National Insurance Board









# ANNUAL REPORT 2021

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Letter to The Minister

The Honorable Myles LaRoda, M.P.

Minister of State in the Office of the Prime Minister
Sir Cecil Wallace Whitfield Centre
P.O. Box CB 10980

Nassau, N.P., The Bahamas

Dear Minister LaRoda:

#### **RE: THE NATIONAL INSURANCE BOARD'S 2021 ANNUAL REPORT**

In accordance with the Section 47 (1) of the National Insurance Act, 1972, I have the privilege of submitting to you, on behalf of the Members of the Board, the Annual Report of the National Insurance Board for the year.

Included with this report are the accounts of the National Insurance Fund as certified by the Auditor, pursuant to Section 47 (1) of the National Insurance Act, 1972, together with the report of the Auditor. Included therein is the account of securities in which monies forming part of the National Insurance Fund are invested.

Sincerely yours,

Philip Mckenzie, K.C.

Chairman

September 15, 2022





# **MISSION**

To demonstrate visionary and responsible leadership in the administration of the National Insurance program, and to create an environment where staff are well-trained, motivated and committed to integrity and accountability.

To ensure the efficient collection of contributions, as well as the timely and accurate payment of the relevant benefits and assistances.

To achieve customer service excellence in the delivery of the National Insurance mandates.

To advance the prudent investments of the National Insurance Fund for the overall growth and development of The Bahamas



# ABOUT THE NATIONAL INSURANCE BOARD

The National Insurance programme was established on December 12, 1972 with the signing into law of the National Insurance Act, 1972. The National Insurance Board (NIB), the organization charged with administrating the social security programme, opened its doors officially on October 7, 1974.

Its primary mission was and is to provide income-replacement. NIB covers employed and self-employed persons for three main types of social security benefits – short-term (sickness, maternity, unemployment), long-term (retirement, invalidity, survivors) and industrial (employment injury) benefits.

The system is financed by contributions that are levied on employment earnings up to a wage ceiling and are paid by employers, employees and self-employed persons.

NIB's secondary mission in the administration of the country's social security programme is to provide assistance for disadvantaged citizens under specific circumstances and to assist with infrastructural development of the country.

Surplus funds are invested in various types of securities and properties. The reserves of the National Insurance Fund (NIF) stand at approximately \$1.49 billion with an active insured persons base of approximately 134,000 and monthly pension payments for over 43,000 pensioners.



# MINISTER AND THE BOARD



The Honourable Myles LaRoda, M.P.
Minister of State in the Office of The Prime Minister



Philip McKenzie
Chairman



Theofanis Cochinamogulos
Deputy Chairman





#### Board Members appointed as of December 31, 2021 to June 30, 2022.

Member

Member

Previous Board Members appointed as of July 1, 2020 – June 30, 2021 included Chairman Troy Smith, Deputy Chairman Geoffrey Stuart, Members: Gene Albury, Michela Barnett, Arethera Bowleg, Claretta Duncombe, Theresa Mortimer, Gina Sweeting-Moss, Charles Sealy, Keith Beneby and Marcus Grammatico. These Members' tenures were extended until the new Board was appointed in December 2021. Timothy Ingraham was appointed for the period July 1, 2021 – June 30, 2022.

Member

## **COMMITTEES OF THE BOARD**



#### **OPERATIONS**

#### Michelle Pindling Sands - Chair

Philip McKenzie

Theofanis Cochinamogulos

Waldon Russell

Theressa Thompson

Rozalia Bowe

Lisa Turnquest



#### **BUILDINGS**

#### Leana Ingraham - Chair

Philip McKenzie

Amancha Williams

Waldon Russell

Daniel Thompson

Lisa Turnquest



#### **FINANCE AND AUDIT**

#### Theofanis Cochinamogulos - Chair

Leana Ingraham

Timothy Ingraham

Theressa Thompson

Waldon Russell

Torez Hanna (co-opt)

#### **HUMAN RESOURCES**

#### **Daniel Thompson - Chair**

Philip McKenzie

Amancha Williams

Michelle Pindling-Sands

Timothy Ingraham

Rozalia Bowe

Lisa Turnquest

#### **INVESTMENTS**

#### Lisa Turnquest - Chair

Philip McKenzie

Rozalia Bowe

Theofanis Cochinamogulos

Leana Ingraham

Theressa Thompson

#### INFORMATION TECHNOLOGY

#### Waldon Russell - Chair

Theressa Thompson

Theofanis Cochinamogulos

Lisa Turnquest

Daniel Thompson

Torez Hanna (co-opt)

#### **TENDERS AND CONTRACTS**

#### Philip McKenzie – Chair

Amancha Williams

Michelle Pindling-Sands

Leana Ingraham

Timothy Ingraham

Rozalia Bowe



# **EXECUTIVE MANAGEMENT**



**James Moss** Director (Effective March 1, 2021)



Sonia Gill Financial Controller



**Whitney Patton** Chief Internal Auditor





Cyprianna Bethel
Dep. Director
Talent Management &
Capacity Dev.
(To October 12, 2021)



Heather Maynard
Legal Officer



June Collie
Deputy Director
Information Technology
(To November 8, 2021)



Patrick Whitfield
Medical Officer



Tami Francis
Assistant Director
Analytics Research,
& Actuarial Services
(To September 7, 2021)



Yvette Sands
Assistant Director
Board and Public Relations
Delivery Unit and NIB Services
(To April 1, 2021)



Rhonda Ingraham
Assistant Director
Core Services Claims
and Benefits



Jeffrey Moncur
Assistant Director
Core Services Claims
and Benefits



Kevin Knowles,
Assistant Director
Information Technology

### **FOREWORD**

With the dawn of the New Year, 2021 for the world, the nation and the National Insurance Board (NIB) signified a period of recovery. Increasing vaccination rates and an increase in air and sea passenger arrivals, the domestic economy began to show gradual signs of recovery.

#### **KEY FINANCIAL FACTORS IN 2021**

(with comparative figures during the pandemic of 2020 and pre-pandemic figures of 2019)

PERFORMANCE INDICATORS	% CHANGE 2020 to 2021	2021	2020	2019
Total Net Contribution Income	14.0%	\$257.7 m	\$226.0 m	\$287.1 m
Investment Income	71.3%	\$77.4 m	\$45.2 m	\$68.5 m
Benefits Expenditure	-19.3%	\$327.5 m	\$405.9 m	\$311.6 m
Administrative Expenditure	2.2%	\$54.0 m	\$52.8 m	\$51.7m
Deficiency of Income over Expenditure	-68.1%	-\$60.4 m	-\$189.5 m	-\$8.5 m
Total Comprehensive Loss	-72.9%	-\$51.1 m	-\$188.6 m	-\$4.6 m
Year-end Reserves	-3.3%	\$1,493 m	\$1,544 m	\$1,733 m
Year-end Investments	-5.3%	\$1,165 m	\$1,230 m	\$1,455 m
Yield on Investments	103.7%	5.5%	2.7%	4.0%
Admin. Expenditure as % Contribution Income	-9.6%	20.7%	22.9%	17.8%

Profitability levels increased for domestic companies and NIB Fund's equity holdings saw a welcomed rise in share prices. In particular, the increase in share price from Bank of the Bahamas Limited and Commonwealth Brewery positively impacted the Fund's investment return for the year.

