Honourable Allen Michael Chastanet

Prime Minister
Minister for Finance, Economic Growth, Job Creation, External Affairs and the Public Service

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MISSION STATEMENT

To ensure that every St. Lucian enjoys social and financial protection and to assist in the development of our nation through the efficient collection of contributions, payment of relevant benefits, prudent management of assets, use of cutting edge technology and a cadre of highly skilled staff.

VISION STATEMENT

An effective, transparent and financially sound institution which is customer-focused, provides social protection to the St. Lucian population and plays a leading role in national development.

CORPORATE INFORMATION

HEAD OFFICE

National Insurance Corporation
Francis Compton Building
Waterfront
Castries
St. Lucia
Tel: 452-2808
Fax: 451-9882

SUB OFFICES

National Insurance Corporation
Antoine L. Theodore Building
Cnr. of Theodore and Hospital Streets
Vieux Fort
St. Lucia
Tel: 454-6758
Fax: 454-5001

National Insurance Corporation
Sir Darnley Alexander Building
Bay Street
Soufriere
St. Lucia
Tel: 459-7241
Fax: 459-5434

National Insurance Corporation
Providence Commercial Centre
Rodney Bay
Gros Islet
St. Lucia
Tel: 457-4074/75
Fax: 452-0576

BANKERS

Bank of Saint Lucia Ltd.
Bridge Street
Castries
St. Lucia

AUDITORS

Grant Thornton
Pointe Seraphine
Castries
St. Lucia

ATTORNEYS

Mrs. Venessa Zephirin LLB(Hons), CLE, MA

Ms. Kit-Juelle Frank-Amoroso LLB(Hons), LEC, MCI-Arb, DTM.

First Floor
Francis Compton Building
Waterfront
Castries
St. Lucia

BOARD MEMBERS


Isaac Anthony
(Chairman)


Frank Myers
(Deputy Chairman)


Marcus Joseph
(Member)


Paula A. Calderon, SLPM,JP
(Member)


Matthew Mathurin
(Member)


Nigel Fulgence
(Member)


Wilfred Pierre
(Member)

BOARD COMMITTEES

GROUP AUDIT COMMITTEE

Mr. Frank Myers — Chairperson
Mr. Marcus Joseph
Mrs. Paula A. Calderon, SLPM, JP
Mr. Wilfred Pierre
Mr. Daniel Girard
Ms. Ketha Auguste

HUMAN RESOURCE COMMITTEE

Mr. Wilfred Pierre — Chairperson
Mr. Matthew Mathurin
Mrs. Paula A. Calderon, SLPM, JP

GOVERNANCE COMMITTEE

Mr. Isaac Anthony — Chairperson
Mr. Nigel Fulgence
Mrs. Nathalie Dusauzay

INVESTMENT COMMITTEE

Ms. Cointha Thomas — Chairperson
Mr. Nicholas Barnard
Mrs. Karen Peter
Mr. Matthew Mathurin
Mr. Derek George

MANAGEMENT TEAM & SENIOR STAFF

MANAGEMENT TEAM

Mr. Matthew Mathurin	Director
Mr. Desmond Dujon-Henry	Assistant Director (Operations)
Mr. Derek George	Group Financial Controller
Mrs. Venessa Zephirin	Senior Legal Counsel/Corporate Secretary
Mrs. Paula Bleasdille	Chief Accountant
Mr. Irwin Jean	Investment Manager
Mr. Aloysius Burke	Systems Manager
Mr. Mc Naughton Mc Lean	Marketing and Corporate Communications Manager
Ms. Allison Delmede	Human Resource Manager
Mrs. Sue-Ann Charlery-Payne	Head of Group Internal Audit
Ms. Callixta Emmanuel	Manager, Compliance and Records Department
Mr. Bernard Jankie	Manager, Branch Offices
Mrs. Gisele St Marthe	Manager, Customer Service Department

SENIOR OFFICERS

Mr. Paul Kallicharan	Statistician
Ms. Lisa Leon	Customer Service Supervisor
Mrs. Claudia Elias-Charles	Benefits Supervisor
Mrs. Semanthia Wells-Joseph	Executive Assistant
Mrs. Elmona Leonce	Records Supervisor
Mr. Timothy John	Chief Security Officer

NATIONAL INSURANCE CORPORATION
For the benefit of us all!

CHAIRMAN'S REPORT
July 2016 - June 2017

OVERVIEW

The financial year ended June 30, 2017 was a challenging but successful one for the National Insurance Corporation (NIC). The Board navigated the Corporation through a sluggish economy, high unemployment and a downward trend in investment opportunities and returns. Despite these challenges, the NIC remained committed to ensuring that the Corporation delivered on its mandate to provide adequate, timely and relevant social insurance protection to the workers of this country.

During the financial year, we remained focused on the core business of the NIC viz. the collection of contributions and the payment of benefits. The Corporation placed much emphasis on collecting arrears of contribution, a key variable in the stability of the National Insurance Fund. Much attention was also paid to building our investment portfolio, a critical pillar of the long-term viability of the Fund. Customer service was another priority objective, as we sought to improve services.

I am pleased to report that the year ended June 30, 2017 was characterized by strong financial performance and improved service delivery. The results are consistent with our efforts at fulfilling our mission.

FINANCIAL HIGHLIGHTS

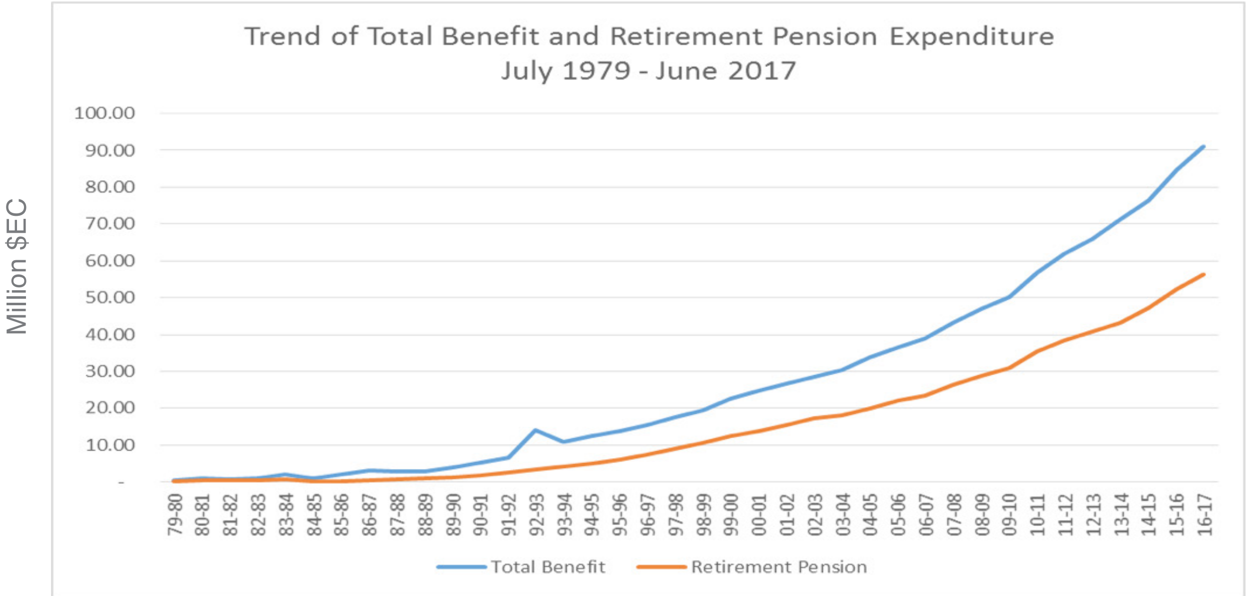
BENEFITS

Total benefit expenditure in 2016/2017 was $90.95 million, an increase of 7.25% over the $84.81 million paid in the previous fiscal year. Of this amount, long-term benefit payments increased by 8.02% to $73.89 million or 81.23%, while short-term benefit payments, including the Medical Health Program accounted for the remaining $17.06 million or 18.77%. This moderate growth was mainly due to growth of retirement pensions awarded in the review period. In 2016/2017, the cost of Medical Health Program remained constant at $5.00 million.

Retirement pensions continue to be the principal component of pension expenditure and accounted for 65.86% (2016 – 65.28%) of total benefits paid. Retirement pensions also accounted for 81.08% (2016 – 80.94%) of long-term benefit expenditure. The International Labour Organisation ("ILO") Pension Model predicts that this trend will continue, consistent with the projected steady increase in retirement of active contributors. The trend in payment of retirement pensions is juxtaposed against total benefits in Figure 1 below.

When expressed as a percentage of contribution income, total benefits expenditure was 79.40% (2016 – 75.43%).

Figure 1



In 2017, with regards to benefits governed by reciprocal agreements, 15 transactions were processed under the Agreement between Saint Lucia and Canada, and 93 under the CARICOM Agreement. Since the implementation of the Agreement, 135 pensions have been awarded to date at an accumulated cost of $2,472,676.

INCOME

Following a 52.20% increase in the previous financial year, total income contracted by 20.13% in the review period to $184.30 million (2016 - $230.76 million). Notwithstanding a 1.88% increase in contribution income, the sharp decline of investment returns impacted total income negatively. Investment income declined from $116.04 million in the previous year to $69.26 million in the review period. This was due primarily to market value losses of $11.78 million incurred in equity and debt securities, compared with fair value gains of $35.7 million earned in the prior year.

EXPENSES

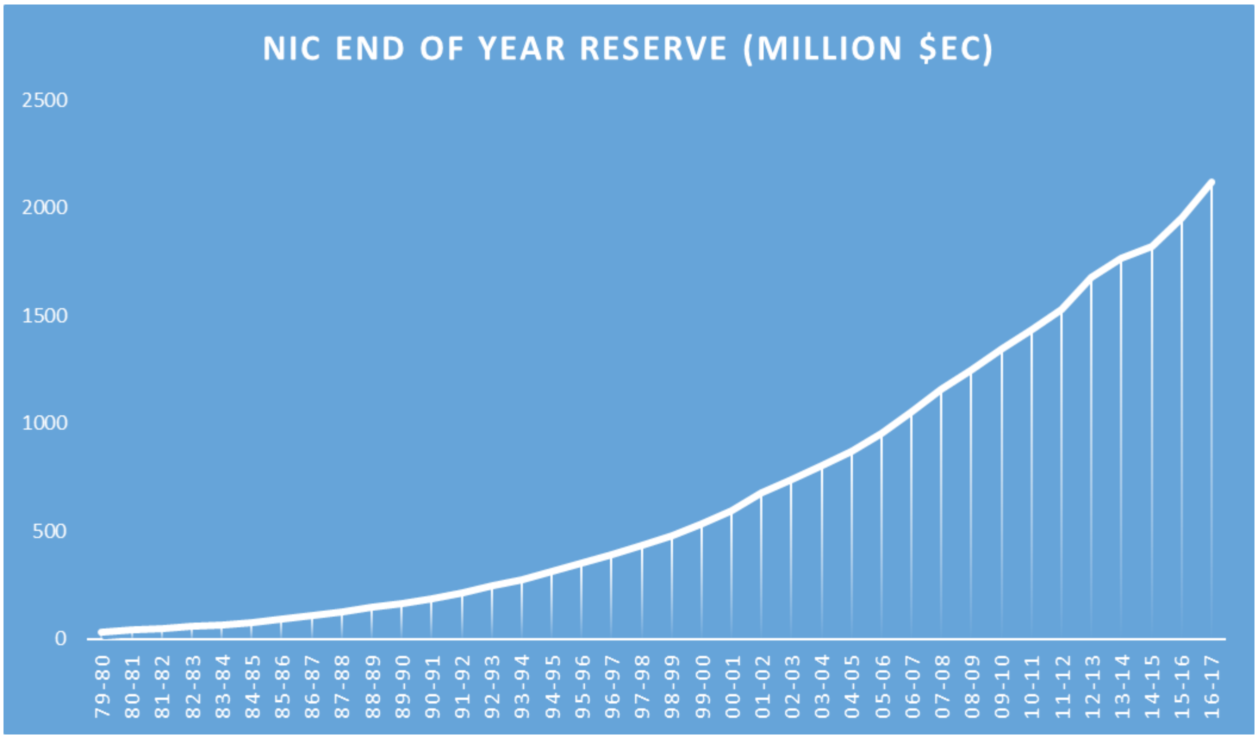
After recording an increase of 1.99% in 2015/16, general and administrative expenses increased by 5.09% to $17.64 million (2016 - $16.79 million). This was primarily due to increased costs related to employee benefits, public relations, and repairs and maintenance. General and administrative expenses as a percentage of contribution income was 15.40%, an increase by approximately 0.50% when compared to the previous year.

ASSETS

Total assets at June 30, 2017 was $2.12 billion and represented a 3.39% increase over the previous financial year.

At the end of the financial year in review, the NIC's reserves increased by 3.72% or $75.64 million to $2.11 billion (2016 - $2.03 billion). The trend of reserves is illustrated in Figure 2 below.

Figure 2



ACTUARIAL REVIEW

The Eleventh Actuarial Review was conducted during the reporting period. This review, which is performed once every three to five years, is a requirement of the National Insurance Act and is intended to ensure that policy makers and the administrators of the Fund have current projections available for decision making.

