and Loss

Investments classified as Fair Value through Profit and Loss are those intended to be held indefinitely but may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Regular-way purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs.

Fair Value through Profit and Loss financial assets are subsequently carried at fair value. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the statement of comprehensive income within "Fair Value gains/loss on financial assets" in the period in which it arises.

Interest income from these financial assets is included in "Interest income" using the effective interest rate method. Dividends on Fair Value through Profit and Loss equity instruments are recognised in the statement of comprehensive income when the entity's right to receive payment is established.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

c. Financial assets (continued)

(ii) Business model assessment (continued)

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Company establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

(iii) Impairment of financial assets measured at FVOCI

At initial recognition of a financial asset, allowance is required for Expected Credit Losses (ECL) resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ('12-month ECL').

In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL are recognised are defined as 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment are defined as being in default or otherwise credit-impaired are in 'stage 3'.

To determine whether the lifetime credit risk has increased significantly since initial recognition, the company considers reasonable and supportable information that is available including information from the past and forward-looking information.

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria have been met:

SICR criteria	Actual threshold applied	Change in threshold
Investments	2-notch downgrade since origination (on internal investment securities rating scale)	1-notch downgrade since origination (on internal investment securities rating scale)

(iv) Definition of default

The company determines that a financial instrument is credit-impaired and in Stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for 90 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

c. *Financial assets (continued)*

(iv) *Definition of default (continued)*

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

d. *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

e. *Interest income and expense*

Interest income and expense for all interest-bearing financial instruments, are recognised on the effective interest rate basis within 'interest income' and 'interest expense' in the statement of comprehensive income. For financial assets that are credit impaired (stage 3), interest income is calculated by applying the effective interest rate to the carrying value net of the expected credit loss provision.

f. *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and call deposits balances with a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

g. *Share capital*

Ordinary shares are classified as equity.

h. *Sale and repurchase obligation*

Securities sold under sale and repurchase agreements (repos) are retained in the statement of financial position as financial assets. The corresponding liability is stated as Repo Repurchase Obligation. The difference between the sale and repurchase price is treated as interest and accrued over the life of the repurchase agreement using the effective interest yield method.

i. *Income tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

i. *Income tax (continued)*

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the country where the Company operates and generated income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities resulting from temporary differences are computed at tax rates that are expected to apply to the period when the asset is realised or the liability settled. Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the asset may be utilised.

The legacy company SAMTT has unused tax losses being brought forward from prior periods. The unused Tax losses for which no deferred tax asset is recognised is \$8,587,196, (2022: \$9,433,608), the potential tax benefit @ 30% is \$2,576,159 (2022: \$2,830,083). The Company has selected to not to recognise a deferred tax asset at this point in time given the start up nature of the new operations.

j. *Employee benefits*

Staff of the Group participate in the employee stock ownership plan of its ultimate parent Company, Sagicor Financial Company (SFC).

The services received in an equity-settled transaction with staff are measured at fair value of the equity instruments granted. The fair value of those equity instruments is measured at the grant date.

When equity instruments granted become vested and the individual is not required to complete a further period of service before becoming entitled to those instruments, the services received are recognised in full on the grant date in the income statement for the period, with a corresponding increase in equity.

k. *Property plant and equipment*

The Company's accounting policy for property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

k. *Property plant and equipment (continued)*

Depreciation is calculated using a straight line method to allocate costs or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:-

Furniture, fittings and equipment - 3 - 8 years

l. *Collateralised loan notes*

The Company records the amount as a liability on the Statement of Financial Position on an amortised cost basis.

m. *Fees and commission income*

The core underlying principles of IFRS15 are that an entity should recognise revenue in a manner that depicts the pattern of transfer of goods and services to customers. The performance obligations are very contract specific for the services provided. SITTL currently offers Brokerage and Advisory services to its customers.

Brokerage & Advisory fees are generally recognized at a point in time upon full completion of the scope of works to the contract. However, for Initial Public Offerings and services of that nature the performance obligation may be specific to the stage of completion of the services performance obligation. In addition, some contracts may require variation to the performance obligation based on the client specifications. These contracts would qualify for revenue recognition over time. There were no such contracts in the current period.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management

The Company's activities expose it to a variety of financial risks. These activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business. The aim of the Company is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance. The principles utilised by management in dealing with these risks are set out below.

a. Credit risk

Credit risk is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation.