Liquid and near-term assets were utilized to ensure the necessary obligations were met resulting in a decline in holdings of certificates of deposit from \$49.5 million to \$6.6 million. The liquidity from the certificate of deposits and the continuous income generated from the Bahamas Registered Stocks, the Fund's largest investment by asset class, provided a cushion of stability as the economy recovered.

Despite the challenges faced, the Fund continued to manage its cash reserves to provide governmental support by way of income supplement to thousands of Bahamians through the Government Funded. Unemployment Assistance programmes. For 2021, the amount paid out through the government funded programmes, administered by NIB, totaled \$120 million (Dorian Unemployment Programme \$1.3 million, Government-Funded Unemployment Assistance Programme \$43,200 and Government-Funded Extension Programme \$118.5 million). In December 2021, the Government announced that a final lump sum payment of \$500 per person would be paid to those still in receipt of the Government-Funded Extension programme funding.

The reopening of local businesses and return to work for some furloughed and unemployed workers resulted in increasing monthly contribution levels from employers as more hiring and business activity resumed. While the increase in economic activity was the dominant factor for the increase in contribution income, it remained imperative for NIB to optimize new and available options to meet its short-term obligations.

To increase contributions income several initiatives were implemented. The introduction of a regular notification system to remind employers of their obligation to make payments in a timely manner with the objective of reducing arrears moving forward. Two new initiatives were implemented to increase the number of employers paying electronically. The first initiative is geared toward signing-up all new businesses for the Employer Self Service (ESS) portal at the time of registration and the second initiative aimed at ensuring that larger employers (up to 500 employees) were signed up to utilize the Portal or by way of online Contribution Statements submission thereby reducing the number of large companies submitting their contribution statements manually.

#### **OUR STAFF - KEY TO RECOVERY**

In 2021, it was clear that NIB's road to recovery would be an up hill lift – one heavily dependent on the team of 636 dedicated unsung heroes who led the charge throughout the pandemic. While the pandemic ushered in a number of operational changes that called for quick adaptation to online and digital platforms by staff, 2021 demanded that staff maintain a high level of customer service while striking a delicate balance between incorporating the new procedures introduced in 2020 and the pre-COVID-19 traditional in-person option of servicing customers.

#### **CHANGES IN LEADERSHIP**

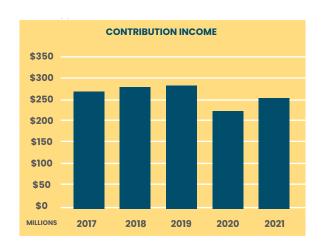
The leadership of NIB would also experience a year of transition. In March, Mr. James Moss was appointed as Director of the Board, replacing Mrs. Nicola Virgil-Rolle. NIB lost four members of its Executive team in the persons of Mrs. Yvette Sands, Ms. Cyprianna Bethel, Ms. June Collie and Mrs. Tami Francis. Following the September 2021 General Elections of the country, a new Minister and Board of Directors were appointed.

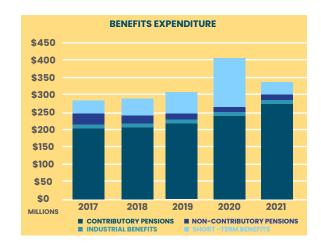
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#### **REPORT ON OPERATIONS**

#### **OPERATIONAL PERFORMANCE**

The National Insurance Board performs many operational functions, most notably registration of employers and insured persons, collection of contributions, the adjudication of benefit claims and the payment of various types of benefits.





#### **CONTRIBUTIONS**

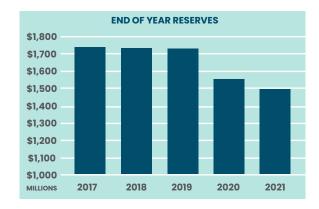
Contribution income for the year 2021 grew by \$31.7 million or 14.0%, from \$226.0 million in 2020 to \$257.7 million in 2021. A major portion of the contribution income growth in 2021 was due to the gradual recovery of the tourism sector due to vaccinations and loosening of travel restrictions.

#### **BENEFITS AND ASSISTANCE**

Benefit expenditure once again exceeded contribution income however the deficit for the year declined significantly compared with 2020. Benefit expenditure decreased by \$78.4 million, or 19.3%, from \$405.9 million in 2020 to \$327.5 million. The significant reduction was mainly due to high unemployment payouts as a result of COVID lockdowns in 2020. Unemployment benefit declined by \$103.6 million, or 96% from \$107.6 million to \$4.0 million.

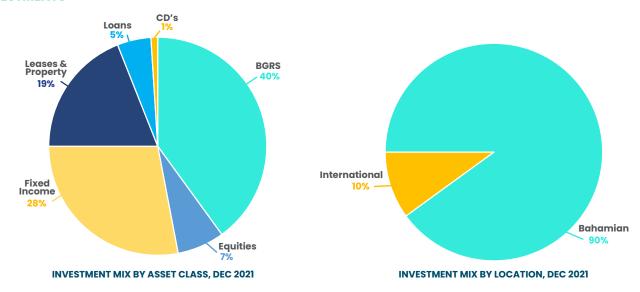
Expenditure declined for short-term benefits other than sickness and funeral benefits. Sickness benefit increased by \$2.3 million, or 26.5% from \$8.8 million to \$11.1 million. Long-term benefits increased from \$258.8 million to \$282.6 millions. Retirement benefit explained most of the increase observed in benefit expenditure. Retirement benefit increased by \$22.2 million, or 10.6%, from \$208.9 million to \$231.1 million in 2021.





The deficit narrowed immensely by \$129.1 million from \$189.5 million in 2020 to \$60.4 million in 2021 reducing total reserves to \$1.49 billion.

#### **INVESTMENTS**



Income on investments remains an important component of the Fund's finances. Investment income grew by \$32.3 million, or 71.3%, from \$45.2 million in 2020 to \$77.4 million. At the end of 2021, the National Insurance Fund investments stood at \$1.17 billion down from \$1.23 billion at the end of 2020. The average return during 2021 was 5.5%, up from 2.7% in 2020.

#### **REGISTRATION, CLAIMS, PENSIONS**

The following tables highlight activities related to registration, claims awarded and pensions in payment in 2020 and 2021. Additional details, with numbers and values by Local Office, can be found in the Statistical Appendix of this Report.