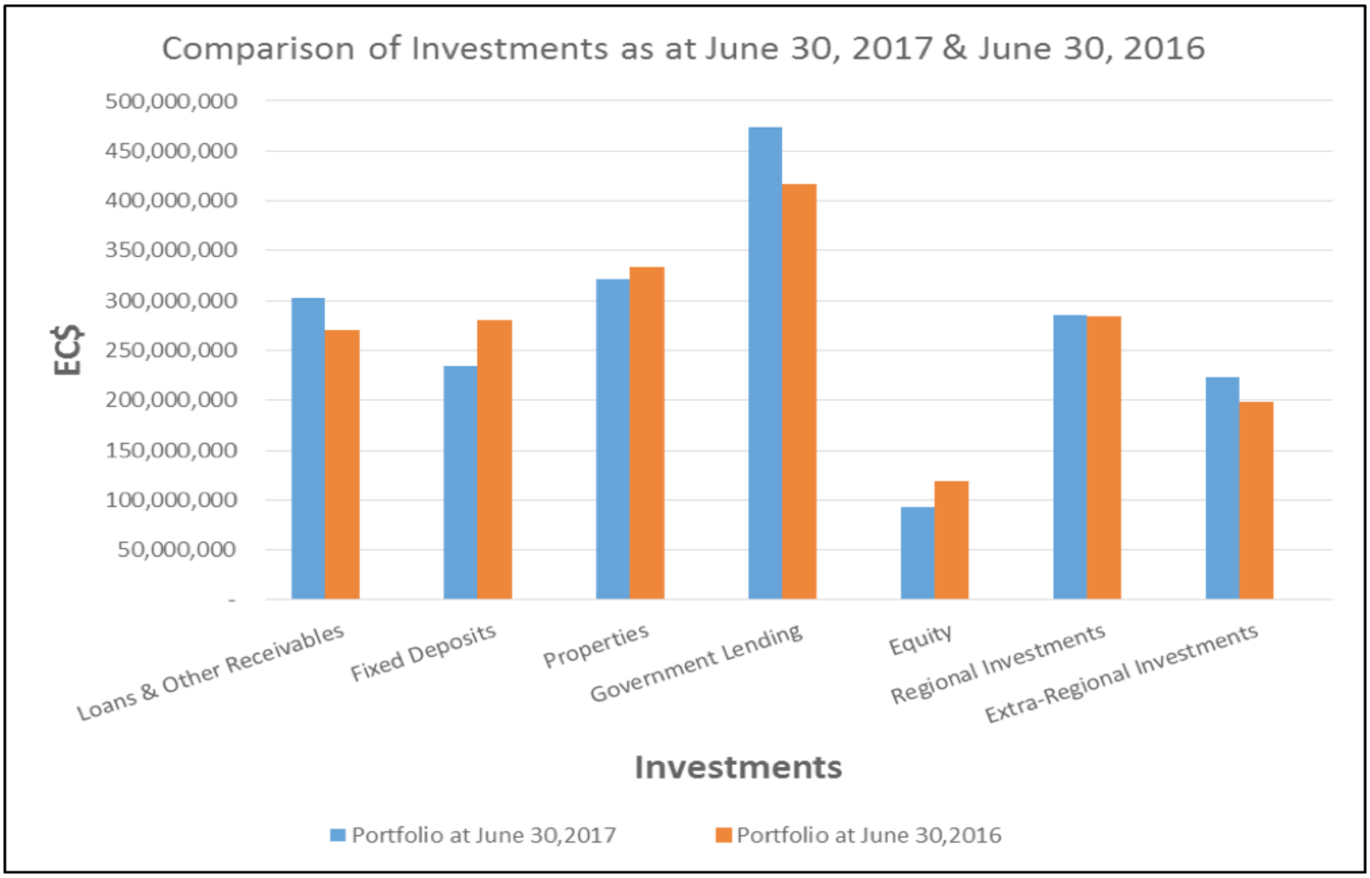
The report stated that despite the anticipated increase in benefit expenditure, the reserve is not expected to decrease during the next 20 years. The reserve of the long-term benefits branch will increase in absolute value until 2034. Hence, the National Insurance Fund is considered to be actuarially sound.

INVESTMENT PORTFOLIO

Investment of surplus monies is critical to allow the Corporation to supplement contributions to meet future pension obligations and increases in the level of benefit in payments to offset inflation. This was undertaken in accordance with the provision of the Corporation's Investment Policy and Guidelines. The key objectives are, in order of priority, Safety, Liquidity and Yield.

The following table and graph juxtapose the investment portfolio summaries as at June 2017 and 2016.

Investments	Portfolio at June 30, 2017 $	Portfolio at June 30, 2016 $
Loans & Other Receivables	302,656,523	270,713,459
Fixed Deposits	235,365,771	280,447,136
Properties	321,701,008	334,315,141
Government Lending	474,327,162	417,215,116
Equity	92,554,187	118,780,800
Regional Investments	285,029,080	283,497,972
Extra-Regional Investments	222,734,366	197,993,699
Total	1,934,368,097	1,902,963,323



Investment of surplus funds serves two main purposes. It allows for growth of the Fund, and simultaneously contributes to National Development. Accordingly, the NIC Board approved a loan of EC$40.5 million to the St Lucia Air and Seaports Authority (SLASPA) to finance the extension of the Pointe Seraphine Berth 1. As at June 30, 2017 EC$29.7 million had been drawn down on the facility. The NIC is proud to contribute to the stimulation of economic activity which this project is expected to generate.

During the period, a major construction project contracted in the previous financial year was discontinued. Suspension notices for the construction of the Vieux Fort Administrative Complex which commenced in May 2016 were issued 2 months into the 22 month contract. The contract was terminated subsequently.

INFORMATION AND COMMUNICATIONS TECHNOLOGY SYSTEMS

The Computer Department's raison d'être is to maintain an enabling environment for the provision of social security benefits and other data-driven operations. By acquiring leading edge technology, the NIC has been able to future proof the organization's networks. This has also allowed the Corporation to leverage services including inter-governmental collaboration and web based functionality. The areas highlighted below are some of the initiatives undertaken during the year.

Web Services

NIC's Employer C3 Online contribution system is now in Beta stage while in use by a select number of employers. This stage will allow for the approval of legal instruments to be implemented within the application. The system, which will be available to all employers in the ensuing year, will greatly enhance the collection of contribution data. The next phase of online payment will be implemented during 2018.

Network and Telephony Implementation

The installation of a new IP Telephony system has commenced. This will allow NIC to modernize its telephone infrastructure, reduce telephone costs, as well as control the management of the telephone system for bill monitoring, handset additions, and removing or granting features and privileges.

Social Security Server Upgrade

During the period, NIC finalized the migration from old to new servers. End user, unit and system tests to ensure that all applications are performing efficiently have been completed. The system will go online after completion of testing of control measures for internal and external auditing purposes.

Virtual Server Services

The procurement of a virtual server will result in reduced need for equipment and consequently lesser demand for power. This will benefit the Corporation in lower energy costs. This virtual facility will allow the NIC to provide capacity for user access without having to await the arrival of physical equipment. Thus, delivery times of projects will be reduced and services enhanced.

HUMAN RESOURCE MANAGEMENT (HRM)

The staff complement at June 30, 2017 was one hundred and twenty-nine (129) permanent employees and three (3) temporary employees. Cognizant of the critical role our employees play in the success of the Corporation, and to ensure that our employees are equipped with the necessary skills, significant attention was devoted to the areas of training and other aspects of HRM.

Training and Development

This year, the Corporation continued its efforts to ensure that senior managers were equipped with the necessary skills to deliver on its mandate. Focus was placed on enhancing leadership skills with four Managers attending the Executive Leadership training held by the Sagicor Cave Hill School of Business and Management, University of the West Indies. Additionally, training was provided in the areas of Cyber-security, Hiring, Disciplining and Dismissal, Effective Negotiations, International Financial Reporting Standards, Expansion of Social Protection in the Context of Formalization Policies, and Supervisory Training.

Six employees attended the 9-day Dale Carnegie Leadership and Communication Course hosted by the Chamber of Commerce, taking the total number of employees who have attended this program to 58. The Corporation continued supporting its in-house Toastmasters' Club which is also geared towards training in leadership and communication.

Training was also provided to employees in the areas of Understanding the Basics of Productivity and Work Ethics, Controlling and Correcting Absenteeism, Fire Extinguishing, Occupational Health and Safety, Stress Management, Effective Communication and Human Relations/Skills for Success, NIC Products and Services, Customer Service, Interviewing Skills, Auditing, Budgeting/Financial Planning and NIC Policies.

Occupational Health and Safety

Occupational Health and Safety continued to be high on the Corporation's agenda. In addition to training and finalization of the Occupational Health and Safety Policy, the Corporation organized activities to promote safety, healthy eating and to improve the health and well-being of employees. Some of these activities included: Salad Day, Monthly Walks, Health Screening, Eye Screening, Sneaker Day and Fire Extinguishing.

Corporate Social Responsibility

Sixteen (16) students were granted summer employment/work experience under the Corporation's summer employment program. This program provided the students the opportunity to develop positive work ethics and gain some financial support to continue their academic studies.

The Corporation provided four scholarships to children of employees who excelled at the Common Entrance Examination and the Caribbean Examination Council (CXC) to pursue studies at secondary schools and the Sir Arthur Lewis Community College respectively. The total number of scholarships active as at June 2017 stood at 10. Since its inception, the Corporation has awarded 48 scholarships to children of staff members.

Staff Recognition

To create a positive working environment and boost staff morale and motivation, the Human Resource Department presented awards/gifts to recognize the contribution of employees/departments in five categories:

- *Fostering Team Spirit and promoting positive morale*
- *Contribution to Social Life and commitment to fulfillment of duties*
- *Zeal, commitment and the successful completion of a special project*
- *Department recognition for going beyond the call of duty*
- *Participation in the Inter Commercial House Calypso competition*

CORPORATE COMMUNICATIONS

The following provides a summary of the major activities undertaken by the Communications Department for the period July 2016 to June 2017.

Public Education

Communication with stakeholders is pivotal to ensuring the sustainability of the National Insurance Fund. The Communications Department therefore continued its rigorous efforts at informing the public about the concept and operations of the Corporation. This was achieved through various outreach programs involving government agencies, schools, business houses, churches and other entities. As a contributor to national and economic development, we see this form of stakeholder engagement as critical.

Corporate Social Responsibility

During the year under review, the department continued its partnership with the Long-Term Athlete Development Program (LTADP). We recognize that safeguarding of the fund begins with ensuring that contributors remain healthy by protecting themselves against diseases such as diabetes and hypertension. We accordingly used the vehicle of our corporate social responsibility program to provide information on the management and treatment of non-communicable diseases.

Retirement of Mr. Augustin Louis

In August 2016, we bade farewell to Mr. Augustin Louis who proceeded on retirement. He had served as the face of the Corporation in his capacities as Public Relations Officer, Public Relations Manager and Corporate Communications and Marketing Manager over a 30 year period. His contribution to advancing the social security message in Saint Lucia is considerable, and the Corporation is thankful for his service.

Unfortunately, Mr. Louis passed away, and was laid to rest on June 23, 2017. The NIC will forever remain indebted to him for his contribution to the development of the organization's staff, its structure, its processes and its successes.

THE NIC GROUP

The following table provides information on the NIC and its subsidiaries as at June 30, 2017.

Company	% Holding by NIC	Business	Date Incorporated	Total Assets $	Net Assets $
NIC	-	Provision of Social Security services.	April 1979	2,077,457,794	2,068,994,068
NIPRO	100	Provides property development, management, and maintenance services.	April 1999	26,132,834	10,015,939
SMFC	75	Providing loans for the purchase, construction, extension or completion of dwelling houses and the purchase of developed plots.	January 1968	48,472,778	10,458,121
BCL	100	Rental of space for office and commercial use. Proprietor of Blue Coral Mall Building.	April 2003	16,078,863	(23,196,813)
CCFL	100	Provision of car parking facilities and rental of space for office and commercial use.	January 1998	52,518,900	44,154,397

National Insurance Property Development & Management Company Limited (NIPRO)

Financial performance for the year ended June 30, 2017

The key indicators of NIPRO's financial performance are summarized in the table below:

	2017	2016	Comment
Total revenue ($)	3,930,284	3,957,147	Minimal Reduction of 0.7%
Total operating costs	2,980,221	2,715,739	Increase of 10%- primarily due to the implementation of the new Union agreement for the period July 2015 to June 2018. It includes 1.5 years' back pay to staff
Finance costs	1,190,750	1,145,839	Increase of 4%
Income before taxes	159,550	450,724	With no major fluctuation in the revenues, the decline (64.6%) is due to the increase in operating cost.
Total assets	26,132,834	25,822,049	Increase of 1.2%
Cash and cash equivalents	1,931,101	1,700,050	Reflects a 14% increase due to the reduction in the number of projects undertaken, hence expenditure on projects.

Investment in BOLT projects

Babonneau Fire Station

The construction of the Babonneau Fire Station attained practical completion on September 30, 2016 and by March 15, 2017, the project was ready for handover to the Government of Saint Lucia ("GOSL").

NIPRO expects to commence Phase 2 works (i.e. the construction of additional parking bays for the said project) as was mandated by Development Control Authority (DCA) on approval from the GOSL during 2018.

Anse La Raye Wellness Centre

On June 23, 2017, NIPRO received approval from the GOSL to construct and equip the Anse La Raye Wellness Centre. The company has put in place the necessary mechanism to commence the construction process. Commencement of the Demolition and Site Preparation (Civil Works) Works is projected for February 2018, and the Building Works is projected for June 2018.

Gros Islet Police Divisional Headquarters

NIPRO has identified a parcel of land for the construction of the Gros Islet Police Divisional Headquarters and has prepared designs for the proposed building. The final design drawings for the Headquarters have been reviewed and accepted by the Department of Home Affairs and National Security.

St. Lucia Mortgage Finance Company Limited ("SMFC")

SMFC continued to provide residential mortgages in accordance with the terms of its operating agreement with the Government of Saint Lucia.

Despite a decline in performance within the housing sector and the challenging competitive environment within the banking sector, the company continues to provide valuable service to its customers.

Over the twelve-month period to June 30, 2017, SMFC disbursed $6,867,538 (2016 - $7,372,478) bringing cumulative disbursements from inception to $196,475,054. Mortgage assets (net of loss provisions) increased by 5.05% to $43.96 million (2016 - $41.85 million). Net profit of $233,826 (2016 - $469,649) was recorded for the year.

SMFC withdrew $6,000,000 in new loans from the NIC, bringing the total indebtedness at June 30, 2017 to $37,016,988 (2016 - $34,807,178). $110,400 dividend was paid for the period ended June 30, 2017.

Castries Car Park Facility Limited ("CCFL")

Management and Maintenance of CCFL

"NIPRO" continued the management of "CCFL" during the period under review. Scheduled preventative maintenance and corrective maintenance were satisfactorily undertaken to ensure that CCFL continued operating at an optimal level.

Strategic Focus

The focus continues to be on reversing the decline in car parking revenue and ensuring that tenants of the office spaces are retained by keeping the facilities well-maintained. Additionally, attention continues to be paid to preserving the integrity of the revenue collection and accounting processes at the Car Park.

Financial performance for the year ended June 30, 2017

Total revenue fell back slightly to $3,214,579 (2016 - $3,220,346) while revenue from rental income at $2,759,513 remained the same as for the previous year. However, revenue from parking fees declined by 1% to $455,066 (2016 - $460,833).

Total general and administrative expenses increased by 12.5% to $1,166,095 (2016 - $1,036,150), while interest expenses incurred for the year were reduced to $743,185 (2016 - $806,289).

In 2017, to be consistent with the group accounting policy, CCFL changed from the cost model to the fair value model for recognizing investment property. This change in accounting policy resulted in a fair value gain on investment property of $3,952,242 for the year ended June 2017, and a fair value loss on investment property of $1,825,921 for the year ended June 2016. Comprehensive income for the year increased from a loss of $435,952 in the previous year to a surplus of $5,268,918 in 2017.

There was a slight improvement in financial position at June 30, 2017 with total assets of $52.52 million (2016 - $48.13 million).

The company's liquidity improved over the June 30, 2016 position, with current assets increasing to $1,911,641 as compared to $1,500,693; Cash and financial investments amounted to 78% (2016- 80%) of current assets.