Credit risk is the most important risk for the Company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in investment activities that bring debt securities into its asset portfolio. The credit risk management and control are centralised in the credit risk management department within the parent company Sagicor Life Inc. This department reports to the Board of Sagicor Life Inc.

(i) Credit risk measurement

The Company uses the external ratings where available to benchmark its internal credit risk assessment. The Investment Manager has developed an internal credit rating for its financial assets which is being utilised by the Company. The internal rating is a 10 point scale which allows for distinctions in risk characteristics and is referenced to the rating scales of international credit rating agencies. The scale is as follows:

Category	Sagicor Risk Rating	Classification	S&P	Moody's	Fitch	AM Best	CariCRIS	
Non-default	Investment grade	1	Minimal risk	AAA, AA	Aaa, Aa	AAA, AA	aaa, aa	AAA, AA
		2	Low risk	A	A	A	a	A
		3	Moderate risk	BBB	Baa	BBB	bbb	BBB
	Non-investment grade	4	Acceptable risk	BB	Ba	BB	bb	BB
		5	Average risk	B	B	B	b	B
	Watch	6	Higher risk	CCC, CC	Caa, Ca	CCC, CC	ccc, cc	C
		7	Special mention	C	C	C	c	C
Default	8	Substandard			DDD			
	9	Doubtful	D	C	DD	d	D	
	10	Loss			D			

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(i) Credit risk measurement (continued)

For debt securities, internal credit assessment accompanied with external rating such as Standard & Poor's rating where available or their equivalents are used by the Risk Management department for managing the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

(i) Risk limit control and mitigation policies

The Company manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved by the Investment Committee.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

b. Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate products all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rate. The Company separates exposures to market risk into either trading or non-trading portfolios.

Non-trading portfolios primarily arise from the interest rate management of the entity's assets and liabilities.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

b. Market risk (continued)

(i) Foreign exchange risk

Along with its TT\$ assets, the Company also holds assets which are denominated in US\$. Foreign currency risk arises as the value of future transactions, assets and liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The Company monitors the exposure on all foreign currency denominated assets and liabilities.

The Company does not enter into any foreign exchange hedging transactions for the purpose of managing its exposure to foreign exchange movements. Note 18 g provides an analysis of the Company's assets and liabilities by currency.

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. These risks are managed by duration analysis and measurement of interest rate gaps.

c. Liquidity risks

Liquidity risk is the risk that the Company is unable to meet its payment obligations when they fall due. Liquidity is managed by a process which includes:

- Week to week funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against unforeseen interruption of cash flow.
- Monitoring balance sheet liquidity ratios.
- Managing the concentration profile of debt maturities.
- Limits on redemptions by any one investor per month.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

4 Critical accounting estimates and judgments

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Company's reported assets, liabilities, revenues and expenses. The items which may have the most significant effect on the Company's financial statements are set out below.

a. Fair valuation of investment securities

The value of the financial assets in the Company represent the value of its debt securities as well as its units in the Sagicor Life Inc. US Global Balanced Fund (The Fund) and the investment in the Sagicor Go-Mutual Funds.

The fair value of financial instruments that are not traded in an active market is determined by using an internally developed bond valuation model. The key assumptions used in this model relate to current market yields. These assumptions are validated and reviewed internally by qualified personnel on a periodic basis. Where applicable, data is calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in the assumptions used in these valuations could affect the reported fair value of investment securities. The fair value of these investments amount to TT\$555,478,601

Units in the Sagicor Life Inc. US Global Fund and the Sagicor Go Mutual Funds are valued at the Fund's net asset value (NAV) per unit. The NAV is calculated as the value of the Fund's assets less its liabilities divided by the number of units outstanding.

The NAV per unit as at 31 December 2023 is as follow:-

US Global Fund	- US \$14.219	(2022:US \$12.837)
Go Mutual Bond USD	- US \$ 0.996	(2022:US \$0.964)
Go Mutual Bond TTD	- TT \$ 7.149	(2022:TT \$6.988)
Go Mutual Balanced TTD	- TT \$7.087	(2022:TT \$6.954)

If the NAV had increased or decreased by 1% with all other variables held constant, the total comprehensive income for the year would have increased/(decreased) as follows:-

US Global Fund	- \$65,931	(2022 \$59,750)
Go Mutual Bond USD	- \$71,259	(2022 USD 69,232)
Go Mutual Bond TTD	- \$52,712	(2022 \$51,525)
Go Mutual Balanced TTD	- \$51,885	(2022 \$50,911)

b. Impairment of financial assets

A financial asset is considered impaired when management determines that it is probable that all amounts due according to the original contract terms will not be collected. This determination is made after considering the payment history of the borrower, the discounted value of collateral and guarantees, and the financial condition and financial viability of the borrower. The determination of impairment may either be considered by individual asset or by a grouping of assets with similar relevant characteristics.