PERFORMANCE INDICATORS	2021	2020	% CHANGE
# of Contributing Employers	11,297	12,083	-6.5%
# of Contributing Self-Employed Persons	6,761	7,479	-9.6%
# of Active Employees (Estimate)	127,000	137,000	-7.3%
# of Short-term Benefit Claims Awarded	20,828	58,582	-64.4%
# of Long-term Benefit Claims Awarded	3,716	3,734	-0.5%
# of Contributory Pensioners (at year-end)	38,417	37,762	1.7%
# of Assistance Pensioners (at year-end)	3,778	4,020	-6.0%
# of Cases Approved For Prosecution	340	364	-6.6%
# of Employees (December)	636	583	9.1%

#### **REGISTRATION**

New registrations were up for all categories, employers, self-employed and secondary accounts, from 2020 to 2021. Similarly, the number of individuals applying for an NIB number for the first time was up significantly from 2020 to 2021. While the number of new active insured persons was unchanged, the number of new inactive insured persons were up significantly from 2020 to 2021. Inactive insured persons are those who register with NIB for the first time with no intention of working.

ТУРЕ	2021	2020
Employers	13,901	10,315
Self-Employed Persons	2,336	1,944
Secondary Accounts	1,358	803
Active Insured Persons	607	602
Inactive Persons	6,345	3,818

#### **CLAIMS RECEIVED**

For short-term benefits, there was a significant decrease in the number of claims received. There was an increase in the number of claims received for long-term and industrial benefit. The reduction in short-term benefit was due mostly to the influx of unemployment claims in 2020 following the COVID-19 pandemic.

BENEFIT TYPE	2021	2020
Long-term (Pensions)	5,456	3,841
Short-term	24,042	65,977
Industrial	4,270	3,419
Total	33,768	73,237

#### **CLAIMS AWARDED**

For short-term, there was a significant decline in the overall number of claims awarded due to the higher than normal unemployment claims in 2020 as a result of the COVID-19 pandemic. There was an increase in the number of claims awarded for industrial benefit while the number of claims awarded for long-term benefits remained virtually unchanged.

BENEFIT TYPE	2021	2020
Long-term (pensions)	3,716	3,734
Short-term	20,828	58,582
Industrial	3,138	2,595
Total	27,682	64,911

#### **CLAIMS PAID**

Benefit expenditure increased in 2021 for long-term benefits but decreased for both short-term benefits and industrial benefit. For long-term benefits/pensions increases are expected as more new pensioners are added to the scheme each year than the number of pensioners exiting the scheme each year. Despite increases in the other short-term benefits, the magnitude of the decrease in unemployment far exceeded the increases.

BENEFIT TYPE	2021	2020
Long-term	\$282.6 m	\$258.8 m
Short-term	\$27.9 m	\$129.8 m
Industrial	\$17.0 m	\$17.2 m
Total	\$327.5 m	\$405.9 m

#### **PENSIONS IN PAYMENT AT YEAR-END**

At the end of 2021, over 43,000 persons were in receipt of monthly pension payments. The number of pensions in payment increased for retirement benefit but decreased for the other four Benefit types and all three assistance types.

BENEFIT/ASSISTANCE	2021	2020
Retirement Benefit	30,066	29,068
Invalidity Benefit	2,647	2,738
Survivors Benefit	5,704	5,956
Old-age Non-Contributory Pension	1,223	1,354
Invalidity Assistance	2,379	2,474
Survivors Assistance	176	192
Disablement Benefit	1,288	1,291
Death Benefit	37	41
Total	43,520	43,114

#### **PROSECUTIONS**

In 2021, 363 prosecutions were handled in the Magistrates' Courts. Of this number, 340 represented new cases that were approved by the Board for prosecution. A total of \$297,477 was collected under Installment Agreements.

#### **APPEALS**

A total of 3 cases were sent to the Appeal Tribunal which met once during the year.

#### **LATE CLAIMS**

A total of 2,099 late claims cases were reviewed and considered.

#### **NATIONAL PRESCRIPTION DRUG PLAN**

The National Prescription Drug Plan (NPDP) is an initiative by the Government of the Bahamas administered by NIB to improve access to drugs and supplies for Bahamian suffering from chronic non-communicable diseases. The top three beneficiary groups are retirees, government employees and under age 18.

Total Number of Active Members	37,068
Total Number of Private Pharmacies	44 with 68 locations
Total Number of Public Pharmacies	30
Total Number of Wholesale Vendors	9
Total Number of Conditions	20
Total Number of items on Formulary	312

As of December 2021, the Drug Plan expanded to accommodate over 37,068 active members – a 3.3 % increase from the 35,897 active members from 2020. In 2021, the most commonly seen claims by Registered Beneficiary Conditions are hypertension, hypercholesterolemia and diabetes. By cost diabetes, leads the way followed by hypertension and glaucoma.

# AROUND THE BOARD

The start of 2021 marked the gradual transition toward the normalization of COVID-19 in the workplace. Offices reopened and the staff returned to work offering more access to in-person services. Emerging from the pandemic, improving customer service through simplifying processes and increasing the number of touch points by which customers could access NIB was of the utmost importance.

#### **EASE OF DOING BUSINESS**

#### **Card Services**

In 2020, the public was advised that it was not necessary to renew their expired NIB cards, which would be honoured by various public and private entities. In 2021, NIB began to reissue cards. Cards were issued for persons under the age of 16 years old or seniors turning 60 years old. Adults ages 16 – 59 years old whose cards were expired were not required to renew their cards.

#### Verification

The grace period for verification of long-term benefit recipients was extended with NIB encouraging pensioners, who did not verify during the pandemic, to verify via email or electronically through the RSS (Registrant Self Service) Portal. Verification forms, available at select retail locations, signed by a Sanctioned Authority and submitted via drop box was also another option available to pensioners.

#### **INCREASE CUSTOMER TOUCH POINTS**

Although the Board opened for limited in-person customer service, it was still imperative that caution be taken to ensure the safety of staff from the COVID-19 virus. In order to do this, additional customer service touch points were introduced.

- The Registration department established a Concierge Desk in the foyer at NIB Headquarters to log and investigate registration inquiries.
- The Registration department provided dedicated phone lines for verification of National Insurance numbers.
- The staff compliment for Short-term Claims, Long-term Claims and Compliance were increased to better meet the demands of the public.
- A virtual meeting was held to address customer queries from the island of Grand Bahama.
- NIB Speakers Bureau expanded its capacity of Speakers to meet the growing request for speaking engagements post pandemic.

#### **EMPLOYEE RELATIONS**

Getting back to normal was not an easy task for the staff at NIB who worked unceasingly throughout the 2020 pandemic year. It was incumbent on NIB's leadership to ensure staff not only remained safe but also that staff felt valued and motivated. To ensure this happened, three staff initiatives were prioritized.

#### **Long Service Awards**

For the first time in the history of the Board, the annual Long Service Awards would be held on a virtual platform. The Service that was held on December 15, 2021 recognized staff members who served 10, 20, 25, 30 and 35 year tenures.

#### Fitness Programme

The fitness programme was re-launched in 2021 after an abrupt stop in 2020 due to the pandemic. The Biggest Loser Challenge started during the month of April, as part of NIB's overall Employee Wellness Programme, under the theme "Healthy, Wealthy and Wise" to promote healthier lifestyles with focus on mental, physical and emotional well being, especially amidst the COVID-19 pandemic.

The eight-week Biggest Loser Challenge featured aerobics exercise, weight and resistance training, High Intensity Interval Training (HIIT), core strengthening and CrossFit fitness programme. Over 100 enthusiastic employees spanning Andros, Grand Bahama, and New Providence committed to taking care of their overall well-being.