Blue Coral Limited ("BCL")

Introduction

BCL manages the Blue Coral Shopping Mall which is located on Bridge Street in Castries. This is a four-storey building which occupies almost an entire block within the city and has public access points via the William Peter Boulevard as well as Bridge, Micoud and Bourbon Streets. BCL offers rental spaces primarily for the sale of a wide range of products and services.

Statement of Financial Position

Blue Coral Limited's accumulated deficit grew to $37,196,814 (2016 - $35,300,732), an increase of $1,896,082. There was a significant decrease in the fair value of the investment property ($1,760,449) from $16,966,488 in 2016 to $15,206,039 in 2017.

Statement of Comprehensive Income

Working with 11% less recurrent revenue at 2017 - $2,088,250 (2016 - $2,344,904), management reduced general and administrative expenses by 21% to 2017 - $1,797,092 (2016 - $2,270,894) and this resulted in a gross operating surplus of $291,158 for the year.

The Inland Revenue Department reassessed BCL's property tax liability during the current financial year. An amount of $483,000 was recovered. This saving was insufficient to offset the fair value loss suffered on the investment property as well as the finance costs incurred. Consequently, BCL suffered a net loss of $1,896,082 (2016 - $1,801,215) for the reporting year.

AFFILIATE

National Community Foundation ("NCF")

"NCF" is a philanthropic, nonprofit, community based, non-governmental organization that functions primarily as a grant-making institution. It was established in August 2002 and supports initiatives that engender self-development and social upliftment.

Areas of Focus

The National Community Foundation focuses its attention on seven main areas. The amounts spent on each focus area are:

1. Youth at Risk- $36,970 (12 projects) - including summer camps, food hamper distribution, and cultural education for students;
2. Older Persons - $600 - distribution of food hampers to Older Persons;
3. Disadvantaged Children (Scholarship Programme) - $245,281 spent on disadvantaged children;
4. Health Care - $177,080 spent for the period;
5. Homeless - $9,119 (11 families benefited) - help for fire victims;
6. Persons with Disabilities - No monies were spent for the period for Persons with Disabilities; and
7. Chess in Schools - $3,494 - Chess in Schools Competition

Over 1,000 persons benefited from NCF's activities and projects this year.

Telethon

The NCF raised $147,118 during the year ended June 30, 2017. These funds, in addition to other donations from the public and the corporate sector, are used to finance philanthropic activities.

APPRECIATION

I take this opportunity to thank the Honourable Prime Minister and Minister responsible for Social Security for his support during the financial year.

I convey my heartfelt gratitude to my fellow Board members for their personal commitment and collective effort in providing strategic direction and stewardship throughout the year, both at our meetings, and as members of the various committees of the Board.

On behalf of the Board of Directors, I thank the Director and his Management team for their commitment to meeting our corporate goals.

The dedication of our staff must be acknowledged. Their commitment to meeting the needs of our customers and our corporate goals is laudable and is hereby recognized.

As we look towards a new financial year, I pledge the commitment of the Board of Directors, management and staff of the NIC to ensure that the country's Social Security System remains accountable, relevant and viable. We are dedicated to serving the people of Saint Lucia with integrity and respect.

Isaac Anthony
Chairman

National Insurance Corporation

Consolidated Financial Statements
June 30, 2017
(Expressed in Eastern Caribbean dollars)

November 30, 2017

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Independent Auditor's Report

To the Board of Directors of
National Insurance Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of National Insurance Corporation (the Corporation), which comprise the consolidated statement of financial position as at June 30, 2017, and the consolidated statements of changes in reserves, comprehensive income and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at June 30, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Eastern Caribbean, including Saint Lucia and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Corporation's financial reporting process.

Partners:
Anthony Atkinson – Managing Partner
Richard Peterkin
Rosilyn Novela
Malaika Felix
Sharon Raoul

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Independent Auditor's Report...*continued*

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 International Standards on Auditing 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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Corporation'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 Corporation'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 consolidated 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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and consider whether the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Grant Thornton

Independent Auditor's Report…*continued*

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*...continued*
We communicate with the Board of Directors 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.

Grant Thornton

Chartered Accountants
November 30, 2017

National Insurance Corporation

Consolidated Statement of Financial Position

As at June 30, 2017

(Expressed in Eastern Caribbean Dollars)

	2017 $	2016 $
ASSETS		
Cash and cash equivalents (Note 5)	**175,522,596**	140,660,664
Financial assets (Note 6)	**1,612,667,089**	1,568,648,182
Investment properties (Note 9)	**321,701,008**	334,315,141
Property, plant and equipment (Note 10)	**5,283,857**	4,267,761
Projects in progress	**7,059,832**	4,749,869
Inventory	**38,852**	29,218
Income tax recoverable	**114,489**	114,489
Deferred tax asset	**39,164**	5,982
TOTAL ASSETS	**2,122,426,887**	2,052,791,306
LIABILITIES		
Trade and other accounts payable (Note 11)	**11,171,333**	17,216,048
Income tax liability	**710**	-
	11,172,043	17,216,048
RESERVES		
Short-term benefits (Note 14)	**76,488,064**	74,211,626
Long-term benefits (Note 14)	**1,953,312,631**	1,887,251,710
Reserves (Note 13)	**1,655,633**	1,620,559
Retained earnings	**77,140,225**	69,875,619
	2,108,596,553	2,032,959,514
Minority interest in reserves	**2,658,291**	2,615,744
	2,111,254,844	2,035,575,258
TOTAL LIABILITIES AND RESERVES	**2,122,426,887**	2,052,791,306

Approved by the Board of Directors on November 30, 2017

Isaac Anthony
Chairman

Matthew L. Mathurin
Director

The accompanying notes form an integral part of these financial statements.

National Insurance Corporation

Consolidated Statement of Changes in Reserves

For the year ended June 30, 2017

(Expressed in Eastern Caribbean Dollars)

	Short-term Benefits $	Long-term Benefits $	Reserves $	Retained Earnings $	Minority Interest $	Total $
Balance at June 30, 2015	69,454,190	1,765,480,707	1,550,112	67,463,174	2,474,848	1,906,423,031
Excess of comprehensive income over expenditure for the year	4,757,436	121,771,003	-	2,482,892	140,896	129,152,227
Transfer to statutory reserve	-	-	70,447	(70,447)	-	-
Balance at June 30, 2016	74,211,626	1,887,251,710	1,620,559	69,875,619	2,615,744	2,035,575,258
Excess of comprehensive income over expenditure for the year	**2,276,438**	**66,060,921**	-	**7,299,680**	**70,147**	**75,707,186**
Transfer to statutory reserve	-	-	**35,074**	**(35,074)**	-	-
Dividends	-	-	-	-	**(27,600)**	**(27,600)**
Balance at June 30, 2017	**76,488,064**	**1,953,312,631**	**1,655,633**	**77,140,225**	**2,658,291**	**2,111,254,844**

The accompanying notes form an integral part of these financial statements.

National Insurance Corporation

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2017

(Expressed in Eastern Caribbean Dollars)

	2017 $	2016 $
Contribution income (Note 15)	**114,548,961**	112,431,487
Benefits expenses		
Short-term benefits (Note 16)	**(12,068,564)**	(11,412,176)
Long-term benefits (Note 16)	**(73,886,247)**	(68,397,916)
Medical health programme (Note 15)	**(5,000,000)**	(5,000,000)
	(90,954,811)	(84,810,092)
Surplus of contribution over benefits	**23,594,150**	27,621,395
General and administrative expenses (Note 17)	**(17,637,152)**	(16,783,254)
	5,956,998	10,838,141
Other income		
Investment income – net (Note 19)	**69,255,393**	116,040,013
(Loss)/gain in fair value of investment properties (Note 9)	**(850,176)**	453,762
Other	**1,346,748**	1,837,131
	69,751,965	118,330,906
Excess of income over expenditure before finance costs and taxation	**75,708,963**	129,169,047
Finance costs	**(34,249)**	(34,441)
Excess of income over expenditure before taxation	**75,674,714**	129,134,606
Taxation (Note 21)	**32,472**	17,621
EXCESS OF COMPREHENSIVE INCOME OVER EXPENDITURE FOR THE YEAR	**75,707,186**	129,152,227
Attributable to:		
Reserves	**75,637,039**	129,011,331
Minority interest	**70,147**	140,896
EXCESS OF COMPREHENSIVE INCOME OVER EXPENDITURE FOR THE YEAR	**75,707,186**	129,152,227

The accompanying notes form an integral part of these financial statements.

National Insurance Corporation

Consolidated Statement of Cash Flows

For the year ended June 30, 2017

(Expressed in Eastern Caribbean Dollars)

	2017 $	2016 $
Cash flows from operating activities		
Excess of comprehensive income over expenditure before taxation	**75,674,714**	129,134,606
Adjustments for:		
Interest income	**(72,069,505)**	(70,974,287)
Loss/(gain) in fair value of financial assets at fair value	**11,778,278**	(35,706,557)
Decrease/(increase) in fair value of investment properties	**850,176**	(453,762)
Provision for loan impairment	**2,617,210**	1,886,733
Dividend income	**(6,620,858)**	(6,149,411)
Depreciation	**597,582**	595,132
Finance costs	**34,249**	34,441
Loss on disposal of property, plant and equipment	**4,262**	819
Operating income before working capital changes	**12,866,108**	18,367,714
Increase in loans and receivables	**(30,694,446)**	(10,345,880)
Purchase of held-to-maturity financial assets	**(56,039,818)**	(37,577,023)
Decrease/(increase) in loans and receivables investment securities	**42,633,957**	(12,827,613)
Increase in financial assets at fair value through income	**(10,292,335)**	(32,799,574)
Increase in projects in progress	**(1,910,446)**	(3,657,699)
Increase in inventory	**(9,634)**	(5,576)
(Decrease)/increase in trade and other payables	**(6,044,715)**	3,798,767
Cash used in operations	**(49,491,329)**	(75,046,884)
Interest received	**67,648,235**	67,092,808
Dividends received	**6,620,858**	6,149,411
Finance costs paid	**(34,249)**	(34,441)
Taxation paid	**-**	(29,941)
Net cash generated from/(used in) operating activities	**24,743,515**	(1,869,047)
Cash flows from investing activities		
Improvements to investment properties	**(565,347)**	(8,744,542)
Purchase of property, plant and equipment	**(532,801)**	(540,054)
Proceeds from disposal of investment properties	**11,241,965**	225,984
Proceeds from disposal of property, plant and equipment	**2,200**	48,420
Net cash generated from/(used in) investing activities	**10,146,017**	(9,010,192)
Cash flows from financing activities		
Dividends paid to minority interest	**(27,600)**	–
Net cash used in financing activities	**(27,600)**	–
Increase/(decrease) in cash and cash equivalents	**34,861,932**	(10,879,239)
Cash and cash equivalents at beginning of year	**140,660,664**	151,539,903
Cash and cash equivalents at end of year (Note 5)	**175,522,596**	140,660,664

The accompanying notes form an integral part of these financial statements.

National Insurance Corporation

Index to Notes to the Consolidated Financial Statements
For the year ended June 30, 2017
(Expressed in Eastern Caribbean Dollars)

The accompanying notes form an integral part of these financial statements.

1 Introduction

The National Insurance Corporation ("the Corporation") is governed by the National Insurance Corporation Act CAP. 16.01 of the Revised Laws of Saint Lucia 2013. The principal activity of the Corporation is to provide social security services in Saint Lucia.

The consolidated financial statements include the statements of National Insurance Corporation and its subsidiaries (together "the Group") whose activities are as follows:

a) St. Lucia Mortgage Finance Company Limited
The principal activity of the company is to operate a mortgage finance company.

b) National Insurance Property Development and Management Company Ltd.
The company is currently engaged in the development and management of the Government of Saint Lucia Build-Own-Lease-Transfer (BOLT) and refurbishment projects; the provision of property development, management and maintenance services to NIC and its subsidiaries.

c) Castries Car Park Facility Limited
The company provides car parking facilities, all other matters incidental thereto and rental of office block and commercial space.

d) Blue Coral Limited
The company provides office and commercial space for rent.

The registered office and principal place of business of the Corporation is Francis Compton Building, John Compton Highway, Castries, Saint Lucia.

2 Summary of significant accounting policies

The principal accounting policies adopted are stated in order to assist in a general understanding of the financial statements. These policies have been consistently applied to the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of National Insurance Corporation have been prepared in accordance with the International Financial Reporting Standards (IFRS), and under the historical cost convention as modified by the revaluation of financial assets classified at fair value through income and investment properties.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 Summary of significant accounting policies*...continued*

Basis of Preparation *...continued*

a) *Adoption by the Group of new and revised International Financial Reporting Standards that are effective in the current period*

The Group has adopted the following amendments to standards and new interpretations effective from January 1, 2016. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Group's financial statements.

IAS 1, Presentation of Financial Statements amendments clarify or state the following:

- Specific single disclosures that are not material do not have to be presented if they are minimum requirements of a standard;
- The order of notes to the financial statements is not prescribed;
- Line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
- Specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for statement of profit or loss and OCI; and
- The presentation in the statement of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or will never, be reclassified to profit or loss.

IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets' have been amended to clarify that at the date of revaluation:

- The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortisation) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or
- The accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.

Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets', also clarify acceptable methods of depreciation and amortisation:

- The amendments to IAS 16 explicitly state that revenue based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
- The amendments to IAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

IFRS 13, Fair Value Measurement, has been amended to clarify that issuing of the standard, and consequential amendments to IAS 39 and IFRS 9, did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

2 Summary of significant accounting policies*...continued*

Basis of Preparation *...continued*

a) *Adoption of new and revised International Financial Reporting Standards that are effective in the current period…continued*

IFRS 7, Financial Instruments: Disclosures has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in the cases when they are derecognised in their entirety. A servicer is deemed to have a continuing involvement if it has an interest in the future performance of the transferred asset, e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

IAS 19, Employee Benefits, has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.

b) *New and revised International Financial Reporting Standards that have been issued but are not yet effective and have not been adopted early by the Group for the current period*

IFRS 15, Revenue from Contracts with Customers, is effective for annual reporting periods beginning on or after January 1, 2018. It replaces IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers, and SIC-31, Revenue Barter Transactions Involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS will take precedence.
The Group will assess the impact that this standard will have on its 2019 financial statements.

IFRS 9, Financial Instruments, replaces the existing guidance in IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the reclassification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets-amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the "incurred loss" model of IAS 39 with an "expected credit loss" model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.
The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group is assessing the impact that this standard will have on its 2019 financial statements.

2 Summary of significant accounting policies*...continued*

Basis of Preparation *...continued*

b) New and revised International Financial Reporting Standards that have been issued but are not yet effective and have not been adopted early by the Group for the current period……continued

IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019, will replace IAS 17, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the earlier years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with a value of EC$13,500 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.
Early adoption is permitted if IFRS 15, Revenue from Contracts with Customers, is also adopted. The Group is assessing the impact that this standard will have on its 2020 financial statements.