Using the Expected Credit Losses to measure the impairment of financial assets the following is reflected:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

4 Critical accounting estimates and judgments

b. *Impairment of financial assets (continued)*

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The measurement of the ECL's calculated is as follows:

Expected credit losses are calculated by multiplying three main components, being the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the current point in time. For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience, the historical period for such review is limited. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, and particularly to changes in economic and credit conditions across wide geographical areas.

The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD.

A scorecard approach is adopted to incorporate the possible outcomes of multiple forward looking macroeconomic scenarios. This approach applies a baseline, best and worst-case scenario to the model. In the forward-looking model, there were four variables used as these were deemed the most correlated to the environment in which the Company is trading/operating. The main macro factors applied were GDP, oil price index and unemployment rate. Each macroeconomic variable is then given a state, depending on market forecast and management's expectation. Each state is assigned a corresponding multiplier which indicates the impact of the state on the portfolio.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

5	Property, plant and equipment	2023 \$	2022 \$
	Furniture fittings and equipment		
	Opening net book value	60,693	112,466
	Additions	32,485	--
	Depreciation charge	<u>(52,040)</u>	<u>(51,773)</u>
	Closing net book value	<u>41,138</u>	<u>60,693</u>

6 Deferred tax asset

Deferred tax has been provided on the fair value gains and losses of assets measured at fair value through other comprehensive income.

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal rate of 30% on the financial assets.

The movement on the deferred income tax account is as follows:

Opening amount	4,741,139	4,048,622
Tax on unrealised (gains)/losses (Note 13)	<u>(3,309,232)</u>	<u>692,517</u>
Closing amount	<u>1,431,907</u>	<u>4,741,139</u>

Deferred tax assets and the deferred tax charge in the statement of comprehensive income and reserves are attributed to the following:

	Opening balance Dec 2022 \$	Charge to reserves \$	Closing balance Dec 2023 \$
Unrealised gains	<u>4,741,139</u>	<u>(3,309,232)</u>	<u>1,431,907</u>
	<u>4,741,139</u>	<u>(3,309,232)</u>	<u>1,431,907</u>
	Opening balance Dec 2021 \$	Charge to reserves \$	Closing balance Dec 2022 \$
Unrealised gains	<u>4,048,622</u>	<u>692,517</u>	<u>4,741,139</u>
	<u>4,048,622</u>	<u>692,517</u>	<u>4,741,139</u>

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

7 Investments

Investments at fair value through profit and loss

The Company classifies equity Investments as fair value through profit and loss to reflect the Company's primary focus on fair value information which is used to assess its performance.

	2023 \$	2022 \$
Mutual fund	<u>24,245,894</u>	<u>23,209,231</u>
	<u>24,245,894</u>	<u>23,209,231</u>

Investments at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise of Debt Securities where the contractual cash flows are solely principal and interest and the objective of the Company's Business model is achieved by both collecting contractual cash flows and selling financial assets.

Opening balance	571,041,841	671,072,413
Exchange difference	(132,243)	(475,939)
Additions	26,249,688	97,575,286
Disposals	(76,749,941)	(194,821,530)
Gains /(losses) from changes in fair value	<u>10,823,362</u>	<u>(2,308,389)</u>
At end of year	<u>531,232,707</u>	<u>571,041,841</u>

At the statement of financial position date, all repurchase agreements and the collateralised loan notes were securitised by an underlying security. Included in these are financial assets amounting to \$531,137,707 (2022: \$570,946,841) that have been pledged to third parties under sale and repurchase agreement.

8 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operations decisions

The Company is a subsidiary of Sagicor Life Insurance Trinidad & Tobago Limited and engages in related party transactions .

The investment manager for the Sagicor Go Mutual Funds is paid 1.75% of the Net Fund.