Lequel Pratt (3.83%), Shovonia McKinney (2.70%), and Bonnette Knowles (2.59%) exercised their way to the top three positions respectively. The Central Benefits Department were the winners of the department prize. They earned this by having the most participants attend the various activities throughout the challenge.





Central Benefits (Pension) Department Overall Team Winners

#### **Unsung Heroes Staff Appreciation Campaign**

To capture the heroic acts of service of NIB staff throughout the pandemic, the Public Relations department launched the Unsung Heroes Appreciation Campaign. The campaign highlighted the important role each department played to provide much needed benefits throughout the pandemic. The emotional messages delivered by the staff articulated the human response of being an essential worker faced with the demands of providing dedicated and empathic customer service to those impacted by the pandemic while managing their own concerns regarding their own safety along with that of family members and friends.

#### **NIB BUILDINGS AND FACILITIES**

Throughout 2021, COVID-19 sanitation protocols continued at the Board to minimize the spread of COVID-19 throughout NIB buildings and facilities. On May 20, the Acklins office was completely destroyed by fire. In an effort to maintain continuity of business, mobile service was offered to customers.

Several noteworthy projects were undertaken in 2021:

#### 1. RENOVATIONS AND CAPITAL WORK

- Extensive capital renovations were completed on the NIB leased building Alexander House, NIB Headquarters the Clifford Darling Complex, the Wulff Road and Grand Bahama sub-offices and the local office located in Coopers Town.
- The Grays Long Island office was relocated to Deadman's Cay settlement.
- NIB established an office at the JL Centre for back office departments of the Call Centre, Contributions Department, Claims Department and Actuarial Department.
- Improvements in the Information Technology infrastructure in all NIB offices throughout the Family Islands. This project included re-cabling and changes in a new telephone system.

#### 2. OPENING, NAMING AND DEDICATION OF NIB BUILDINGS AND OFFICES

#### Bimini Building Opening

The completion of the George W. Weech Complex in Alice Town, Bimini marked the 14th lease agreement NIB negotiated with the Government of The Bahamas for the provision of much needed office spaces for public service workers. This Agreement between NIB and the Government presents NIB with the opportunity to capitalize on investment opportunities to strengthen the Fund while advancing national initiatives. The Complex is now the home of the National Insurance Board, Local Government, Road Traffic Department and Port Development.



Senior members of Government including DPM The Hon. Chester Cooper (front – 2nd from left); Honouree Mr. George Weech (front 3rd from left); PM The Rt. Hon. Brave Davis (front – 4th from left); Mrs. Weech (front-5th from left). NIB representatives, The Hon. Myles LaRoda (back – 3rd from left) and Chairman Philp McKenzie (back-4th from left)

#### Naming of the Orville Turnquest Building

The National Security Building, now named the Orville A. Turnquest Building, is the home of the Ministry of National Security, including the Royal Bahamas Police Force and the Royal Bahamas Defense Force. The building, which is located on John F. Kennedy Drive, It is equipped with the latest in technology, which incorporates geothermal energy efficiency and a modern communication system. The compound also houses an Annex Building comprising of living quarters for male and female Royal Bahamas Defense Force officers, a Gym and a Guard House.







Photo caption (L-R) – Mr. Michael Jones, Inline Project Construction Company Limited; NIB representatives Mr. Geoffrey Stuart, Deputy Director, Mr. Troy Smith, Chairman; Ms. Michela Ellis, Board Member and Buildings Committee Chairman and Mr. Karven Bain, Manager, NIB Services.

#### Dedication of the Ivy Dumont Building

The former Prime Minister and other government dignitaries representing the Ministry of Education, the Ministry of Youth, Sports and Culture, the Ministry of Public Service and the National Insurance Board celebrated with Dame Ivy Dumont and her family as she unveiled the plaque mounted on the NIB building named in her honour. The Dedication ceremony was held at the building located on University Drive. Dame Dumont is known for her leadership as an educator, public officer, politician, religious leader, unionist and for her role as the first female Minister of Education.









#### Independent auditors' report

To the Government of the Commonwealth of The Bahamas

#### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The National Insurance Fund and its subsidiary (together 'the Fund') as at December 31, 2021, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### What we have audited

The Fund's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2021;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in reserves for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

#### Basis for opinion

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

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

#### Independence

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

# Responsibilities of management 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Fund's financial reporting process.

#### Auditors' responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the 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 Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the consolidated financial statements.
   We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

NUAL REPORT 2021



#### Other matter

This report, including the opinion, has been prepared for and only for the Government of the Commonwealth of The Bahamas in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Chartered Accountants Nassau, Bahamas

**September 15, 2022** 

## The National Insurance Fund (Established under the laws of the Commonwealth of The Bahamas)

#### Consolidated Statement of Financial Position As at December 31, 2021 (Expressed in Thousands of Bahamian dollars)

	Notes	2021	2020
A COPPER		\$	\$
ASSETS Cash on hand and at banks	4	01 201	44 711
Receivables and advances	4 5	91,391	44,711 158,590
	3	182,136	,
Prepaid expenses and deposits	_	859	630
•	_	274,386	203,931
Investments		75.070	50.540
Equity securities	6 _	75,070	59,542
Sovereign	-()	450.260	<b>500</b> 00 <b>5</b>
Bahamas Government registered stocks	7(a)	479,368	532,885
Bahamas Government B\$ notes	7(b)	2,847	3,559
Bahamas Government treasury bills	7(c)	1,717	1,675
Bahamas Government US\$ notes	7(d)	30,253	30,250
Bahamas Government US\$ loan	7(e)	13,513	13,506
Government of Barbados US\$ bonds	7(f)	2,453	2,466
Government of Trinidad & Tobago US\$ bonds	7(g) _	2,057	2,067
Company	_	532,208	586,408
Corporate Certificates of deposit	7(h)	6,564	49,523
Bahamas Mortgage Corporation bonds	7(i)	95,894	95,894
Nassau Airport Development Company Limited debt securities	( )	91,678	88,893
Education Loan Authority bonds	7(j)	*	45,965
Bahamas Development Bank bonds	7(k) 7(l)	30,542	43,963 269
Bahamas Power and Light Company Limited bonds	7(1) 7(m)	10 572	25,075
Preference shares	7(III) 7(n)	18,573 10,500	14,500
	( )	7,993	7,993
Clifton Heritage Authority bonds Latin American Investment Bank (Bahamas) Ltd. bonds	7(o) 7(p)	· ·	7,993 3,503
Loans to Bahamas Government entities		3,503	58,936
	7(q)	58,104	
Long-term deposits	7(r)	8,230	7,990
Bridge Authority bonds	7(s)	1,856 804	1,856 804
Fidelity Bank (Bahamas) Limited notes	7(t)		
The College of The Bahamas redeemable term notes	7(u)	923	1,107
Public Hospital Authority bonds	7(v)	8,104	8,780
Be Aliv notes	7(w)	1,000	1,000
Corporate US\$ bonds	7(x)	4,133	5,687
	_	348,401	417,775
	•	880,609	1,004,183
Allowance for expected credit losses	23 _	(23,771)	(9,199)
	_	856,838	994,984
Net investment in finance leases	8	230,218	172,398
Investment property	9	3,307	3,307
Investments in associates	10	<u> </u>	<u> </u>
	_	233,525	175,705
Total investments	_	1,165,433	1,230,231