Amendments to IAS 40: Transfer of Investment Property, which is effective for annual periods beginning on or after January 1, 2018 clarifies that a transfer to or from Investment Property necessitates an assessment of whether a property meets or ceases to meet the definition of investment property supported by observable evidence that a change in use has occurred and that change in use is not limited to completed properties but also properties in construction.

Consolidation

Subsidiaries
Subsidiaries are all entities over which the Corporation has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Corporation. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Corporation's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Statement of Comprehensive Income.

2 Summary of significant accounting policies*...continued*

Consolidation*…continued*

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Corporation.

<u>Transactions and non-controlling interests</u>
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in reserves. Gains or losses on disposals to non-controlling interests are also recorded in reserves.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the Consolidated Statement of Comprehensive Income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the Consolidated Statement of Comprehensive Income. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the Consolidated Statement of Comprehensive Income where appropriate.

Foreign currencies

The financial statements are presented in Eastern Caribbean dollars which is the currency of the primary economic environment in which the Group operates (its functional currency).

Assets and liabilities Expressed in foreign currencies are translated into the functional currency at the rates of exchange ruling at the date of the financial statements. Transactions arising during the year involving foreign currencies are translated into the functional currency and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates as well as including differences between buying and selling rates, are included in the Consolidated Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents represent cash on hand and deposits held on call with financial institutions. For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash on hand and in financial institutions. Bank overdrafts are shown within borrowings on the Consolidated Statement of Financial Position.

2 Summary of significant accounting policies*...continued*

Financial assets

The Group classifies its financial assets into these categories:

1. Fair value through income
2. Loans and receivables
3. Held-to-maturity financial assets
4. Available-for-sale financial assets

Financial assets at fair value through income
A financial asset is classified into the 'financial assets at fair value through income' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by management.

Financial assets designated as fair value through income at inception are those that are:

- Held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through income eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and

- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. The Group's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through income (see Note 6 for additional details on the Group's portfolio structure).

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through income or available-for-sale. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to their original terms.

Held-to-maturity financial assets
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of loans and receivables that the Group's management has the positive intention and ability to hold to maturity. These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of held-to-maturity debt securities is established when there is objective evidence that the Group will not be able to collect all amounts due according to their original terms.

2 Summary of significant accounting policies*...continued*

Financial assets *...continued*

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Regular-way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through income, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through income are initially recognised at fair value, and transaction costs are expensed in the Consolidated Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through income are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the ‘financial assets at fair value through income’ category are included in the Consolidated Statement of Comprehensive Income in the period in which they arise.

Unrealised changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in the Consolidated Statement of Comprehensive Income; translation differences on non-monetary securities are recognised in equity. Unrealised changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Consolidated Statement of Comprehensive Income as net realised gains on financial assets.

Interest on debt securities calculated using the effective interest method is recognised in the Consolidated Statement of Comprehensive Income. Dividends on equity instruments are recognised in the Consolidated Statement of Comprehensive Income when the Group’s right to receive payments is established. Both are included in the investment income line.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2 Summary of significant accounting policies*...continued*

Impairment of assets

<u>Financial assets carried at amortised cost</u>
The Group assesses at each date of the financial statements whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence that impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

i. Significant financial difficulty of the issuer or debtor;
ii. A breach of contract, such as a default or delinquency in payments;
iii. It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
iv. The disappearance of an active market for that financial asset because of financial difficulties; or
v. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
   - Adverse changes in the payment status of borrowers in the group; or
   - National or local economic conditions that correlate with defaults on the assets in the group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Consolidated Statement of Comprehensive Income. If the debt securities have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the asset being evaluated.

2 Summary of significant accounting policies*...continued*

Impairment of assets *...continued*

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Consolidated Statement of Comprehensive Income.

Financial assets carried at fair value
The Group assesses at each date of the financial statements whether there is objective evidence that an available-for-sale financial asset is impaired, including in the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in the Consolidated Statement of Comprehensive Income – is removed from equity and recognised in the Consolidated Statement of Comprehensive Income. Impairment losses recognised in the Consolidated Statement of Comprehensive Income on equity instruments are not subsequently reversed. The impairment loss is reversed through the Consolidated Statement of Comprehensive Income, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Consolidated Statement of Comprehensive Income.

Impairment of other non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Investment Property

Property held for long-term rental yields is classified as investment property.

Investment property comprises freehold land and office buildings. It is measured initially at cost and all subsequent assessments are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed by an independent valuation expert. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Changes in fair values are recorded in the Consolidated Statement of Comprehensive Income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

2 Summary of significant accounting policies*...continued*

Investment Property*....continued*

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the Consolidated Statement of Comprehensive Income. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the Consolidated Statement of Comprehensive Income.

Property, plant and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis, so as to write down the cost of property, plant and equipment over their estimated useful lives as follows:

Assets	Estimated Useful Lives
Buildings	50 years
Leasehold improvements	10 years
Motor vehicles	3 - 5 years
Furniture and equipment	4 – 10 years
Computer hardware	5 years
Computer software	5 years
Generators	5 years
Maintenance equipment	10 years

Gains or losses arising on the disposal or retirement of an item of property, plant and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Comprehensive Income.

Projects-in-progress

Build-Own-Lease-Transfer (BOLT) Projects
These include all costs associated with the construction and furnishing of the buildings. Direct costs of construction are recognised when an interim valuation is done. On completion, they are accounted for as finance leases.

Inventory

Inventory is valued at the lower of cost and net realisable value. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for the cost of realisation. Provision is made for slow moving and obsolete stocks.

Borrowings and borrowings costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

2 Summary of significant accounting policies*...continued*

Borrowings and borrowings cost*....continued*

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the financial statements. Interest costs on borrowings to finance the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Financial liabilities

Financial liabilities comprise of trade and other accounts payable and borrowings and are measured at amortised cost.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made.

Recognition of income and expenses

(a) Contribution Income and Benefits
Contribution income is accounted for on an accrual basis to take account of all collections subsequent to the year-end that relate to the current year, and to recognise all known significant receivables.

Benefits expense is accounted for on an accrual basis to take account of all benefits paid subsequent to the year-end that relate to the current year, and to recognise all known significant benefits payable.

(b) Dividend income
Dividend income for investment in equity securities is recognised when the right to receive payment is established – this is the ex-dividend date for equity securities.

(c) Interest income and expense
Interest income and expense for all interest-bearing financial instruments, including financial instruments measured at fair value through income, are recognised within investment income in the Consolidated Statement of Comprehensive Income using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(d) Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

(e) Other income and expenses
All other income and expenses are accounted for on the accruals basis.

2 Summary of significant accounting policies*...continued*

Basis of allocation of income and expenses

(a) Contributions
Contribution income, as recommended by the seventh actuarial review, is allocated as follows:

	2017 %	2016 %
Short-term benefits fund	**17**	17
Long-term benefits fund	**83**	83
	100	100

(b) Investment income and expenses
Investment income and expenses are allocated to the benefit fund in the ratio of the beginning of year reserve of each fund to the total beginning of year reserves.

Investment expenses comprise all costs relating to the management of investment properties and financial assets and provision for impairment of financial assets.

(c) Changes in fair value of investment properties
Changes in fair value of investment properties are allocated to the benefit fund in the ratio of the beginning of year reserve of each fund to the total beginning of year reserves.

(d) Expenses
General and administrative expenses and amortisation and impairment of intangible assets are allocated in proportion to the sum of contributions and benefits.

(e) Other income
Other income is allocated in the same proportion as contribution income.

Income tax
National Insurance Corporation is exempt from the payment of income tax under the Income Tax Act.

As per Cabinet conclusions, the following exemptions have been granted to the subsidiary companies:

- St. Lucia Mortgage Finance Company Limited is exempt from income tax on any income accruing to the Company by way of interest on loans up to $500,000.

- National Insurance Property Development and Management Company Ltd. is exempt from income tax on the profits earned by the company, which are specific to refurbishment and BOLT projects. All other income is subject to income taxes at a rate of 30% per annum.

- Castries Car Park Facility Limited has been granted a tax holiday for the first ten years of operation, which expired October 2008. A further ten years' tax holiday was granted to the Company as per Cabinet Conclusion No.1031 with effect from November 2009.

- Blue Coral Limited is subject to income taxes at a rate of 30% per annum.

2 Summary of significant accounting policies*...continued*

Income tax*...continued*

Current income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the financial statements. Management periodically evaluates positions taken in tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax
The Group follows the liability method of accounting for deferred tax whereby all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes are provided for at the Group tax rates which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the assets may be utilised.

Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

3 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. In particular, the key financial risk is that the proceeds from its financial assets will not be sufficient to fund its obligations arising from claims. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Income earned from investments, together with the excess of contributions after benefits are paid are used to earn interest rate margins through investment in high quality, high yielding assets with acceptable level of risks.

The Board of Directors has overall responsibility for the establishment of a risk management framework. The following are the systems and structures put in place to ensure that the Group's exposure to risk is minimised:

- The Investment Department, which conducts regular due diligence exercises based on published financial reports and other available data. Detailed monthly and quarterly reports are submitted to the Executive Director and to the Investment Committee.

- The Investment Committee, whose role is to review the results of the due diligence exercises conducted by the Investment Manager. Decisions/ recommendations are submitted to the Board of Directors for ratification.

3. Financial Risk Management…*continued*

Investment decisions are made in the context of Section 21 of the National Insurance Act CAP. 16.01 of the Revised Laws of St. Lucia 2013 and the Group's Investment Policy and Guidelines.

The Investment Policy and Guidelines establish asset categories with targeted asset allocations.

Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk. Credit risk exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments such as loan commitments. The credit risk management and control are centralised and report to the Board of Directors.

<u>Credit risk measurement</u>

(a) Loans and Advances

If customers are independently rated, their ratings are used. Otherwise, if there is no independent rating, the Investment Committee assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The Group uses the historical information about counterparty default rates to classify the customers in different groups. Clients of the Group are segmented into two rating classes, customers with no history of default and customers with history of default. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

(b) Debt Securities and Other Bills

For debt securities and other bills, external ratings such as Moody's Investment Service, Standard & Poor's rating, CariCRIS or their equivalents are used by the Board for managing of the credit risk exposures.

<u>Risk limit control and mitigation policies</u>
The Group manages, limits and controls concentrations of credit risk wherever they are identified − in particular, to individual counterparties and groups, and to industries.

The Group limits its credit risk exposure with respect to its debt securities portfolio by investing only in financial instruments with a minimum rating of BAA (Moody's Investment Service) or BBB (Standard & Poor Corporation) and Regional Governments or institutions with high credit worthiness. The Board through the Investment Department and the Investment Committee consistently monitors the performance of these instruments.

The Group constantly monitors its loans and advances portfolio and outstanding contributions. The necessary contact with debtors and employers is maintained to ensure that payments are received in a timely manner, where necessary re-scheduling of repayments is done, which considers the borrowers new financial position. In the event where recovery may seem doubtful, provisions are set aside to cover any potential losses.

3 Financial Risk Management ….*continued*

Credit risk…*continued*

Risk limit control and mitigation policies.…*continued*

The Group 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 the industry segments as established by the investment policy. Such risks are monitored regularly by the Board of Directors.

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. 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.

Some other specific control and mitigation measures are outlined below.

Collateral
The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Government guarantee; and
- Charges over business assets such as premises, inventory and accounts receivable.

Longer-term finance and lending to corporate entities are generally secured. In addition, in order to minimise the credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

Impairment and Provisioning Policies
The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Group:-

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower’s competitive position; and
- Deterioration in the value of collateral.

The Group’s policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

3 Financial Risk Management *...continued*

Credit risk *...continued*

Maximum exposure to credit risk before collateral held or other credit enhancements
Credit risk exposures relating to on-balance sheet assets are as follows:

	2017 $	2016 $
Cash at bank	**174,449,624**	139,456,243
Short term deposits – cash equivalents	**1,072,972**	1,204,421
Fair value through income:		
- Debt securities	**75,718,527**	78,035,378
Loans and receivables:		
- Loans to Government of Saint Lucia and statutory bodies	**70,603,754**	44,102,847
- Other loans	**152,619,998**	161,160,431
- Other advances and receivables from Government of Saint Lucia	**68,330,381**	54,222,813
- Contributions receivable	**8,260,155**	7,516,628
- Other receivables	**2,646,849**	3,468,131
Projects in progress	**7,059,832**	4,749,869
Debt security investments:		
- Held-to-maturity	**506,366,099**	449,173,090
– Loans and receivables	**488,355,911**	531,987,134
Credit risk exposures relating to off-balance sheet items are as		
Financial Guarantees:		
- Loan commitments and other credit related liabilities	**22,815,326**	57,613,149
At June 30	**1,578,299,428**	1,532,690,134

The above table represents a worst-case scenario of credit risk exposure to the Group at June 30, 2017 and 2016, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the Consolidated Statement of Financial Position.

As shown above, 50% of the total maximum exposure is derived from loans and receivables (2016 - 52%), 68% represents investments in debt securities other than loans and receivables (2016 - 69%).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its loan and advances portfolio based on the following:

- Loans to Government of Saint Lucia which represents the largest percentage of the portfolio, followed by loans to subsidiaries, are backed by collateral;

- 65% of the loans and advances portfolio are considered to be neither past due nor impaired (2016 - 67%); and

The Group continues to grant loans and advances in accordance with its lending policies and guidelines.

3 Financial Risk Management ....*continued*

Credit risk ...*continued*

Loans and receivables
Loans and receivables are summarized as follows:

	2017 $	2016 $
Neither past due nor impaired	**220,976,736**	206,747,104
Past due but not impaired	**62,940,809**	45,786,072
Impaired	**57,231,907**	54,064,082
Gross	**341,149,452**	306,597,258
Less: Allowance for impairment (Note 7)	**(38,492,929)**	(35,883,799)
Net	**302,656,523**	270,713,459

The total impairment provision for loans and receivables recognised in the Consolidated Statement of Comprehensive Income is $1,866,958 (2016 - $1,734,692). Further information of the impairment allowance for loans and receivables is provided in Note 7.