A number of transactions are entered into with related parties in the normal course of business. These include purchase securities sold under repurchase agreements.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

8	Related party transactions (continued)	2023 \$	2022 \$
	<i>Repo Repurchase Obligations</i>		
	Statement of financial position:		
	Individuals	2,819,923	1,537,039
	Companies - Sagicor General Insurance Trinidad & Tobago Limited	--	5,101,096
	Companies - RGM Ltd.	11,574,905	11,393,762
	Companies – Sagicor Go Mutual Balanced TTD	<u>204,610</u>	<u>--</u>
		<u>14,599,438</u>	<u>18,031,897</u>
	Statement of comprehensive income:		
	Individuals	45,228	4,628
	Companies - Sagicor General Insurance Trinidad & Tobago Limited	49,726	101,096
	Companies - RGM Ltd.	209,113	39,429
	Companies – Sagicor Go Mutual Balanced TTD	<u>7,019</u>	<u>--</u>
		<u>311,086</u>	<u>145,153</u>
	The following related party transactions are included in the statement of financial position as at 31 December 2023.		
	<i>Amount due from related parties</i>		
	Amounts receivable from Sagicor Life EC Branch	704,276	704,276
	Amounts receivable from Sagicor TT Fixed Income Fund	31,524	365,049
	Fees receivable from Sagicor Go Mutual Funds	78,442	281,719
	Amounts receivable from Sagicor Go Mutual Funds	<u>140,102</u>	<u>168,970</u>
		<u>954,344</u>	<u>1,520,014</u>
	<i>Amount due to related parties</i>		
	Amounts due to Sagicor Life Insurance Trinidad & Tobago Limited	27,792,788	36,473,242
	Amounts due to Sagicor Life Inc.	1,259,893	709,920
	Amounts due to Sagicor TT Fixed Income Fund	40,174	--
	Amounts due to Sagicor Go- Mutual Balance Fund	<u>2,200</u>	<u>--</u>
		<u>29,095,055</u>	<u>37,183,162</u>
	9 Other receivables		
	Prepayments	2,185	2,546
	Other receivables	<u>285,260</u>	<u>--</u>
		<u>287,445</u>	<u>2,546</u>

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

10 Repo Repurchase Obligation are analysed by sector as follows:

	2023 \$	2022 \$
Invested principal	275,820,367	310,604,878
Accrued interest	<u>4,318,097</u>	<u>4,959,303</u>
	<u>280,138,464</u>	<u>315,564,181</u>
Private institutions	159,586,686	232,907,981
Consumer	<u>120,551,778</u>	<u>82,656,200</u>
	<u>280,138,464</u>	<u>315,564,181</u>
Principal		
Current	189,391,533	248,041,161
Long term	86,428,834	62,563,717
Accrued interest		
Current	3,090,873	4,399,456
Long term	<u>1,227,224</u>	<u>559,847</u>
	<u>280,138,464</u>	<u>315,564,181</u>

These financial instruments accrued interest at an average interest rate of 3% in the current year and prior year.

11 Collateralised loan notes

On the 17 August 2023, Tranche 2 of the Collateralised Loan Note matured and the Company issued a Tranche 3 facility maturing in August 2024. The notes issued is \$200,000,00 at 3.05% interest rate. The interest rate remain unchanged from the prior year.

The notes are as follows:

Face Value of Notes Issued	200,000,000	200,000,000
Interest Expense	<u>2,236,667</u>	<u>2,236,667</u>
	<u>202,236,667</u>	<u>202,236,667</u>

12 Share capital and contributed surplus

(a) Authorised and Issued Capital

	2023		2022	
	No of shares	\$	No of shares	\$
Issued 36,911,943 shares of \$1.00 each	36,911,943		36,911,943	
Contributed Surplus: re ESOP		433,057		433,057

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

12 Share capital and contributed surplus (continued)

(a) Authorised and Issued Capital (continued)

The Employee Share Ownership Plan (ESOP) is administered by Trustees under a discretionary trust. The amount awarded is used by the Trustees to acquire company shares. Administrative employees are required to serve a qualifying period of five years from the award date in order to qualify as a beneficiary. Shares are distributed to beneficiaries upon their retirement or termination of employment.

During the year, no new shares of SFC were acquired by the Trustees for the employees of SITTL.