## The National Insurance Fund (Established under the laws of the Commonwealth of The Bahamas)

Consolidated Statement of Financial Position As at December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

	Notes	2021	2020
		\$	\$
ASSETS (Continued)			
Computer software	11	9,967	10,829
Property and equipment	12	87,601	91,705
Construction in progress – finance leases	13	23,117	86,543
	_	120,685	189,077
TOTAL ASSETS	<del>-</del>	1,560,504	1,623,239
LIABILITIES			
Accounts payable and accrued expenses	14	11,862	10,616
Staff pension fund	15	38,925	50,217
Accrued benefits payable	_	16,588	18,132
TOTAL LIABILITIES	_	67,375	78,965
RESERVES			
Short-term benefits	31	111,225	81,349
Pensions	31	1,221,544	1,303,649
Industrial benefits	31	64,741	59,109
Medical benefits	31	89,787	89,067
Disablement and death benefits	31	5,256	10,524
Fidelity bond	31 _	576	576
TOTAL RESERVES	_	1,493,129	1,544,274
TOTAL LIABILITIES AND RESERVES	_	1,560,504	1,623,239

#### APPROVED BY THE NATIONAL INSURANCE BOARD AND SIGNED ON ITS BEHALF BY:

Chairman Director

Acting Financial Controller

August 25, 2022

Date

Consolidated Statement of Comprehensive Loss For the Year Ended December 31, 2021 (Expressed in Thousands of Bahamian dollars)

	Notes	2021 \$	2020 \$
INCOME		J	<b>J</b>
Contributions			
Employers Insured persons Self-employed persons Voluntarily insured		151,981 102,308 5,975 11	134,075 90,994 5,196 1
Refund of contributions Allowance for expected credit losses - contributions	23	260,275 (499) (2,089)	230,266 (437) (3,845)
Total net contributions		257,687	225,984
Income from investments	17	74,154	41,949
Income from property	18	3,270	3,242
Share of losses of associates	10	-	-
Other income		4,341	2,465
TOTAL INCOME		339,452	273,640

Consolidated Statement of Comprehensive Loss For the Year Ended December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

	Notes	2021 \$	2020 \$
EXPENDITURE		Ψ	Ψ
Benefits expenditure			
Short-term		27,846	129,840
Pensions		282,585	258,841
Industrial		8,771	9,212
Disablement and death	_	8,271	7,983
Total benefits expenditure		327,473	405,876
Administrative expenditure			
Staff salaries, allowances and benefits	22	39,644	38,934
Expenses of the Board of Directors		190	160
Amortisation	11	1,273	1,323
Depreciation	12	2,318	2,189
Other administrative expenses	21	10,529	10,181
Total administrative expenditure	_	53,954	52,787
Provision for expected credit losses	23	14,632	621
Expenditure of the medical benefits branch			
Administrative expenditure		780	722
Depreciation	12	3,032	3,144
Total expenditure of the medical benefits branch		3,812	3,866
TOTAL EXPENDITURE		399,871	463,150
DEFICIENCY OF INCOME OVER EXPENDITURE	 	(60,419)	(189,510)
OTHER COMPREHENSIVE INCOME  Items that will not be reclassified subsequently to income			
Remeasurement of the defined benefit obligation Unclaimed benefits		9,136 138	820 81
TOTAL COMPREHENSIVE LOSS		(51,145)	(188,609)

Consolidated Statement of Changes in Reserves For the Year Ended December 31, 2021 (Expressed in Thousands of Bahamian dollars)

RESERVES, end of year	Other Comprehensive Income Remeasurement of the defined benefit obligation Unclaimed benefits RESERVES, beginning of year	EXCESS/(DEFICIENCY) OF INCOME OVER EXPENDITURE	EXPENDITURE  Benefits expenditure  Sickness benefit  Unemployment benefit  Maternity benefit  Funeral benefit  Maternity pant  Sickness assistance  Retirement benefit  Survivors' benefit  Invalidity benefit  Invalidity sassitance  Old age non-contributory retirement benefit  Survivors' assistance  Medical care  Injury benefit  Disablement grant  Payment of current periodically payable benefits effected during the year:  Disablement  Disablement  Death  Disablement benefit - capital value  Administrative expenditure  Provision for expected credit losses  TOTAL EXPENDITURE	TOTAL INCOME	Income from property Share of losses of associates Periodically payable disablement and death benefits transferred from income and expenditure account of industrial benefits branch: Disablement Death Other income	INCOME Total net contributions Income from investments	
			19		19 19		Notes
111,225	63 81,349	29,813	11,095 4,017 6,022 5,394 1,318 27,846 27,846	66,185	1,085	64,422 678	Shoi 2021 *
81,349	- 43 168,481	(87,175)	8,773 107,647 7,751 4,268 1,401	58,260	616	56,496 1,148	Short-term 1 2020 S
1,221,544	9,136 62 1,303,649	(91,303)	231,064 24,015 13,661 8,337 4,720 588 588 588 14,088 14,632 339,285	247,982	1,158	172,650 73,089	2021 8
1,303,649	820 26 1,403,473	(100,670)	208,899 2208,899 22,493 13,569 8,514 4,809 557 557 57 621 293,796	193,126	1,130	151,409 39,971	Pensions 2020 S
64,742	- 13 59,109	5,620	5,899 2,872 2,872 3,360	20,711	1,085	19,327 299	In 2021
59,109	12 60,207	(1,110)	6,360 2,852 7,272 2,858	18,232	617	16,949 666	Industrial 2020 S
89,786	- - 89,067	719	3,812	4,531	2,112		Medical 2021
89,067	- 89,003	64	3,866	3,930	2,112	1,130 72	ical 2020 \$
		(5,268)		3,003		43 - 6	Disablement and Death 2021 2020
10,524	11,143	(619)	7,767 216 7,983	7,364	7,272		
	576					6	Fidelity Bond 2021 2020 \$
576	- - 576					6	Bond 2020
		(60,419)	11,095 4,017 6,022 5,394 1,318 13,661 231,064 24,015 13,661 8,537 4,720 5,899 2,872 2,960 327,766		3,270 - 2,960 - 4,341	257,687 74,154	
1,544,274	820 81 1,732,883	(189,510)	8,773 107,647 7,751 4,268 1,401 208,899 22,493 13,569 8,514 4,899 5,57 6,360 2,882 7,767 216 405,876 7,272 56,653 621	280,912	3,242 - 7,272 - 2,465	225,984 41,949	Fotal 2020

Consolidated Statement of Cash Flows For the Year Ended December 31, 2021 (Expressed in Thousands of Bahamian dollars)