(a) *Neither past due nor impaired*
The credit quality of the portfolio of loans and receivables that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

	Loans		Other advances and receivables		
	Statutory bodies $	Other $	Government of St. Lucia $	Other $	Total $
June 30, 2017					
Customers with no history of default	**55,522,246**	**141,849,751**	**14,327,807**	**9,276,932**	**220,976,736**
Jun 30, 2016					
Customers with no history of default	29,021,339	152,083,849	16,924,209	8,717,707	206,747,104

3 Financial Risk Management ....*continued*

Credit risk ...*continued*

Loans and receivables ...*continued*

(b) *Past due but not impaired*
Gross amount of loans and receivables by class to customers net of unearned interest that were past due but not impaired were as follows:

	Loans	Other advances and receivables		
	Other	Government of St. Lucia	Other	Total
	$	$	$	$
June 30, 2017				
With amounts past due up to 30 days	**-**	**792,752**	**356,902**	**1,149,654**
With amounts past due 31 to 60 days	**-**	**114,628**	**55,020**	**169,648**
With amounts past due 61 to 90 days	**340,502**	**51,954**	**21,809**	**414,265**
With amounts past due over 90 days	**6,058,747**	**53,253,098**	**1,895,397**	**61,207,242**
	6,399,249	**54,212,432**	**2,329,128**	**62,940,809**
Fair value of collateral	**20,728,969**	**-**	**-**	**20,728,969**
June 30, 2016				
With amounts past due up to 30 days	-	722,334	1,939,307	2,661,641
With amounts past due 31 to 60 days	-	119,511	114,187	233,698
With amounts past due 61 to 90 days	783,260	72,230	112,049	967,539
With amounts past due over 90 days	5,154,662	36,427,044	341,488	41,923,194
	5,937,922	37,341,119	2,507,031	45,786,072
Fair value of collateral	18,258,425	-	-	18,258,425

Upon initial recognition of loans and receivables, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is updated by reference to market price or indexes of similar assets.

(c) *Impaired*
Other advances and receivables are unsecured.
The table below shows the gross amount of individually impaired loans and receivables before taking into consideration the cash flows from collateral held.

	Loans		Other advances and receivables			
	Statutory body	Other	Government of St. Lucia	Statutory body	Other	Total
	$	$	$	$	$	$
June 30, 2017 Impaired	**50,414,435**	**6,162,829**	**42,515**	**66,377**	**545,751**	**57,231,907**
June 30, 2016 Impaired	49,054,067	4,423,901	-	-	586,114	54,064,082

The impaired loan to a statutory body is secured by a Government of St. Lucia guarantee with respect to a principal balance of $32,742,676 together with accrued interest. Other advances and receivables are unsecured.

3 Financial risk management *...continued*

Credit risk *...continued*

Debt securities, treasury bills and other eligible bills
The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at June 30, 2017, based on Standard & Poor's ratings, CariCRIS or their equivalent:

	Treasury bills $	Debt securities $	Total $
A- to A+	-	72,680,960	72,680,960
Lower than A-	8,761,555	565,044,750	573,806,305
Unrated	-	423,535,072	423,535,072
	8,761,555	1,061,260,782	1,070,022,337

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at June 30, 2016, based on Standard & Poor's ratings, CariCRIS or their equivalent:

	Treasury bills $	Debt securities $	Total $
A- to A+	-	116,616,229	116,616,229
Lower than A-	18,910,842	457,532,422	476,443,264
Unrated	-	466,136,109	466,136,109
	18,910,842	1,040,284,760	1,059,195,602

3 Financial risk management *...continued*

Credit risk *….continued*

Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors
The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by the geographical sectors of our counterparties

	Local $	Regional $	Extra Regional $	Total $
As at June 30, 2017				
Cash and cash equivalents	**175,522,596**	**-**	**-**	**175,522,596**
Financial assets:				
- Fair value through income	**-**	**-**	**75,718,527**	**75,718,527**
- Loans and receivable	**302,461,137**	**-**	**-**	**302,461,137**
Investment securities:				
- Held–to-maturity	**474,327,162**	**32,038,937**	**-**	**506,366,099**
- Loans and receivable	**237,853,271**	**250,502,640**	**-**	**488,355,911**
On balance sheet financial position	**1,190,164,166**	**282,541,577**	**75,718,527**	**1,548,424,270**
Credit commitments	**22,815,326**	**-**	**-**	**22,815,326**
	1,212,979,492	**282,541,577**	**75,718,527**	**1,571,239,596**
As at June 30, 2016				
Cash and cash equivalents	140,660,664	-	-	140,660,664
Financial assets:				
- Fair value through income	-	-	78,035,378	78,035,378
- Loans and receivable	270,470,850	-	-	270,470,850
Investment securities:				
- Held-to-maturity	417,215,116	31,957,974	-	449,173,090
- Loans and receivable	282,874,132	249,113,002	-	531,987,134
On balance sheet financial position	1,111,220,762	281,070,976	78,035,378	1,470,327,116
Credit commitments	57,613,149	-	-	57,613,149
	1,168,833,911	281,070,976	78,035,378	1,527,940,265

3 Financial risk management ....*continued*

Credit risk ...*continued*

Concentration of risks of financial assets with credit risk exposure ...*continued*

b) Industry sectors
The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by the industry sectors of our counterparties.

Industry sectors	Financial institutions $	Utilities $	Government (local) $	Government (regional) $	Oil & energy $	Consumer Cyclical/ Non Cyclical $	Industrial $	Government (extra regional) $	Communica-tions /Technology $	Index Funds $	Rental $	Other $	Total $
As at June 30, 2017													
Cash and cash equivalents	175,522,596	–	–	–	–	–	–	–	–	–	–	–	175,522,596
Financial assets:													
- Fair value through income	13,809,496	–	–	–	3,832,960	8,340,210	4,075,738	10,554,166	5,639,124	29,466,833	–	–	75,718,527
- Loans and receivables	31,583,070	77,086,499	138,934,135	–	–	–	–	–	–	–	45,751,577	9,105,856	302,461,137
Investment securities:													
- Held-to-maturity	31,723,029	–	474,327,162	315,908	–	–	–	–	–	–	–	–	506,366,099
- Loans and receivables	369,088,483	9,294,479	–	98,225,636	11,747,313	–	–	–	–	–	–	–	488,355,911
	621,726,674	86,380,978	613,261,297	98,541,544	15,580,273	8,340,210	4,075,738	10,554,166	5,639,124	29,466,833	45,751,577	9,105,856	1,548,424,270
Credit Commitments	22,815,326	–	–	–	–	–	–	–	–	–	–	–	22,815,326
As at June 30, 2016													
Cash and cash equivalents	140,660,664	–	–	–	–	–	–	–	–	–	–	–	140,660,664
Financial assets:													
- Fair value through income	15,460,985	–	–	–	3,701,226	9,362,975	4,833,297	11,104,635	5,406,028	28,166,232	–	–	78,035,378
- Loans and receivables	35,463,453	83,860,226	98,325,660	–	–	–	–	–	–	–	43,131,008	9,690,503	270,470,850
Investment securities:													
- Held-to-maturity	31,625,403	–	417,215,116	332,571	–	–	–	–	–	–	–	–	449,173,090
- Loans and receivables	410,291,102	10,504,066	–	98,487,656	12,704,310	–	–	–	–	–	–	–	531,987,134
	633,501,607	94,364,292	515,540,776	98,820,227	16,405,536	9,362,975	4,833,297	11,104,635	5,406,028	28,166,232	43,131,008	9,690,503	1,470,327,116
Credit Commitments	57,613,149	–	–	–	–	–	–	–	–	–	–	–	57,613,149

3 Financial risk management *...continued*

Market risk

(a) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from recognised assets. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollar (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976.

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group's strategy of managing this risk is to limit foreign exchange exposure to Eastern Caribbean dollars and United States dollars, avoid speculation with an aim to keep a balanced portfolio and match foreign currency denominated assets with foreign currency denominated liabilities. The table below summarises the Group's exposure to foreign currency exchange rate risk at June 30, 2017 and June 30, 2016.

Included in the table are the Group's financial assets and liabilities at carrying amounts, categorised by currency.

Concentration of currency risk – on- and off-balance sheet financial instruments

	EC $	US $	Total $
As at June 30, 2017			
Assets			
Cash and cash equivalents	175,522,596	-	175,522,596
Financial assets:			
- Fair value through income	91,802,307	222,734,369	314,536,676
- Loans and receivable	302,656,523	-	302,656,523
Investment securities:			
- Held-to-maturity	397,220,703	109,145,396	506,366,099
- Loans and receivable	369,088,483	119,267,428	488,355,911
- Available-for-sale	751,880	-	751,880
Total Financial Assets	1,337,042,492	451,147,193	1,788,189,685
Liability			
Trade and other payables	11,171,333	-	11,171,333
Total Financial Liabilities	11,171,333	-	11,171,333
Net on balance sheet financial position	1,325,871,159	451,147,193	1,777,018,352
Credit commitments	22,812,326	-	22,812,326

3 Financial risk management ...*continued*

Market risk *...continued*

(a) Currency risk *...continued*

	EC $	US $	Total $
As at June 30, 2016			
Assets			
Cash and cash equivalents	140,660,664	-	140,660,664
Financial assets:			
- Fair value through income	118,028,920	197,993,699	316,022,619
- Loans and receivable	270,713,459	-	270,713,459
Investment securities:			
- Held-to-maturity	416,136,963	33,036,127	449,173,090
- Loans and receivable	410,291,101	121,696,033	531,987,134
- Available-for-sale	751,880	-	751,880
Total Financial Assets	1,356,582,987	352,725,859	1,709,308,846
Liability			
Trade and other payables	17,216,048	-	17,216,048
Total Financial Liabilities	17,216,048	-	17,216,048
Net on balance sheet financial position	1,339,366,939	352,725,859	1,692,092,798
Credit commitments	57,613,149	-	57,613,149

(b) Price Risk
The Group is exposed to equity securities price risk because of investments held by the Group and classified as available-for-sale or at fair value through income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board of Directors.

The majority of the Group's publicly traded equity securities are included on the Eastern Caribbean Stock Exchange (ECSE). At June 30, 2017 if equity securities prices had been 200 basis points higher/lower with all variables held constant reserves for the year would have been $4,776,363 (2016 - $4,759,745) higher/lower as a result of the increase/ decrease in fair value of available for sale and fair value through income equity securities.

(c) Cash Flow and Fair Value Interest Rate Risks
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. As the Group does not hold financial instruments with variable rates, it is not exposed to cash flow interest rate risk.

3 Financial risk management *...continued*

Market risk *...continued*

(c) Cash flow and fair value interest rate risks *...continued*

	Up to 1 month $	1-3 months $	3-12 months $	1-5 years $	Over 5 years $	Non-interest Bearing $	Total $
As at June 30, 2017							
Assets							
Cash and cash equivalents	**175,522,596**	**-**	**-**	**-**	**-**	**-**	**175,522,596**
Financial assets:							
- Fair value through	**-**	**-**	**75,718,527**	**-**	**-**	**238,818,149**	**314,536,676**
- Loans and receivable	**-**	**6,406,790**	**22,111,093**	**154,240,981**	**97,763,545**	**64,533,487**	**345,055,896**
Investment securities:							
- Held-to-maturity	**1,410**	**26,732,537**	**91,095,439**	**295,679,803**	**269,185,377**	**-**	**682,694,566**
- Loans and receivable	**34,458,058**	**31,828,635**	**160,989,219**	**64,340,383**	**118,015,938**	**-**	**409,632,233**
- Available-for-sale	**-**	**-**	**-**	**-**	**-**	**751,880**	**751,880**
Total Financial Assets	**209,982,064**	**64,967,962**	**349,914,278**	**514,261,167**	**484,964,860**	**304,103,516**	**1,928,193,847**
Liability							
Trade and other payables	**-**	**-**	**-**	**-**	**-**	**11,171,333**	**11,171,333**
Total Financial Liabilities							
Total interest repricing gap	209,982,064	64,967,962	349,914,278	514,261,167	484,964,860		
As at June 30, 2016							
Total financial assets	173,378,314	103,208,449	312,083,920	437,229,958	464,072,474	287,647,536	1,777,620,651
Total financial liabilities	-	-	-	-	-	17,216,048	17,216,048
Total interest repricing	173,378,314	103,208,449	312,083,920	437,229,958	464,072,474		

The Group's fair value interest rate risk arises from debt securities classified as fair value through income. At June 30, 2017 if market interest rates had been 100 basis points higher/lower with all variables held constant, reserves for the year would have been $757,185 (2016 - $780,354) lower/higher as a result of the decrease/increase in fair value of fair value through income debt securities

3 Financial risk management *...continued*

Liquidity risk

The Group is exposed to daily calls on its available cash resources mainly from payments of short-term benefits. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management ensures that a minimum level of cash and short-term resources are available to meet its current obligations.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the financial statements to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Maturity analysis of liabilities

	1 year	1-5 years	Over 5 years	Total
	$	$	$	$
As at June 30, 2017				
Trade and other accounts payables	10,397,124	-	774,209	11,171,333
As at June 30, 2016				
Trade and other accounts payables	16,363,968	-	852,080	17,216,048

The liquidity position for both operational and the payment of benefits is monitored daily by the Investment Manager, who ensures that the bank accounts are adequately serviced. Transfers are done between bank accounts and the excess of contribution income over benefit payments is taken up by the Investment Manager who will seek to earn above average interest rate margins through investing in high quality, high yielding assets with acceptable risk.

Fair value estimation of financial instruments

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists.

The carrying amounts and fair values of financial instruments other than financial assets through income and available-for-sale are as follows:

	Carrying Amount		Fair Value	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Cash and cash equivalents	**175,522,596**	140,660,664	**175,522,596**	140,660,664
- Loans and receivable	**302,656,523**	270,713,459	**281,201,540**	250,512,775
Investment securities:				
- Held-to-maturity	**506,366,099**	449,173,090	**495,315,170**	427,284,781
- Loans and receivable	**488,355,911**	531,987,134	**494,185,270**	542,629,086
Trade and other payables	**11,171,333**	17,216,048	**11,171,333**	17,216,048

3 Financial risk management *...continued*

Fair value estimation of financial instruments*…continued*
The carrying value of cash and cash equivalents, other advances and receivables, and trade and other payables approximate their fair values due to the short-term maturity of these items.

The fair value of held-to-maturity and other loans and receivables financial assets for disclosure purposes are estimated by discounting the future contractual cash flows at the current market rate of 7.63% (2016 - 8.25%) that is available to the Group in respect of similar financial instruments.

The Group is not able to reliably estimate the fair value of available-for-sale financial assets since the shares are not traded in an active market and the future cash flows relating to the investment cannot be reliably estimated.

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

	Level 1 $	Level 2 $	Level 3 $	Total $
As at June 30, 2017				
Financial assets at fair value through income:				
- Investment securities – debt	**75,718,527**	**–**	**–**	**75,718,527**
- Investment securities – equity	**108,671,296**	**125,796,853**	**4,350,000**	**238,818,149**
Financial assets at available for sale:				
- Investment securities – equity	**–**	**–**	**751,880**	**751,880**
Total assets	**184,389,823**	**125,796,853**	**5,101,880**	**315,288,556**
As at June 30, 2016				
Financial assets at fair value through income:				
- Investment securities – debt	78,035,378	–	–	78,035,378
- Investment securities – equity	92,872,926	140,764,315	4,350,000	237,987,241
Financial assets at available for sale:				
- Investment securities – equity	–	–	751,880	751,880
Total assets	170,908,304	140,764,315	5,101,880	316,774,499

3 Financial risk management *...continued*

Fair value estimation of financial instruments*...continued*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily NYSE, NASDAQ, and OTC Bulletin Board equity investments classified as trading securities or available for sale.