13 Reserves	2023 \$	2022 \$
Balance at beginning of year	(10,793,549)	(9,446,783)
Fair value gains/(losses) arising on revaluation	11,041,286	(2,039,283)
Tax on unrealised (gains)/losses (Note 6)	<u>(3,309,232)</u>	<u>692,517</u>
Balance at end of year	<u><u>(3,061,495)</u></u>	<u><u>(10,793,549)</u></u>
14 Interest income		
Interest income - debt securities	28,490,970	34,543,235
Interest income - deposits	<u>1,847</u>	<u>13,439</u>
Total interest income	<u><u>28,492,817</u></u>	<u><u>34,556,674</u></u>
15 Interest expense		
Interest expense – Repo Repurchase Obligation	8,233,299	9,722,269
Interest expense- Collateralised Loan Notes	<u>6,100,000</u>	<u>6,036,667</u>
Total interest expense	<u><u>14,333,299</u></u>	<u><u>15,758,936</u></u>
16 Expenses		
<i>Operating expenses</i>		
Other staff cost	4,336,576	4,725,439
Other expenses	1,934,625	1,218,423
Depreciation	<u>52,040</u>	<u>51,773</u>
	<u><u>6,323,241</u></u>	<u><u>5,995,635</u></u>
<i>Marketing expenses</i>		
Advertising	517,959	1,075,912
Other promotional expenses	<u>105,378</u>	<u>156,277</u>
	<u><u>623,337</u></u>	<u><u>1,232,189</u></u>

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

17 Tax	2023 \$	2022 \$
Current tax	<u>(166,032)</u>	<u>(305,528)</u>

The tax on profit before tax differs from the theoretical amount that would arise using the basic rate of tax as follows:

Income tax reconciliation as at 31 December 2023:-

Profit before tax	1,012,443	6,426,747
Tax calculated at effective tax rate	303,733	1,928,024
Provision for business levy	(166,032)	305,528
Losses brought forward from prior periods	<u>(303,733)</u>	<u>(1,928,024)</u>
	<u>(166,032)</u>	<u>(305,528)</u>

18 Financial risk

a. Credit risk

(i) Maximum exposure to credit risk before collateral held or other credit enhancements

Exposures

Amounts due from related parties	954,344	1,520,014
----------------------------------	---------	-----------

Cash and cash equivalents:

Scotiabank Trinidad and Tobago Limited	16,469,834	9,086,234
Trinidad and Tobago Unit Trust Corporation	3,544	3,442
Morgan Stanley	<u>736</u>	<u>703</u>
	<u>16,474,114</u>	<u>9,090,379</u>

Debt securities:

Mutual Fund units	24,245,894	23,209,231
Government Bonds	<u>531,232,707</u>	<u>571,041,841</u>
	<u>555,478,601</u>	<u>594,251,072</u>

Total	<u>572,907,059</u>	<u>604,861,465</u>
-------	--------------------	--------------------

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

18 Financial risk (continued)

a. Credit risk (continued)

(ii) Credit risk exposure (continued)

This table is based on the internal risk ratings scale in Note 3 (a) credit risk measurement.

Investment portfolios		2023	
Risk Rating	Classification	Exposure TT	Exposure %
1	Minimal risk	16,469,834	3%
2	Low risk	531,232,707	93%
3	Moderate risk	3,544	0%
4	Acceptable risk	24,246,630	4%
5	Average risk	--	%
6	Higher risk	--	%
7	Special mention	--	%
8	Substandard	--	%
TOTAL RATED EXPOSURES		571,952,715	100%
UNRATED EXPOSURES		954,344	0%
TOTAL		572,907,059	100%

Investment portfolios		2022	
Risk Rating	Classification	Exposure TT	Exposure %
1	Minimal risk	9,086,234	2%
2	Low risk	571,041,841	95%
3	Moderate risk	3,442	0%
4	Acceptable risk	23,209,934	3%
5	Average risk	--	%
6	Higher risk	--	%
7	Special mention	--	%
8	Substandard	--	%
TOTAL RATED EXPOSURES		603,341,451	100%
UNRATED EXPOSURES		1,520,014	0%
TOTAL		604,861,465	100%

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

18 Financial risk (continued)

a. Credit risk (continued)

(ii) Credit risk exposure (continued)

The following tables contain analyses of the credit risk exposure of financial assets for which an ECL allowance is recognised.

	Financial Assets at Fair Value through Other Comprehensive Income			
	2023			
	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	
31 December 2023				
Credit grade:				
Investment	531,326,305	--	--	531,326,305
Gross carrying amount	531,326,305			531,326,305
Loss allowance	(93,598)	--	--	(93,598)
Carrying amount	531,232,707	--	--	531,232,707

	Financial Assets at Fair Value through Other Comprehensive Income			
	2022			
	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	
31 December				
Credit grade:				
Investment	571,124,923	--	--	571,124,923
Gross carrying amount	571,124,923	--	--	571,124,923
Loss allowance	(83,082)	--	--	(83,082)
Carrying amount	571,041,841	--	--	571,041,841

The allowance for ECL is recognised in each reporting period and is impacted by a variety of factors as described below.