	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of income over expenditure	(60,419)	(189,510)
Adjustments:		
Income from investments	(74,154)	(41,949)
Income from property	(3,270)	(3,242)
Loss/(Gain) on disposal/write-off of property and equipment	70	(583)
Amortisation	1,273	1,323
Depreciation	5,350	5,333
Net gain from fair value adjustment on investment property	-	(392)
Provisions for expected credit losses	16,723	4,468
Finance cost on leases	52	64
Deficit before working capital changes	(114,375)	(224,488)
Increase in receivables and advances	(5,834)	(25,934)
(Increase)/decrease in prepaid expenses and deposits	(229)	533
Increase/(decrease) in accounts payable and accrued expenses	1,636	(7)
Decrease in staff pension fund	(2,156)	(3,768)
(Decrease)/increase in accrued benefits payable	(1,544)	1,007
Net cash used in operating activities	(122,502)	(252,657)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received – trustee and other securities	41,071	46,802
Dividends received	1,862	2,218
Proceeds from finance leases	15,130	845
Proceeds from income received from property	3,465	960
Proceeds from sale of equity securities	74	72,490
Proceeds from United States of America US\$ Treasury notes	-	52,023
Proceeds on maturity of certificates of deposit	50,500	141,450
Proceeds from sale of Bahamas Government notes	6,715	7,777
Proceeds on maturity of Bahamas Government registered stocks	55,538	30,306
Proceeds from Government of Barbados bonds	11	138
Proceeds from Bahamas Government Treasury bills	13,284	3,293
Proceeds from redemption of preference shares	4,000	1,500

Consolidated Statement of Cash Flows For the Year Ended December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

	2021 \$	2020 \$
CASH FLOWS FROM INVESTING ACTIVITIES (Continued)		
Proceeds from loan repayments from Bahamas Government entities	5,599	5,248
Proceeds from Nassau Airport Development Company Limited debt securities	2,000	1,663
Proceeds from College of the Bahamas notes	185	184
Proceeds from Public Hospital Authority bonds	665	665
Proceeds from Bahamas Power & Light bonds	6,479	_
Proceeds from Citigroup Funding Inc. notes	-	3,000
Proceeds from sale of property and equipment	84	4,322
Proceeds from US Corporate bonds	1,614	902
Purchase of equity securities	-	(13,966)
Purchase of Bahamas Government notes	(6,004)	(7,070)
Purchase of Bahamas Government Registered stocks	(3,000)	(18,068)
Placements of certificates of deposit	(8,200)	(50,800)
Additional loans to Bahamas Government entities	(3,679)	
Purchase of Bahamas Power and Light bond	-	(13,315)
Purchase of Bahamas Government Treasury bills	(13,308)	(3,293)
Additions to computer software	(411)	(1,000)
Additions of property and equipment	(1,319)	(2,242)
Additions to construction in progress – finance leases	(2,852)	(3,415)
Net cash from investing activities	169,503	262,617
CASH FLOW FROM FINANCING ACTIVITIES		
Finance cost on lease liabilities	(52)	(64)
Principal payments on lease liabilities	(269)	(247)
Net cash used in financing activities	(321)	(311)
Net increase in cash and cash equivalents	46,680	9,649
Cash and cash equivalents, beginning of year	44,711	35,062
Cash and cash equivalents, end of year (Note 4)	91,391	44,711

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars)

#### 1. General Information

The National Insurance Fund (the Fund) was established under the National Insurance Act (the Act). The major objective of the Fund is to provide pecuniary payments in respect of:

- sickness, invalidity, maternity, unemployment, retirement, death, industrial injury and disablement and death from industrial injury;
- (b) medical care;
- (c) social assistance for insured and other persons not qualifying for such payments as of right;
- (d) purposes connected with and incidental to the above matters.

Income is derived from contributions and return on investments. The daily operations of the Fund are governed by the Act and regulations pertaining thereto and are administered by the National Insurance Board (NIB), which is the organisation charged with administering the social security programme of the country. The Fund has one wholly-owned subsidiary, Claughton House Limited, which is consolidated in these financial statements.

#### 2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### (a) Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and with the requirements of the Act and the National Insurance (Financial and Accounting) Regulations (the Regulations). Further, the consolidated financial statements are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise judgment in the process of applying the Fund's accounting policies. It also requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Notes 2(e), 2(f), 2(g), 2(k), 2(l), 2(m), 3, and 23.

The consolidated financial statements do not take account of liabilities to pay benefits in the future. An actuarial valuation is usually performed every five years, with the latest valuation presented to Parliament having been done as of December 31, 2018. Certain results of the actuarial valuation are described in Note 32.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 2. Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

i) New standards, amendments to accounting standards and interpretations adopted by the Fund

The Fund has adopted the following amendment for the first time for their annual reporting period commencing 1 January 2021:

Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9

The amendment listed above did not have any impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods. Other amendments and interpretations to published standards that became effective for the Fund's fiscal year beginning on January 1, 2021 were either not relevant or not significant to the Fund's operations and accordingly did not impact the Fund's accounting policies or financial statements.

ii) New standards, amendments to accounting standards and interpretations issued but not yet effective and not early adopted by the Fund

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2021 reporting periods and have not been early adopted by the Fund. These standards, amendments or interpretations are not expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

## (b) Consolidation

## Subsidiary

A Subsidiary is an entity over which the Fund has control. Control is achieved when the investor has power over the investee; is exposed or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. If facts and circumstances indicate that there are changes to one or more of the three elements of control listed above, the investor shall reassess whether it controls the investee. The subsidiary is fully consolidated from the date on which control is transferred to the Fund. It is deconsolidated from the date that control ceases.

Intercompany transactions, balances, income and expenses and unrealised gains on transactions between the Fund and its subsidiary are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the subsidiary are changed where necessary to ensure consistency with the policies adopted by the Fund.

### Associates

Associates are all entities over which the Fund has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses

The Fund's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of comprehensive loss, and its share of post-acquisition movements in other comprehensive income is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Fund's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Fund does not recognise

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 2. Significant Accounting Policies (Continued)

### (b) Consolidation (continued)

Associates (continued)

further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate

Unrealised gains on transactions between the Fund and its associates are eliminated to the extent of the Fund's interest in the associates. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

Assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Assets that suffered an impairment loss are reviewed for possible reversal of the impairment at the end of each reporting period.

### (c) Foreign currency translation

The consolidated financial statements are presented in Bahamian dollars, which is the functional and presentation currency of the Fund. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at exchange rates prevailing as at the reporting date are recognised in the consolidated statement of comprehensive loss.

### (d) Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original contractual maturities of three months or less and, if applicable, bank overdrafts.

### (e) Financial assets

Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: (i) amortised cost, (ii) fair value through profit or loss ("FVTPL"), or (iii) fair value through other comprehensive income ("FVOCI").

### Amortised Cost

A financial asset is measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 2. Significant Accounting Policies (Continued)

### (e) Financial assets (continued)

Classification and measurement (continued)

### Fair Value Through Other Comprehensive Income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest

### Fair Value Through Profit or Loss

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income.