The fair value of financial instruments that are not traded in an active market (for example, over–the-counter fixed income securities) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This category includes financial instruments such as mutual funds, preference shares and other equity instruments whose market value could not be readily obtained, and as such, the carrying value has been used to approximate fair value.

Assets measured at fair value
The following table presents the changes in level 3 instruments for the year ended June 30, 2017 and 2016.

	Financial assets at fair value through income
	Equity securities
	$
June 30, 2017	
At beginning and end of year	**4,350,000**
June 30, 2016	
At beginning of year	4,393,712
Other changes	(43,712)
At end of year	4,350,000
Total loss for the period included in profit or loss for assets held at the end of the reporting period, under "Investment income"	–
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	–

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. The transfer noted in 2016 is due to the availability of observable data for those financial instruments held which were unavailable in the prior period.

3 Financial risk management *...continued*

Non-financial assets measured at fair value

The investment property measured at fair value on a recurring basis as at June 30, 2017 is $321,701,008 and June 30, 2016 $334,315,141 can all be considered as level 3 within the hierarchy of non-financial assets.

The fair value of the Group's main property assets (buildings) is estimated using the income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions. When actual rent differs materially from the estimated rents, adjustments have been made to the estimated rental value. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, the terms of in place leases and expectations for rentals from future leases over the next five (5) years. The buildings are revalued annually on June 30.

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions about vacancy levels, and the discount rate. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rate (market yields) decline. The overall valuations are sensitive to all three assumptions. Management considers the range of reasonable possible alternative assumptions is greatest for rental and vacancy levels and that there is also an interrelationship between these inputs. The inputs used in the valuations at June 30, 2017 were:

Buildings included in Investment Properties	
Average Rental value	$4.00 per square foot
Vacancy level	3%
Discount rate (market yield)	6 – 10.63%

The fair value of the Group's land is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board and audit committee at each reporting date.

The reconciliation of the carrying amounts of non-financial assets classified within level 3 is included in Note 9.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern and to meet its statutory obligation to pensioners and contributors.

As further discussed in Note 22, actuarial reviews are conducted periodically in order to ensure that the Group's management has all the information required to adjust the rate of contribution to ensure that the statutory requirements to pensioners and contributors are met.

4. Critical accounting estimates, judgements and assumptions

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of loans and advances
The Group reviews its loan portfolio to assess impairment annually. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Held-to-maturity investments
The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost. If the entire held-to-maturity investments are tainted, the carrying value would decrease by $11,050,929 (2016 - $21,888,309) with a corresponding entry in the fair value reserve in reserves.

Basis of allocation of income and expenditure
The Group allocates income and expenditure to short-term and long-term benefits in accordance with the approved recommendations of the actuarial review. This allocation involves the use of estimates concerning factors such as demographic, economic and financial assumptions. Assumptions to project benefits and expenses are based on the Group's experience and are updated in each actuarial review.

Fair value of investment properties
The fair value of buildings included in investment properties as at June 30, 2017 is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Fair value of buildings is estimated by discounting expected rentals at market yields. If net cash flows had been 5% higher/lower with all variables held constant, the fair value of investment properties determined using the valuation model would have been $7,767,907 higher/lower (2016 - $7,782,117). If the discount rate was 50 basis points higher or lower the fair value of investment properties would decrease by $18,467,310 (2016 - $18,541,119) or increase by $24,829,997 (2016 - $24,936,913) respectively.

5. Cash and cash equivalents

	2017 $	2016 $
Cash at bank and in hand	**174,449,624**	139,456,243
Short-term deposits	**1,072,972**	1,204,421
	175,522,596	140,660,664

The effective interest rate on short-term bank deposits ranges from 0%- 1.5% (2016: 0% - 1.5%).

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise of the following:

	$	$
Cash and cash equivalents	**175,522,596**	140,660,664

6. Financial assets

The Group's financial assets are summarised by measurement category in the table below:

	2017 $	2016 $
Fair value through income	**314,536,676**	316,022,619
Loans and receivables	**302,656,523**	270,713,459
Investment securities:		
- Held-to-maturity	**506,366,099**	449,173,090
- Loans and receivables	**488,355,911**	531,987,134
- Available-for-sale	**751,880**	751,880
Total financial assets	**1,612,667,089**	1,568,648,182

The assets comprised in each of the categories above are detailed in the tables below:

	2017 $	2016 $
Financial assets at fair value through income		
Equity securities:		
- Listed	**238,818,149**	237,987,241
Debt securities:		
- Listed	**75,718,527**	78,035,378
	314,536,676	316,022,619

Equity securities classified at fair value through income are designated in this category upon initial recognition. There are no non-derivative financial assets held for trading.

Debt securities bear interest rates ranging from 1.5%- 9.75% (2016 – 1.5% - 9.75%).

6 Financial assets… *continued*

The assets comprised in each of the categories above are detailed in the table below:

	2017 $	2016 $
Investment securities		
Debt securities at fixed interest rates:		
- Held–to-maturity - listed	**506,366,099**	449,173,090
- Loans and receivables - unlisted	**488,355,911**	531,987,134
	994,722,010	981,160,224

The breakdown of debt securities at fixed interest rates into current and non-current portion are shown below:

	2017 $	2016 $
Current portion	**470,343,959**	478,410,575
Non-current portion	**524,378,051**	502,749,649
	994,722,010	981,160,224

Debt securities bear interest rates ranging from 1.5% - 9.75% (2016 – 1.5% - 9.75%). There were no debt securities and available-for-sale financial assets that were considered past due or impaired at the reporting date.

6 Financial assets...*continued*

	Investment Securities Held-to-Maturity $	Investment Securities Loans and Receivables $	Available-for-Sale $	Fair Value Through Income $	Loans and Receivable $	Total $
At the beginning of 2016	411,436,846	519,290,339	751,880	247,516,488	258,401,237	1,437,396,790
Net additions	51,200,737	15,694,707	–	32,799,574	29,194,434	128,889,452
Disposal/redemption	(13,464,493)	(2,997,912)	–	–	(14,995,478)	(31,457,883)
Net increase in provisions for impairment	–	–	–	–	(1,886,734)	(1,886,734)
Fair value losses on equity/debt securities	–	–	–	35,706,557	–	35,706,557
At the end of 2016	449,173,090	531,987,134	751,880	316,022,619	270,713,459	1,568,648,182
At the beginning of 2017	**449,173,090**	**531,987,134**	**751,880**	**316,022,619**	**270,713,459**	**1,568,648,182**
Net additions	**67,358,960**	**4,643,124**	–	**28,531,876**	**50,709,956**	**151,243,916**
Disposal/redemption	**(10,165,951)**	**(48,274,347)**	–	**(18,239,541)**	**(16,157,762)**	**(92,837,601)**
Net increase in provisions for impairment	–	–	–	–	**(2,609,130)**	**(2,609,130)**
Fair value losses on equity/debt securities	–	–	–	**(11,778,278)**	–	**(11,778,278)**
At the end of 2017	**506,366,099**	**488,355,911**	**751,880**	**314,536,676**	**302,656,523**	**1,612,667,089**

7 Loans and receivables

	2017 $	2016 $
Loans and receivables		
Loans to Government of Saint Lucia and statutory bodies	**105,936,681**	78,075,406
Provision for impairment on GOSL loans	**(35,332,927)**	(33,972,559)
	70,603,754	44,102,847
Loans receivables from subsidiaries		
Other loans	**154,411,829**	162,445,672
Provision for impairment	**(1,791,831)**	(1,285,241)
	152,619,998	161,160,431
	223,223,752	205,263,278
Other advances and receivables		
Due from Government of Saint Lucia		
Other receivables	**52,711,823**	36,111,473
Finance lease receivables	**13,508,806**	15,994,222
Contributions receivable	**2,218,644**	2,159,633
Provision for impairment	**(108,892)**	(42,515)
	68,330,381	54,222,813
Other receivables		
Contributions receivable	**8,260,155**	7,516,628
Other receivables	**3,906,128**	4,051,615
Prepayments	**195,386**	242,609
Provision for impairment (other)	**(1,259,279)**	(583,484)
	11,102,390	11,227,368
Total loans and receivables	**302,656,523**	270,713,459

7 Loans and receivables *...continued*

	2017 $	2016 $
Current portion	**81,554,955**	45,161,126
Non-current portion	**221,101,568**	225,552,333
	302,656,523	270,713,459

The estimated fair values of loans and receivables are the discounted amount of the estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Interest rates range from 2% - 8.75% (2016 – 2% - 8.75%).

Allowance for impairment
Reconciliation of allowance account for losses on loans and receivables by class is as follows:

	Loans		Other advances	
	Statutory bodies $	Other $	Statutory bodies and other $	Total $
Balance at July 1, 2016	**33,972,559**	**1,285,241**	**625,999**	**35,883,799**
Provision for loan impairment	**1,360,368**	**506,590**	**760,425**	**2,627,383**
Loans recoveries	–	–	**(18,253)**	**(18,253)**
At June 30, 2017	**35,332,927**	**1,791,831**	**1,368,171**	**38,492,929**
Balance at July 1, 2015	32,612,191	1,096,705	337,741	34,046,637
Provision for loan impairment	1,360,368	238,107	297,402	1,895,877
Loans write-off	–	(49,571)	-	(49,571)
Loans recoveries	-	-	(9,144)	(9,144)
At June 30, 2016	33,972,559	1,285,241	625,999	35,883,799

The Group has recognised a loss of $1,866,958 (2016 - $1,734,692) for the impairment of its loans and receivables during the year ended June 30, 2017. The losses have been included under expenses attributable to investment income in the Consolidated Statement of Comprehensive Income.

8 Finance lease receivable

	2017 $	2016 $
Due from Government of Saint Lucia		
Finance leases	**12,081,541**	14,764,575
Unpaid charges	**1,427,265**	1,229,647
	13,508,806	15,994,222
Finance leases – gross receivables	**17,950,623**	22,083,249
Unearned finance income	**(4,441,817)**	(6,089,027)
	13,508,806	15,994,222
Current receivables	**3,871,403**	3,897,540
Non-current receivables	**9,637,403**	12,096,682
	13,508,806	15,994,222
Gross receivables from finance leases		
No later than 1 year	**5,024,703**	5,318,605
Later than 1 year and not later than 5 years	**10,239,260**	11,291,331
Later than 5 years	**2,686,660**	5,473,313
	17,950,623	22,083,249
Unearned future finance income on finance leases	**(4,441,817)**	(6,089,027)
Net investment in finance leases	**13,508,806**	15,994,222
The net investment in finance leases may be analysed as follows:		
No later than 1 year	**3,871,403**	3,897,541
Later than 1 year and not later than 5 years	**7,460,004**	7,801,303
Later than 5 years	**2,177,399**	4,295,378
	13,508,806	15,994,222

9 Investment properties

	2017	**2016**
	$	**$**
Beginning of year	**334,315,141**	325,342,821
Additions	**565,347**	8,744,542
Disposals	**(11,241,965)**	(225,984)
(Decrease)/increase in fair value	**(850,176)**	453,762
Transfer to Fixed Assets	**(1,087,339)**	-
End of year	**321,701,008**	334,315,141

The Group's investment properties are carried at fair value. Fair values of land included in investment properties are based on valuations performed by independent, professionally qualified valuers as at June 30, 2017 and 2016. Fair values of investment properties are estimated by discounting expected rentals at market yields.

The following amounts have been recognised in the consolidated statement of comprehensive income:

	2017	**2016**
	$	**$**
Rental income	**11,946,612**	12,002,110
Direct operating expenses arising from investment properties that generate rental income	**4,288,193**	4,429,894

10 Property, plant and equipment

	Land and Buildings $	Leasehold Improvements $	Motor Vehicles $	Furniture and Equipment $	Computer Hardware $	Computer Software $	Generators $	Maintenance Equipment $	Total $
At June 30, 2015									
Cost	2,780,521	376,875	876,088	5,502,812	1,999,560	774,130	498,511	179,461	12,987,958
Accumulated depreciation	(374,064)	(257,836)	(776,598)	(4,324,625)	(1,657,504)	(730,203)	(394,662)	(100,388)	(8,615,880)
Net book value	2,406,457	119,039	99,490	1,178,187	342,056	43,927	103,849	79,073	4,372,078
Year ended June 30, 2016									
Opening net book value	2,406,457	119,039	99,490	1,178,187	342,056	43,927	103,849	79,073	4,372,078
Additions	35,271	26,672	21,649	198,551	182,539	75,372	–	–	540,054
Disposals (net)	–	–	(48,849)	(390)	-	–	–	–	(49,239)
Depreciation charge	(34,230)	(14,571)	(51,470)	(300,681)	(115,093)	(27,186)	(34,616)	(17,285)	(595,132)
Closing net book value	2,407,498	131,140	20,820	1,075,667	409,502	92,113	69,233	61,788	4,267,761
At June 30, 2016									
Cost	2,815,792	403,547	774,088	5,700,513	2,108,912	849,502	498,511	179,461	13,330,326
Accumulated depreciation	(408,294)	(272,407)	(753,268)	(4,624,846)	(1,699,410)	(757,389)	(429,278)	(117,673)	(9,062,565)
Net book value	2,407,498	131,140	20,820	1,075,667	409,502	92,113	69,233	61,788	4,267,761
Year ended June 30, 2017									
Opening net book value	**2,407,498**	**131,140**	**20,820**	**1,075,667**	**409,502**	**92,113**	**69,233**	**61,788**	**4,267,761**
Additions	**-**	**38,061**	**–**	**112,208**	**369,493**	**13,039**	**–**	**–**	**532,801**
Transfer from investment property	**1,087,339**	**–**	**–**	**-**	**-**	**-**	**–**	**–**	**1,087,339**
Cost adjustment	**–**	**–**	**(67,932)**	**(2,690)**	**73,187**	**-**	**–**	**–**	**2,565**
Accumulated depreciation adjustment	**–**	**–**	**67,932**	**2,690**	**(73,187)**	**-**	**–**	**–**	**(2,565)**
Disposals (net)	**–**	**–**	**-**	**(6,462)**	**-**	**-**	**–**	**–**	**(6,462)**
Depreciation charge	**(54,754)**	**(18,377)**	**(14,600)**	**(277,144)**	**(151,530)**	**(30,178)**	**(34,616)**	**(16,383)**	**(597,582)**
Closing net book value	**3,440,083**	**150,824**	**6,220**	**904,269**	**627,465**	**74,974**	**34,617**	**45,405**	**5,283,857**
At June 30, 2017									
Cost	**3,903,131**	**441,608**	**637,166**	**5,660,718**	**2,551,592**	**862,541**	**498,511**	**179,461**	**14,734,728**
Accumulated depreciation	**(463,048)**	**(290,784)**	**(630,946)**	**(4,756,449)**	**(1,924,127)**	**(787,567)**	**(463,894)**	**(134,056)**	**(9,450,871)**
Net book value	**3,440,083**	**150,824**	**6,220**	**904,269**	**627,465**	**74,974**	**34,617**	**45,405**	**5,283,857**

10 Property, plant and equipment *...continued*

Loss on Disposal

	Cost $	Accumulated Depreciation $	Net Book Value $	Proceeds $	Loss $
June 30, 2017					
Motor vehicles	**68,990**	**(68,990)**	**-**	**-**	**-**
Furniture and equipment	**149,313**	**(142,851)**	**6,462**	**2,200**	**4,262**
	218,303	**(211,841)**	**6,462**	**2,200**	**4,262**
June 30, 2016					
Motor vehicles	123,649	(74,800)	48,849	48,420	429
Computer hardware	73,187	(73,187)	-	-	-
Furniture and equipment	850	(460)	390	-	390
	197,686	(148,447)	49,239	48,420	819

11 Trade and other accounts payable

	2017 $	2016 $
Trade payables	**1,549,173**	7,412,683
Benefits payable	**1,743,519**	1,785,934
Other payables	**7,878,641**	8,017,431
	11,171,333	17,216,048

	2017 $	2016 $
Current	**10,397,124**	16,363,968
Non-current	**774,209**	852,080
	11,171,333	17,216,048

12 Principal subsidiary undertakings

	2017 %	2016 %
St. Lucia Mortgage Finance Company Limited	**75**	75
Castries Car Park Facility Limited	**100**	100
National Insurance Property Development and Management Company Ltd. (NIPRO)	**100**	100
Blue Coral Limited	**100**	100

All holdings are in the ordinary share capital of the undertaking concerned. The companies noted above are all incorporated and domiciled in Saint Lucia.