- Transfers between stages due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to inputs used in the calculation including the effect of 'step up' (or "step down") between 12 month and life time ECL;

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

18 Financial risk (continued)

a. Credit risk (continued)

(ii) Credit risk exposure – financial assets subject to impairment (continued)

- Impacts on the measurement of ECL due to changes made to models and assumptions and
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements.

There were no transfers between stages recorded during the year. 2022 -None.

The following tables contain analysis of the movement of loss allowance from 1 January 2023 to 31 December 2023 in respect of financial assets subject to impairment.

	2023 ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Debt securities at FVOCI				
Loss allowance as at 31 Dec 2022	83,082	--	--	83,082
Changes to inputs used in ECL calculation	10,516	--	--	10,516
Loss allowance as at December 2023	93,598	--	--	93,598

	2022 ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Debt securities at FVOCI				
Loss allowance as at 31 Dec 2021	173,760	--	--	173,760
Financial Assets derecognised during the period	(90,678)	--	--	(90,678)
Loss allowance as at December 2022	83,082	--	--	83,082

Sagikor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

18 Financial risk (continued)

b. Economic variable assumptions

Sagikor Investments Trinidad & Tobago Limited has selected two economic factors which provide the overall macroeconomic environment in considering forward looking information for base, upside and downside forecasts. These are as follows:

	As of 31 December		
	2024	2025	2026
GDP Growth (USA)			
Base	1.9%	1.5%	1.8%
Upside	1.9%	1.5%	1.8%
Downside	-1.6%	2.4%	3.9%
World GDP			
Base	2.9%	3.2%	3.2%
Upside	4.5%	4.9%	4.9%
Downside	2.1%	2.4%	2.4%
WTI Oil Prices/10			
Base	\$7.17	\$6.82	\$6.53
Upside	\$13.11	\$12.47	\$11.94
Downside	\$2.78	\$2.65	\$2.54

Trinidad & Tobago	Expected state for the next 12 months	Scenario
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative

c. Loss Given Default (LGD)

The ECL impact of changes in LGD rates is summarised as follows:

Loss Given Default	LGD		ECL impact of	
	Rate applied	Change in rate	Increase in value	Decrease in value
Investments - Corporate Debts	53%	(-/+)%	3,405	(3,405)
Investments - Sovereign Debts	35%	(-/+)%	8,220	(8,220)

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

18 Financial risk (continued)

d. Scenario design

The weightings assigned to each economic scenario as at 1 January and 31 December 2023 are set out in the following table:

Weighting for Downside Scenario	Applied Values	Change in value	Increase in value	Decrease in value
Investments	80% for base scenario, 10% upside scenario, 10% downside scenario	(-/+5)%	3,741	(3,741)

e. Liquidity risk

Maturity analysis of financial assets and liabilities

The following table analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts disclosed in respect of financial liabilities are the contractual undiscounted cash flows.

	Due Within 1 year \$	Due between 1 – 5 years \$	Due after 5 years \$	Total \$
31 December 2023				
<i>Financial assets</i>				
Cash and cash equivalents	16,474,114	--	--	16,474,114
Mutual fund units	24,245,894	--	--	24,245,894
Government bonds	2,984,786	16,014,858	868,363,275	887,362,919
Other receivables	287,445	--	--	287,445
Amounts due from related parties	954,344	--	--	954,344
Total	44,946,583	16,014,858	868,363,275	929,324,716
<i>Financial liabilities</i>				
Amount due to related parties	29,095,055	--	--	29,095,055
Other payables	500,454	--	--	500,454
Taxation payable	9,028	--	--	9,028
Repo repurchase obligation	212,712,599	71,534,480	--	284,247,079
Collateralised loan note	206,100,000	--	--	206,100,000
Total	448,417,136	71,534,480	--	519,951,616
Net position	(403,470,553)	(55,519,622)	868,363,275	409,373,100

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

18 Financial risk (continued)

e. Liquidity risk (continued)