The classification and subsequent measurement of financial assets depend on the Fund's business model for managing the asset, and the cash flow characteristics of the asset. Factors considered by the Fund in determining the business model for a group of financial assets include: past experience regarding the manner in which the cash flows for the financial assets were collected; the manner in which the performance of financial assets is evaluated and reported to key management personnel; the approach to assessing and managing risks associated with the financial assets.

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at fair value through profit or loss, are measured at amortised cost, adjusted by an allowance for expected credit losses (ECL), which is recognised and measured as disclosed in Note 2(f).

All purchases and sales of financial assets are recognised on the trade date – the date on which the Fund commits to originate, purchase or sell the asset.

The classification of financial assets under IFRS 9 is generally based on the business model under which the asset is held and its contractual cash flows characteristics.

### (f) Impairment of financial assets

The Fund assesses, on a forward looking basis, the expected credit losses (ECL) for financial assets at amortised cost and fair value through other comprehensive income. The Fund measures the ECL and recognises an allowance for ECL at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Financial assets measured at amortised cost are presented in the consolidated statement of financial position, along with the allowance for ECL. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

NNUAL REPORT 2021

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 2. Significant Accounting Policies (Continued)

### (f) Impairment of financial assets (continued)

The Fund applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next twelve months or until contractual maturity, if shorter (12-month ECL). If the Fund identifies a significant increase in credit risk (SICR) since initial recognition, the financial asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis (lifetime ECL), that is, up until contractual maturity but considering expected prepayments. If the Fund determines that a financial asset is credit-impaired, the financial asset is transferred to Stage 3 and its ECL is measured on a lifetime basis. The Fund's definition of credit-impaired financial assets and definition of default are explained in Note 3. For financial assets that are purchased or originated credit-impaired (POCI Assets), the ECL is always measured as a lifetime ECL.

For contributions receivable, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The carrying amount of the asset is reduced through the use of an allowance account.

Financial assets are written-off, in whole or in part when the Fund has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Recoveries of accounts previously written off are recognised directly in the consolidated statement of comprehensive loss as a part of the ECL expense included in deficiency of income over expenditure.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 2. Significant Accounting Policies (Continued)

### (g) Investment property

Property that is held for long-term rental yields, capital appreciation, or both, and is not principally occupied by the Fund, is classified as investment property. Investment property comprises freehold land and office buildings.

Investment property is measured initially at cost, including related transaction costs. Subsequently, investment property is carried at fair value. Fair value is based on valuation methods such as discounted cash flow projections and prices observed in recent transactions involving similar properties. Formal valuations are obtained at least every three years, from independent appraisers who hold recognised and relevant professional qualifications and have recent experience in the category of investment property being valued. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the consolidated statement of comprehensive loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the fair value of the property.

Changes in fair values are recognised in the consolidated statement of comprehensive loss. Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

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

### (h) Property and equipment

Land and buildings principally comprise buildings that are occupied by the Fund or medical clinics within the Medical Benefits Branch which are operated by the Government of the Commonwealth of The Bahamas (The Bahamas Government). Property and equipment are stated at historical cost less depreciation, except land which is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably.

Repairs and maintenance and costs of leasehold improvements are charged to the consolidated statement of comprehensive loss during the financial period in which they are incurred.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### **Significant Accounting Policies (Continued)** 2.

### **Property and equipment (continued)**

Depreciation is calculated using the straight-line basis to allocate costs (net of residual values) over estimated useful lives as follows:

Buildings	40 years
Building renovations	20 years
Office furniture and equipment	5-10 years
Computer hardware	3 years
Motor vehicles	4 years
Medical equipment and Vehicles	10 years

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are recognised in the consolidated statement of comprehensive loss.

#### Computer software (i)

Computer software comprises software packages and other costs associated with implementing the software and ensuring that it is fully operational. The asset is stated at historical cost less amortisation, calculated using the straight-line basis over the estimated useful life of three years. The insurance administration system is amortised over fifteen years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive loss.

### Leases **(j)**

The Fund is lessee

The Fund leases various properties for office and storage spaces. Agreements are typically made for fixed periods, (usually three years) and may have renewal options exercisable by the Fund. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants with the exception of subleasing and alterations of the premises without the lessor's permission.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 2. Significant Accounting Policies (Continued)

### (j) Leases (continued)

The Fund is lessee (continued)

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Fund. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease Liability

Liabilities include the net present value of fixed payments. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the Fund's incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Fund uses a build-up approach that starts with a risk-free discount rate in the economic environment where the lease is located, adjusted for credit risk of the leases held by the Fund which does not have recent third-party financing.

Lease payments are allocated between principal and interest expense. Interest expense is charged to the consolidated statement of comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of Use Asset

Right-of-use assets are initially measured at cost comprising the following:

- The amount of initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- · Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Subsequently, right-of-use assets are recognised at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurements of the lease liabilities.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 2. Significant Accounting Policies (Continued)

### (i) Leases (continued)

The Fund is lessee

Short-term leases

The Fund applies the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less). Payments associated with short-term leases are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive loss.

The Fund is lessor

### Finance leases

For assets leased out under finance leases, the present value of the lease payments is recognised as net investment in finance leases in the consolidated statement of financial position. The difference between the total gross lease payments and the present value of the lease payments is recognised as unearned finance income. Lease income is recognised over the term of the leases using the net investment method, which reflects a constant periodic rate of return.

Costs in relation to construction of assets intended to be leased out under finance leases are recognised as construction in progress – finance leases in the consolidated statement of financial position. Costs include the expenditures that are directly attributable to the construction of the assets. In addition, the Fund recognises interest income, using the effective interest method, on the outstanding balance during the construction phase and includes this in the carrying amount. Upon completion of an asset, the amounts are transferred to net investment in finance leases.

### Operating leases

Assets leased out under operating leases are included in investment property or property and equipment in the consolidated statement of financial position. Rental income is recognised in the consolidated statement of comprehensive loss on a straight-line basis over the period of the lease.

# (k) Employee benefits

The Fund provides a contributory defined benefit pension plan (the pension plan) for all of its long term contractual, full time employees. A defined benefit pension plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually as a function of one or more factors such as age, years of service and compensation. The liability or asset recognised in the consolidated statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 2. Significant Accounting Policies (Continued)

### (k) Employee benefits (continued)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in staff salaries, allowances and benefits in the consolidated statement of comprehensive loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of comprehensive loss, as past service costs.

### (l) Revenue recognition

Contributions are accounted for on an accrual basis. Contribution income is recognised in the period for which the contribution relates. It is estimated based on the expected outstanding contributions for participants to the Fund considering the amount of contributions which are due but not yet paid by employers or individuals registered with the Fund, based on the Fund's historical contribution statements.

Interest income for all instruments measured at amortised cost is recognised in the consolidated statement of comprehensive loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised when the Fund's right to receive payment has been established.

Rental income is recognised as disclosed in Note 2(j).

Other income amounts are recognised using the accrual basis of accounting.

# (m) Expense recognition

The Fund recognises benefit expenditure when the Fund's obligation to make payment has been established. The Fund recognises an estimate of expenditure for claims submitted but not processed. The estimate is accrued considering the following assumptions based on historical experience: expected claims approval rates, the estimated claim period and an estimate of the claim entitlement.