13 Reserves

	Statutory Reserve $	Portfolio Risk Reserve $	Total $
Balances as at June 30, 2015	1,502,653	47,459	1,550,112
Transfer to statutory reserve	70,447	–	70,447
Balances as at June 30, 2016	**1,573,100**	**47,459**	**1,620,559**
Transfer to statutory reserve	**35,074**	**–**	**35,074**
Balances as at June 30, 2017	**1,608,174**	**47,459**	**1,655,633**

Statutory reserve
This reserve is maintained in accordance with Section 14(1) of the Banking Act, 1991 which requires that every licensed financial institution maintain a reserve fund and shall, out of its net profit of each year transfer to that fund a sum equal to not less than 20% of such profits whenever the amount of the fund is less than one hundred percent of the paid-up capital of the financial institution.

Portfolio risk reserve
This reserve represents amounts set aside for impairment losses on loans and advances to comply with the Prudential Credit Guidelines issued by the Eastern Caribbean Central Bank (ECCB) in addition to those losses that have been recognised under IAS 39. The Prudential Credit Guidelines require a provision to be made in respect of the portion of the portfolio where loans are three payments or more in arrears.

Excess loan fees
It is the policy of St. Lucia Mortgage Finance Company Limited to provide finance not exceeding 80% of the value of the asset. If finance is in excess of 80%, an additional charge of 2.5% of the loan amount is requested and kept as a reserve. In prior years, these fees were recognised as income when the loans were repaid. In the current year the deferred excess loan fees were transferred to the loan balances and it will be accounted for as an adjustment to the effective interest rate of the corresponding loan.

By letter dated July 23, 2009, the ECCB clarified that only when the regulatory requirement for loan loss provisions exceeds provisions determined for accounting purposes are licensees required to establish a special reserve for the amount by which the regulatory requirement exceeds that computed under the applicable accounting standard.

No further regulatory provision was required as at June 30, 2017.

14 Short-term and long-term benefits fund

Short-term benefits fund is held to cover sickness benefit, maternity allowance and grant, funeral grant, employment injury benefit, hospitalization and medical benefits in respect of qualifying persons.

Long-term benefits fund is held to cover retirement pensions, retirement grants, death and disablement, invalidity and survivors’ benefits in respect of qualifying persons.

15 Detailed statement of income and expenditure

	Short-term		Long-term		Retained Earnings		Total	
	2017 $	**2016 $**	**2017 $**	**2016 $**	**2017 $**	**2016 $**	**2017 $**	**2016 $**
Contribution income	19,473,324	19,113,354	95,075,637	93,318,133	-	-	114,548,961	112,431,487
Benefits expenses								
Short-term benefits	(12,068,564)	(11,412,176)	-	-	-	-	(12,068,564)	(11,412,176)
Long-term benefits	-	-	(73,886,247)	(68,397,916)	-	-	(73,886,247)	(68,397,916)
Medical health programme	(5,000,000)	(5,000,000)	-	-	-	-	(5,000,000)	(5,000,000)
	(17,068,564)	(16,412,176)	(73,886,247)	(68,397,916)	-	-	(90,954,811)	(84,810,092)
Surplus of contributions over benefits	2,404,760	2,701,178	21,189,390	24,920,217	-	-	23,594,150	27,621,395
General and administrative expenses	(2,356,636)	(2,346,773)	(10,896,581)	(10,682,766)	(4,383,935)	(3,753,715)	(17,637,152)	(16,783,254)
Income from operations	48,124	354,405	10,292,809	14,237,451	(4,383,935)	(3,753,715)	5,956,998	10,838,141
Other income								
Investment income – net	2,287,233	4,050,850	58,423,601	103,320,397	8,544,559	8,668,766	69,255,393	116,040,013
Increase/(decrease) in fair value of investment properties	(114,604)	120,914	(2,927,365)	3,084,026	2,191,793	(2,751,178)	(850,176)	453,762
Other income	55,685	231,267	271,876	1,129,129	1,019,187	476,735	1,346,748	1,837,131
	2,228,314	4,403,031	55,768,112	107,533,552	11,755,539	6,394,323	69,751,965	118,330,906
Excess of income over expenditure before finance costs and taxation	2,276,438	4,757,436	66,060,921	121,771,003	7,371,604	2,640,608	75,708,963	129,169,047

15 Detailed statement of income and expenditure...*continued*

	Short-term		Long-term		Retained Earnings		Total	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
Excess of income over expenditure before finance costs and taxation brought forward	2,276,438	4,757,436	66,060,921	121,771,003	7,371,604	2,640,608	75,708,963	129,169,047
Finance costs	-	-	-	-	(34,249)	(34,441)	(34,249)	(34,441)
Excess of income over expenditure before taxation	2,276,438	4,757,436	66,060,921	121,771,003	7,337,355	2,606,167	75,674,714	129,134,606
Taxation	-	-	-	-	32,472	17,621	32,472	17,621
Excess of income over expenditure	2,276,438	4,757,436	66,060,921	121,771,003	7,369,827	2,623,788	75,707,186	129,152,227
Attributable to:								
Reserves	2,276,438	4,757,436	66,060,921	121,771,003	7,299,680	2,482,892	75,637,039	129,011,331
Minority interest	-	-	-	-	70,147	140,896	70,147	140,896
Excess of income over expenditure	2,276,438	4,757,436	66,060,921	121,771,003	7,369,827	2,623,788	75,707,186	129,152,227

16 Short-term and long-term benefits expenses

	Short-term Benefits		Long-term Benefits		Total	
	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$
Retirement	-	-	59,904,326	55,360,391	59,904,326	55,360,391
Survivorship	-	-	7,811,078	7,017,924	7,811,078	7,017,924
Sickness	7,316,797	6,453,625	-	-	7,316,797	6,453,625
Maternity	3,542,395	3,851,768	-	-	3,542,395	3,851,768
Invalidity	-	-	5,982,620	5,823,379	5,982,620	5,823,379
Funeral	845,225	810,372	-	-	845,225	810,372
Disablement	-	-	108,597	118,755	108,597	118,755
Employment injury	317,617	246,435	-	-	317,617	246,435
Death	-	-	79,626	77,467	79,626	77,467
Medical expenses	46,530	49,976	-	-	46,530	49,976
	12,068,564	11,412,176	73,886,247	68,397,916	85,954,811	79,810,092

17 Expenses by nature

	2017	2016
	$	$
Administrative and general expenses		
Employee benefits	**9,609,716**	8,848,247
Rent	**1,295,656**	1,185,036
Electricity, water and sewage	**1,128,524**	1,292,133
Repairs and maintenance	**1,053,103**	932,504
Other	**720,217**	740,984
Public relations	**654,226**	298,474
Depreciation	**492,453**	467,346
Contribution to National Community Foundation	**400,000**	400,000
Security services	**368,260**	351,993
Stationery and printing	**347,703**	413,490
Postage and telephone	**337,881**	380,732
Property tax	**272,887**	359,842
Insurance	**199,251**	233,590
Subscriptions	**189,873**	160,395
Audit fees	**132,771**	132,355
Professional and legal fees	**101,931**	126,136
Motor vehicle expenses	**92,901**	150,146
Board expenses	**69,432**	98,525
Management fees	**67,294**	53,526
Bank charges	**57,320**	64,732
Overseas meetings and conferences	**40,173**	72,971
Office and general expenses	**5,580**	20,097
Donations	**–**	-
Scholarships	**–**	-
	17,637,152	16,783,254

17 Expenses by nature…*continued*

	2017 $	2016 $
Expenses attributable to investment income		
Repairs and maintenance	**2,865,413**	2,652,071
Employee benefits	**2,212,457**	2,529,259
Provision for loan impairment	**1,866,958**	1,734,692
Professional and legal fees	**1,042,928**	339,321
Bad debts	**750,252**	152,041
Insurance	**532,711**	641,148
Electricity, water and sewage	**454,898**	675,227
Security services	**435,171**	461,448
Bond premium	**384,143**	534,829
Depreciation	**105,129**	127,786
Board expenses	**96,514**	144,752
Audit fees	**73,196**	62,500
Subcontractor fees	**57,436**	20,628
Overseas meetings and conferences	**40,173**	72,971
Motor vehicle expenses	**35,082**	48,130
Foreign exchange loss	**3,430**	84,788
	10,955,891	10,281,591
Total administrative and general expenses and expenses attributable to investment income	**28,593,043**	27,064,845

17 Expenses by nature...*continued*

	2017 $	2016 $
Administrative and general expenses and expenses attributable to investment income		
Employee benefits	**11,822,173**	11,377,506
Repairs and maintenance	**3,918,516**	3,584,575
Provision for loan impairment	**1,866,958**	1,734,692
Electricity, water and sewage	**1,583,422**	1,967,360
Rent	**1,295,656**	1,185,036
Professional and legal fees	**1,144,859**	465,457
Security services	**803,431**	813,441
Bad debts	**750,252**	152,041
Insurance	**731,962**	874,738
Other	**720,217**	740,984
Public relations	**654,226**	298,474
Depreciation	**597,582**	595,132
Contribution to National Community Foundation	**400,000**	400,000
Bond premium	**384,143**	534,829
Stationery and printing	**347,703**	413,490
Postage and telephone	**337,881**	380,732
Property taxes	**272,887**	359,842
Audit fees	**205,967**	194,855
Subscriptions	**189,873**	160,395
Board expenses	**165,946**	243,277
Motor vehicle expenses	**127,983**	198,276
Overseas meetings and conferences	**80,346**	145,942
Management fees	**67,294**	53,526
Subcontractor fees	**57,436**	20,628
Bank charges	**57,320**	64,732
Office and general expenses	**5,580**	20,097
Foreign exchange loss	**3,430**	84,788
	28,593,043	27,064,845

18 Employee benefit costs

	2017 $	2016 $
Salaries	**9,879,530**	9,710,086
Gratuities	**626,791**	498,348
Other staff cost	**1,315,852**	1,169,072
	11,822,173	11,377,506

19 Investment income – Net

	2017 $	2016 $
Cash and cash equivalents interest income	**2,010,260**	1,954,607
Fair value through income:		
- Dividend income	**6,620,858**	6,149,411
- Fair value (losses)/gain on equity/debt securities	**(11,778,278)**	35,706,557
- Interest income on debt securities	**1,469,549**	1,599,760
Loans and receivables interest income	**19,326,461**	20,611,400
Investment securities interest income		
- Held-to-maturity	**33,506,110**	28,820,067
- Loans and receivables	**15,757,125**	17,988,453
Rental income	**11,946,612**	12,002,110
Development income	**70,697**	130,544
Maintenance fees	**826,824**	897,862
Parking fees	**455,066**	460,833
	80,211,284	126,321,604
Expenses attributable to investment income	**(10,955,891)**	(10,281,591)
	69,255,393	116,040,013

20 Related party transactions

The following transactions were carried out with related parties:

	2017 $	2016 $
Finance lease interest income	**1,466,351**	1,745,775
Rental income	**5,886,584**	5,886,586
Interest income	**6,641,821**	6,749,372

Key management compensation is as follows:

	2017 $	2016 $
Salaries and wages	**3,309,188**	3,080,115
Other benefits	**561,847**	507,665
	3,871,035	3,587,780

20 Related party transactions *....continued*

Year-end balances with related parties are as follows:

	2017 $	2016 $
Loans to Government of St. Lucia and Statutory Bodies		
Held-to-maturity investment securities	**474,327,162**	417,215,116
Loans	**70,603,754**	44,102,847
Other advances and receivables	**52,602,931**	36,068,958
Contributions receivable	**2,218,644**	2,159,633
Finance lease receivable	**13,508,806**	15,994,222

21 Taxation

	2017 $	2016 $
Current tax	**710**	-
Deferred tax	**(33,182)**	(17,621)
	(32,472)	(17,621)

The tax on the Group's income before taxation for the year differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2017 $	2016 $
Excess of income over expenditure before taxation	**75,674,714**	129,134,606
Tax calculated at domestic tax rates applicable to income of the	**22,702,414**	38,740,382
Expenses not deductable for tax	**5,513**	-
Tax effect of exempt income	**(22,701,057)**	(38,758,003)
Prior year adjustment	**(39,342)**	-
	(32,472)	(17,621)

The weighted average applicable tax rate was 0.006% (2016 – 0.006%).

21 Taxation ……*continued*

Deferred tax asset

The Group has recognised deferred tax relating to the subsidiary company, NIPRO which is detailed below:

	2017 $	2016 $
Accelerated capital allowance	**(39,164)**	(5,982)
The movement on the deferred income tax account is as follows:		
At beginning of year	**(5,982)**	11,639
Consolidated statement of comprehensive income credit	**(33,182)**	(17,621)
At end of year	**(39,164)**	(5,982)

22 Actuarial review

Section 24 of the National Insurance Act requires an actuarial review of the National Insurance Fund to be conducted at least every five years.

The eleventh actuarial review of the National Insurance Fund as at June 30, 2015 was conducted by an actuary of the International Labour Organization.

The key results of the financial and demographic projections based on the contribution and benefit provisions in place as of the valuation date are:

- The total population of St. Lucia is projected to increase from 172,624 in 2014 to 180,634 in 2034 and decrease thereafter to 160,540 in 2065. The population growth rate is 0.2 per cent on average for the period 2015 – 2034 and –0.4 per cent for the period 2034 – 2065.