	Due Within 1 year \$	Due between 1 – 5 years \$	Due after 5 years \$	Total \$
31 December 2022				
<i>Financial assets</i>				
Cash and cash equivalents	9,090,379	--	--	9,090,379
Mutual fund units	23,209,231	--	--	23,209,231
Government bonds	10,450,003	8,085,116	980,949,853	999,484,972
Other receivables	2,546	--	--	2,546
Amounts due from related parties	1,520,014	--	--	1,520,014
Total	44,272,173	8,085,116	980,949,853	1,033,307,142
<i>Financial liabilities</i>				
Amount due to related parties	37,183,162	--	--	37,183,162
Other payables	572,417	--	--	572,417
Repo repurchase obligation	252,440,617	63,123,564	--	315,564,181
Collateralised loan note	202,236,667	--	--	202,236,667
Total	492,432,863	63,123,564	--	555,556,427
Net position	(448,160,690)	(55,038,448)	980,949,853	477,750,715

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

18 Financial risk (continued)

f. Interest rate risk

i. Concentration of interest rate risk

The table below summarises the Company's exposure to interest rate risk. Included in the table are the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	Due Within 1 year \$	Due between 1 – 5 years \$	Due After 5 years \$	Non interest bearing \$	Total \$
31 December 2023					
<i>Financial assets</i>					
Cash and cash equivalents	16,474,114	--	--	--	16,474,114
Mutual fund units	--	--	--	24,245,894	24,245,894
Government bonds	2,690,032	13,100,256	507,251,513	8,190,906	531,232,707
Other receivables	--	--	--	287,445	287,445
Amounts due from related parties	--	--	--	954,344	954,344
Total	19,164,146	13,100,256	507,251,513	33,678,589	573,194,504
<i>Financial liabilities</i>					
Amount due to related parties	--	--	--	29,095,055	29,095,055
Other payables	--	--	--	500,454	500,454
Taxation payable	9,028	--	--	--	9,028
Repo repurchase obligation	206,652,553	69,167,814	--	4,318,097	280,138,464
Collateralised loan note	200,000,000	--	--	2,236,667	202,236,667
Total	406,661,581	69,167,814	--	36,150,273	511,979,668
Net position	(387,497,435)	(56,067,558)	507,251,513	(2,471,684)	61,214,836

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

18 Financial risk (continued)

f. Interest rate risk (continued)

i. Concentration of interest rate risk (continued)

	Due Within 1 year \$	Due between 1 – 5 years \$	Due After 5 years \$	Non interest bearing \$	Total \$
31 December 2022					
<i>Financial assets</i>					
Cash and cash equivalents	9,090,379	--	--	--	9,090,379
Mutual fund units	--	--	--	23,209,231	23,209,231
Government bonds	10,125,387	6,732,634	544,315,602	9,868,218	571,041,841
Other receivables	--	--	--	2,546	2,546
Amounts due from related parties	--	--	--	1,520,014	1,520,014
Total	19,215,766	6,732,634	544,315,602	34,600,009	604,864,011
<i>Financial liabilities</i>					
Amount due to related parties	--	--	--	37,183,162	37,183,162
Other payables	--	--	--	572,417	572,417
Repo repurchase obligation	248,041,161	62,563,717	--	4,959,303	315,564,181
Collateralised loan note	200,000,000	--	--	2,236,667	202,236,667
Total	448,041,161	62,563,717	--	44,951,549	555,556,427
Net position	(428,825,395)	(55,831,083)	544,315,602	(10,351,540)	49,307,584

ii. Sensitivity analysis

As at 31 December 2023, if interest rates had been 1% higher/lower with all other variables held constant, net equity would have been \$5,214,586 (2022: \$5,670,436) lower/higher, mainly as a result of lower/higher unrealised losses/gains on fixed rate investments. The table below summarises the average interest yields on financial assets held during the year.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

18 Financial risk (continued)

g. Foreign exchange risk

As at 31 December 2023, if foreign exchange rates had been 1% higher/lower with all other variables held constant, total value of financial assets would have been \$737,836 (2022: \$1,153,221) higher/lower.

The following table analyses the Company's assets and liabilities by currency:

31 December 2023

	TT \$	US \$	Total \$
Assets			
Cash and cash equivalents	6,431,939	10,042,175	16,474,114
Mutual Fund Units	10,459,692	13,786,202	24,245,894
Government Bonds	501,114,388	30,118,319	531,232,707
Other receivables	287,445	--	287,445
Amounts due from related parties	922,820	31,524	954,344
Total	<u>519,216,284</u>	<u>53,978,220</u>	<u>573,194,504</u>
Liabilities			
Amounts due to related parties	29,095,055	--	29,095,055
Repo Repurchase Obligation	269,042,567	11,095,897	280,138,464
Other payables	500,454	--	500,454
Taxation payable	9,028	--	9,028
Collateralised loan note	202,236,667	--	202,236,667
Total	<u>500,883,771</u>	<u>11,095,897</u>	<u>511,979,668</u>
Net position	<u>18,332,513</u>	<u>42,882,323</u>	<u>61,214,836</u>

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

18 Financial risk (continued)

g. Foreign exchange risk (continued)

31 December 2022

	TT \$	US \$	Total \$
Assets			
Cash and cash equivalents	8,397,776	692,603	9,090,379
Mutual Fund Units	10,243,610	12,965,621	23,209,231
Government Bonds	494,522,896	76,518,945	571,041,841
Other receivables	2,546	--	2,546
Amounts due from related parties	982,887	537,127	1,520,014
Total	514,149,715	90,714,296	604,864,011
Liabilities			
Amounts due to related parties	37,183,162	--	37,183,162
Repo Repurchase Obligation	309,275,655	6,288,526	315,564,181
Other payables	572,417	--	572,417
Collateralised Loan Note	202,236,667	--	202,236,667
Total	549,267,901	6,288,526	555,556,427
Net position	(35,118,186)	84,425,770	49,307,584

h. Price risk

(i) Definition

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or issuer, or factors affecting all similar financial instruments traded in the market.

(ii) Sensitivity analysis

As at 31 December 2023, had the NAV of the financial assets held by the Company increased/decreased by 5% with all variables held constant, total comprehensive income for the year would have increased/decreased by \$1,208,934 (2022: \$1,157,091).

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Trinidad and Tobago Dollars)

19 Financial instruments carried at fair value

Financial instruments carried at fair value in the financial statements are measured according to a fair value hierarchy which reflects the significance of market inputs in the valuations. This hierarchy is described below:

a. Level 1 - *unadjusted quoted prices in an active markets for identical instruments*

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company considers that market transactions should occur with sufficient frequency that is appropriate for the particular market, when measured over a continuous period preceding the date of the financial statements. If there is no date available to substantiate the frequency of market transactions of a financial instrument, then the instrument is not classified as Level 1.

b. Level 2 - *inputs that are observable for the instrument either directly or indirectly*

A financial instrument is classified as Level 2 if:

The fair value is derived from quoted prices of similar instruments which would be classified as Level 1 or

The fair value is determined from quoted prices that are observable but there is no data available to substantiate frequent market trading of the instrument.

c. Level 3 - *inputs for the instrument are not based on observable market data*

A financial instrument is classified as Level 3 if:

The Fair value is derived from quoted prices of similar instruments that are observable and which would be classified as Level 2; or

The Fair value is derived from inputs that are not based on observable market data.

Level 3 fair value through other comprehensive income comprise primarily of government agency debt instruments issued in Trinidad and Tobago. The fair values of these instruments have been derived from 31 December market yields of government instruments of similar durations in Trinidad and Tobago.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Trinidad and Tobago Dollars)

19 Financial instruments carried at fair value (continued)

<i>Financial assets carried at fair value</i>	31 December 2023			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
<i>Financial assets at fair value through other comprehensive income</i>	--	94,892,860	436,339,847	531,232,707
Debt securities				
<i>Financial assets at fair value through profit and loss</i>				
Mutual Fund Units	--	24,245,894	--	24,245,894
Total assets	--	119,138,754	436,339,847	555,478,601
Total assets by percentage		21%	79%	100%

<i>Financial assets carried at fair value</i>	31 December 2022			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
<i>Financial assets at fair value through other comprehensive income</i>	--	140,148,072	430,893,769	571,041,841
Debt securities				
<i>Financial assets at fair value through profit and loss</i>				
Mutual Fund Units	--	23,209,231	--	23,209,231
Total assets	--	163,357,303	430,893,769	594,251,072
Total assets by percentage	--	27%	73%	100%

20 Contingent liabilities

The Company is not involved in claims and counterclaims arising from the conduct of its business.

21 Subsequent events

After 31 December 2023, no events, situations or circumstances have occurred which might significantly affect the Company's equity or financial position, which have not been adequately contemplated or mentioned in these financial statements.