- The employed population is projected to increase from 75,014 in 2015 to 97,146 in 2040 and decrease thereafter to 82,899 in 2065.

- The aging of the general population will have a significant impact on the ratio of workers to retirees. Those aged 65 and over represent an increasing percentage of the total population, up from 8.9 per cent in 2014 to projected 20.5 per cent in 2045 and projected 30.3 per cent in 2065.

- The NIC is relatively young, so the long-term benefits branch has not yet reached a state of maturity and the cost of pensions Expressed as a percentage of insurable earnings is still increasing. However, the maturing process of the scheme, as measured by the continuously increasing ratio of pensioners to contributors, will cause a significant increase in expenditure. Despite the anticipated increase in expenditure, the reserve in dollars, is not expected to decrease during the next 20 years. The reserve of the long-term branch will increase in absolute value until 2034, and then is projected to decrease and to be exhausted in 2050.

- If the long-term branch had to be financed by a constant contribution rate over the next 53 years, (this rate the general average premium, or GAP) would be 14.2 per cent. The GAP may be compared to the current contribution rate devoted to the long-term branch, which is 8.3 per cent of insurable earnings.

22 Actuarial review… *continued*

- The reserve ratio of the long-term benefit branch (reserve divided by annual expenditure), stands at 22.7 on the valuation date. It is projected to remain above 20 times the annual expenditure until 2020, but will continuously decrease thereafter and become nil in 2050 unless relevant measures are taken to reverse this projected trend.

- The results presented above suggest that the NIC should give consideration to a potential increase in the contribution rate.

- One possible consideration for contribution increase could be to increase the contribution rate each year until 2051 to a rate of 18.75 per cent of which 17.05 per cent would be devoted to the long-term branch. This is projected to extend the sustainability of the reserve for an additional 16 years.

23 Commitments

As at end of year, loans and receivables approved by the Group but not yet disbursed amounted to approximately $22,815,326 (2016 - $57,613,149).

24 Vieux Fort Administrative Complex

On March 4, 2016, National Insurance Corporation entered into a Build-Own, Lease Transfer (BOLT) Agreement with the Government of Saint Lucia for the construction of a general administrative complex in Vieux Fort (“the Project”). As at June 30, 2016, the cost incurred on the Project and shown as part of investment property was $10,696,897, and an undrawn commitment of $47,810,252 was included as part of the off-balance sheet credit commitments disclosure. By letter dated September 8, 2016 the Government communicated its decision to terminate the BOLT Agreement.

At the time of signing these consolidated financial statements, the determination of the total exit cost was still ongoing and management was therefore unable to disclose the full financial effect associated with the termination of the Project and its related contracts. However, at June 30, 2017, the total cost incurred of $12,557,186 has been reclassified from investment property and included in financial assets.

STATISTICAL APPENDIX

The following Statistics have been prepared on a cash basis.

Table 1

Contribution Received ($EC) by Economic Sector: 2012/17

Economic Sector	Financial Year				
	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Agriculture, Hunting, Forestry and Fishing	1,173,503	1,273,790	1,248,327	1,332,558	1,363,140
Mining and Quarrying	321,526	277,059	481,268	219,755	345,685
Manufacturing	6,210,345	6,274,715	6,115,139	6,146,482	6,439,815
Electricity, Gas and Water Supply	3,085,859	3,269,525	3,402,727	3,582,127	3,658,939
Construction	3,415,825	3,255,072	3,796,993	5,043,493	2,689,066
Wholesale and Retail Trade	13,459,601	13,456,869	13,371,308	13,787,110	14,049,863
Restaurants and Hotels	19,535,921	20,872,134	22,764,710	22,444,941	22,987,820
Transport, Storage and Communication	6,721,774	7,136,387	7,420,045	7,801,150	7,947,024
Financial Intermediaries	7,789,677	7,957,179	7,978,884	7,652,329	7,720,729
Real Estate, Renting and Business Services	9,076,214	9,568,963	10,642,858	10,927,063	10,674,998
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	23,995,805	26,909,774	25,727,634	25,610,677	28,525,790
Community, Social and Personal Services,Households with Employed Persons and Extra-Territorial Organisations and Bodies	6,726,121	6,500,605	6,487,094	6,614,621	6,437,830
Self-Employed	755,205	847,294	856,941	927,773	1,060,021
Voluntary Contributors	63,311	26,800	63,794	67,165	82,966
Activities not adequately defined	273,817	311,231	350,256	394,288	419,109
Total	**102,604,504**	**107,937,397**	**110,707,978**	**112,551,532**	**114,402,795**

Table 2

Number of Active Insured Persons by Economic Sector: 2012/17

Economic Sector	Financial Year				
	2012/13	2013/14	2014/15	2015/16	2016/17
Agriculture, Hunting, Forestry and Fishing	852	879	901	928	918
Mining and Quarrying	176	183	186	158	145
Manufacturing	3,516	3,329	3,272	3,253	3,414
Electricity, Gas and Water Supply	821	887	941	970	961
Construction	2,633	1,907	1,781	2,315	2,323
Wholesale and Retail Trade	8,314	8,026	8,000	8,237	8,295
Restaurants and Hotels	9,399	9,459	9,923	9,845	10,810
Transport, Storage and Communication	3,574	3,403	3,539	3,507	3,462
Financial Intermediaries	2,825	2,817	2,878	2,806	2,798
Real Estate, Renting and Business Services	4,638	5,178	5,263	5,464	5,702
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	10,259	10,486	10,345	10,625	10,843
Community, Social and Personal Services, Household with Employed Persons and Extra-Territorial Organisations and Bodies	3,761	3,606	3,536	3,513	3,591
Self-Employed	1,123	1,161	1,159	1,199	1,317
Voluntary Contributors	66	61	47	41	41
Activities not adequately defined	341	380	414	461	492
Total	**52,298**	**51,762**	**52,185**	**53,322**	**55,112**

Table 3

Number of Active Employers by Economic Sector: 2012/17

Economic Sector	Financial Year Ending				
	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17
Agriculture, Hunting, Forestry and Fishing	127	132	133	112	99
Mining and Quarrying	9	8	8	11	10
Manufacturing	256	250	256	258	258
Electricity, Gas and Water Supply	17	19	20	22	20
Construction	167	168	171	170	167
Wholesale and Retail Trade	633	625	635	642	627
Restaurants and Hotels	375	374	362	397	404
Transport, Storage and Communication	170	175	171	191	192
Financial Intermediaries	135	140	141	138	135
Real Estate, Renting and Business Services	398	405	410	420	420
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	264	274	277	293	291
Community, Social and Personal Services, Households with Employed Persons and Extra-Territorial Organisations and Bodies	955	923	942	928	927
Activities not adequately defined	208	192	192	197	231
Total	**3,714**	**3,669**	**3,692**	**3,779**	**3,781**

Table 4

Number of Contributing Employers by Economic Sector: 2012/17

Economic Sector	Financial Year				
	2012/13	2013/14	2014/15	2015/16	2016/17
Agriculture, Hunting, Forestry and Fishing	107	107	104	96	95
Mining and Quarrying	8	7	9	9	10
Manufacturing	225	222	217	213	222
Electricity, Gas and Water Supply	19	19	21	20	20
Construction	136	117	96	113	124
Wholesale and Retail Trade	617	623	591	574	578
Restaurants and Hotels	316	326	310	308	318
Transport, Storage and Communication	155	151	162	167	174
Financial Intermediaries	127	130	133	120	120
Real Estate, Renting and Business Services	359	350	347	359	364
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	265	271	250	265	287
Community, Social and Personal Services, Households with Employed Persons and Extra-Territorial Organisations and Bodies	921	903	859	849	862
Activities not adequately defined	205	208	99	104	233
Total	**3,460**	**3,434**	**3,198**	**3,197**	**3,407**

Table 5

Number of Newly Registered Employers by Economic Sector: 2012/17

Economic Sector	Financial Year				
	12-13	13-14	14-15	15-16	16-17
Agriculture, Hunting, Forestry and Fishing	7	6	7	5	5
Mining and Quarrying	0	0	2	1	0
Manufacturing	26	20	17	19	15
Electricity, Gas and Water Supply	1	2	1	0	0
Construction	43	14	19	22	27
Wholesale and Retail Trade	67	58	65	33	50
Restaurants and Hotels	35	39	42	34	46
Transport, Storage and Communication	16	7	20	19	15
Financial Intermediaries	5	10	8	4	5
Real Estate, Renting and Business Services	40	30	32	22	22
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	19	18	20	13	17
Community, Social and Personal Services, Households with Employed Persons and Extra-Territorial Organisations and Bodies	123	83	68	88	93
Activities not adequately defined	38	32	7	3	74
Total	**420**	**319**	**308**	**262**	**369**

Table 6

Number of Short-Term Benefits Paid by Type: 2012/17

Short-Term Benefits	Financial Year				
	12-13	13-14	14-15	15-16	16-17
Employment Injury	166	157	150	189	196
Sickness Allowance	10,767	11,966	15,640	14,100	17,124
Maternity Allowance	921	892	877	923	870
Maternity Grant	923	917	896	963	852
Funeral Grant	286	306	328	314	367
Medical Expenses	90	63	50	71	96
Total	**13,153**	**14,301**	**17,941**	**16,560**	**19,505**

Table 7

Short-Term Benefits Expenditure ($EC) by Type: 2012/17

Short-Term Benefits	Financial Year				
	12-13	13-14	14-15	15-16	16-17
Employment Injury	208,088	139,481	174,268	249,998	309,503
Sickness Allowance	4,568,549	5,089,859	5,844,952	6,218,973	7,424,613
Maternity Allowance	3,112,546	3,066,501	3,041,745	3,305,349	3,121,380
Maternity Grant	557,400	559,200	537,600	577,800	517,800
Funeral Grant	492,023	512,857	569,800	771,800	895,000
Medical Expenses	3,034,383	5,034,993	5,030,960	5,042,040	5,032,665
Total $	**11,972,990**	**14,402,891**	**15,199,325**	**16,165,560**	**17,300,960**

Table 8

Number of Long-Term Benefits Paid by Type: 2012/17

Long-Term Benefits	Financial Year				
	12-13	13-14	14-15	15-16	16-17
Retirement Pension	4,683	4,991	5,266	5,580	5,953
Survivors' Pension	1,008	1,057	1,176	1,185	1,274
Invalidity Pension	475	509	546	586	617
Disablement Pension	13	16	14	12	12
Retirement Grant	494	543	571	622	608
Survivors' Grant	61	65	66	59	61
Invalidity Grant	35	56	51	45	43
Disablement Grant	3	2	2	4	1
Total	**6,772**	**7,239**	**7,692**	**8,093**	**8,569**

Table 9

Long-Term Benefits Expenditure ($EC) by Type: 2012/17

Long-Term Benefits	Financial Year				
	12-13	13-14	14-15	15-16	16-17
Retirement Pension	40,825,761	43,650,230	47,223,928	52,187,552	56,370,229
Survivors' Pension	5,951,723	6,155,834	6,364,256	6,832,029	7,626,268
Invalidity Pension	4,064,326	4,403,864	4,700,184	5,582,285	5,744,971
Disablement Pension	99,111	123,553	97,347	98,377	95,152
Retirement Grant	2,607,217	2,816,438	3,012,650	3,161,977	3,531,966
Survivors' Grant	252,174	303,919	312,442	247,372	260,975
Invalidity Grant	173,385	253,953	146,136	267,251	232,337
Disablement Grant	57,661	18,948	27,510	35,998	3,112
Total $	**54,031,359**	**57,726,739**	**61,884,453**	**68,412,841**	**73,865,008**

Table 10

Number of Pensions Paid by Type: 2012/17

Pensions	Financial Year				
	12-13	13-14	14-15	15-16	16-17
Retirement Pension	4,683	4,991	5,266	5,580	5,953
Survivors' Pension	1,008	1,057	1,176	1,185	1,260
Invalidity Pension	475	509	546	586	617
Disablement Pension	13	16	14	12	12
Total	**6,179**	**6,573**	**7,002**	**7,363**	**7,842**

Table 11

Pensions Expenditure ($EC) by Type: 2012/17

Pensions	Financial Year				
	12-13	13-14	14-15	15-16	16-17
Retirement Pension	40,825,761	43,650,230	47,223,928	52,187,552	56,370,229
Survivors Pension	5,951,723	6,155,834	6,364,256	6,832,029	7,626,268
Invalidity Pension	4,064,326	4,403,864	4,700,184	5,582,285	5,744,971
Disablement Pension	99,111	123,553	97,347	98,377	95,152
Total $	**50,940,921**	**54,333,481**	**58,385,715**	**64,700,243**	**69,836,620**

Table 12

Number of Pensions In-Payment by Type: 2012/17

Pensions	Financial Year				
	12-13	13-14	14-15	15-16	16-17
Retirement Pension	4,526	4,743	5,059	5,280	5,670
Survivors' Pension	936	955	1,086	1,061	1,137
Invalidity Pension	357	422	501	530	554
Disablement Pension	12	13	13	12	12
Total	**5,831**	**6,133**	**6,659**	**6,883**	**7,361**

Table 13

Average Monthly Pensions ($EC) by Type: 2012/17

Pensions	Financial Year				
	12-13	13-14	14-15	15-16	16-17
Retirement Pension	768.05	785.43	810.37	836.98	864.70
Survivors' Pension	525.86	540.28	536.44	567.90	603.39
Invalidity Pension	806.66	826.52	821.95	883.65	880.51
Disablement Pension	704.92	634.15	661.89	660.75	660.78

Table 14

Benefits Expenditure ($EC) by Type and Branch: 2012/17

Benefit Branch	Financial Year				
	12-13	13-14	14-15	15-16	16-17
Long-Term					
Retirement	43,432,978	46,466,668	50,236,578	55,349,529	59,902,195
Survivorship	6,203,897	6,459,753	6,676,698	7,079,401	7,887,241
Incapacitation	4,394,483	4,800,318	4,846,320	5,983,911	6,075,572
Sub-Total	54,031,359	57,726,739	61,884,453	68,412,841	73,865,008
Short-Term					
Employment Injury	208,088	139,481	174,268	249,998	309,503
Sickness Allowance	4,568,549	5,089,859	5,844,952	6,218,973	7,424,613
Maternity Allowance	3,112,546	3,066,501	3,041,745	3,305,349	3,121,380
Maternity Grant	557,400	559,200	537,600	577,800	517,800
Funeral Grant	492,023	512,857	569,800	771,800	895,000
Medical Expenses	3,034,383	5,034,993	5,030,960	5,042,040	5,032,665
Sub-Total	11,972,990	14,402,891	15,199,325	16,165,960	17,300,960
Total $	**66,004,348**	**72,129,630**	**77,083,778**	**84,578,801**	**91,165,969**