Other expenses are recognised using the accrual basis of accounting.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

## 2. Significant Accounting Policies (Continued)

### (n) Unclaimed benefits

In accordance with section 15 of the National Insurance (Benefit and Assistance) Regulations, unclaimed benefits are legally extinguished after a period of eighteen months. Management has implemented a policy of reversing benefit liabilities, and crediting them directly to reserves, after a period of two years to provide for an extended period that may be granted to recipients of benefits based on the underlying circumstances.

### (o) Apportionment of income, and administrative and other expenditure

Sections 18 and 19 of the Regulations provide the following:

i. Income from contributions shall be distributed among the benefit branches in the following proportions:

	2021	2020
Short-term benefits reserve	25.0%	25.0%
Pensions reserve	67.0%	67.0%
Industrial benefits reserve	7.5%	7.5%
Medical benefits reserve	0.5%	0.5%
	100.0%	100.0%

- ii. Income from investments shall be allocated to the benefits branch to which the investments relate.
- iii. All other income, which cannot be identified with any specific branch, shall be distributed among the four benefit branches in equal parts.
- iv. Administrative expenditure of the medical benefits branch shall be ascribed to that branch and all other administrative expenditure shall be distributed among the other three branches so that the proportion allocated to a particular branch shall be equal to the proportion which the sum of the contribution income and benefit expenditure shown in the income and expenditure account of that branch bears to the sum of the contribution income and benefits expenditure of the Fund as a whole.

For the years ended December 31, 2021 and 2020, the resulting proportion of administrative expenditure ascribed to the three benefit branches is as follows:

	2021	2020
Short-term benefits reserve	15.80%	29.55%
Pensions reserve	77.97%	65.04%
Industrial benefits reserve	6.23%	5.41%
	100.00%	100.00%

v. All other expenditure, which is not attributable to any specific branch, shall be distributed among the four benefit branches in equal parts.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 2. Significant Accounting Policies (Continued)

### (p) Related parties

Related parties include its subsidiary; associates; ministries and corporations of The Bahamas Government; agencies and entities controlled by The Bahamas Government or in which The Bahamas Government has a significant ownership interest; key management personnel; close family members of key management personnel; and entities owned or controlled by key management personnel. Key management personnel include those having the authority and responsibility for planning, directing and controlling the activities of the Fund.

Balances and transactions with related parties are disclosed in Note 28 to these consolidated financial statements.

### (q) Taxation

The Fund is established under the laws of the Commonwealth of The Bahamas and is not subject to income and capital gains taxes. The Fund is subject to Value Added Tax at a rate of 12% imposed by the Bahamas Government. The Fund's operations do not subject it to taxation in any other jurisdiction, except for withholding taxes imposed by certain countries on investment income and capital gains for investments domiciled in those countries.

# (r) Chronic Diseases Prescription Drug Fund

The Financial and Accounting Regulations provide for funding under the Medical Benefits Branch (MBB) of expenditure of the Prescription Drug Fund established under the National Insurance (Chronic Diseases Prescription Drug Fund) Act. With effect from January 1, 2015, because of the insufficiency of the MBB, The Bahamas Government has agreed to reimburse the Fund for all expenditure relative to the Chronic Diseases Prescription Drug Fund. Accordingly, a receivable was recorded and is included in Note 5.

# (s) Events After the Reporting Period

The Fund identifies subsequent events as events that occurred after the reporting period but before the date when the financial statements were authorised for issue. Any subsequent events that provide additional information about the Fund's position at the reporting period, adjusting events, are reflected in the financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to financial statements when material.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

## 3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Fund performed a detailed analyses of its business models for managing financial assets and financial liabilities, and analyses of the respective cash flow characteristics. The analyses performed resulted in debt investment securities being classified as financial assets at amortised cost, as the cash flow characteristics meet the requirements for SPPI, and the Fund's business model is to hold debt investments without an intention to sell.

The Fund invests in debt investments principally for the exclusive purpose of providing long-term security and growth of the Fund with minimal risk through financial assets that yield investment income, while securing liquidity in the event of significant events requiring cash and cash equivalents. The maturity profile of investment securities is managed to provide cash flows over short, medium and long term for the purposes of managing liquidity and accordingly, sales are expected to be infrequent.

The remaining financial assets (cash at banks, loans advances and receivables included in other assets), are classified as financial assets at amortised cost.

Inputs, assumptions and estimation techniques factored into measuring ECL

As a primary approach for the calculation of expected credit losses (ECL) of cash and cash equivalents, debt investment securities and promissory notes, management estimates parameters for the Probability of Default (PD), Loss Given Default (LGD) and the exposure at the time of default (EAD) for each individual financial asset

At any point in time where a cash flow is expected there are two outcomes possible – either the issuer is solvent and the cash flow comes in the contractual amount, or the issuer is in default and the cash flow does not arrive and is collected later on, with some possible losses (e.g. the cash flow may arrive later than scheduled, in a lesser amount than is due or not at all). The probability of the first outcome is usually referred to as the probability of no default (or survival), while the probability of default (PD) for the issuer is the probability of the second outcome. These two probabilities add up to one, constituting all the possible outcomes (this includes transition from one non-default state into another for the issuer).

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next twelve (12) months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

The Fund utilises the rating transition matrices from an external rating agency (Moody's report) for calculation of the lifetime probability of default. The model assumes the external rating (or reliable internal rating) is available for issuers in scope together with sufficient history of observed rating transitions (covering at least one credit cycle). The same model can be used in particular to estimate lifetime PD for rated sovereign and corporate financial instruments. For unrated issuers, the Fund benchmarks the issuers probability of default to corporate ratings with similar default experiences derived from external rating agency transition matrices.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Inputs, assumptions and estimation techniques factored into measuring ECL (continued)

The Fund defines a financial asset as in default, which is consistent with the regulatory definition of creditimpaired, when one (1) or more of the following criteria are met:

- An obligor is highly vulnerable to non-payment, e.g. a bankruptcy petition has been filed.
- An obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet payment obligations on other issues or classes of obligation in a timely manner.
- An obligor has failed to pay one or more of its financial obligations (rated or unrated) and the exposure is more or equal to 90 days past due.
- Financial asset has a "Defaulted" external rating.

The default definition has been applied consistently to model the PD, Exposure at Default (EAD) and LGD in all expected loss calculations.

Based on management's decision, assets will not move directly from Stage 3 to Stage 1. When an asset ceases to be defaulted it will move to Stage 2 and then subsequently if it no longer is classed as "deteriorated" it will move to Stage 1. In general it is expected that financial assets will always move to Stage 2 prior to moving to Stage 3, but in some instances an asset may move directly from Stage 1 to Stage 3 (an example would be a counterparty declaring financial hardship where there had been no evidence of financial difficulties in rating behaviors).

The exposure in the context of calculating the ECL is determined based on the expected cash flows on the financial instrument from the measurement date (i.e. the balance sheet date) to the last cash flow date (i.e. end of lifetime – estimated and/or contractual). Cash flows are estimated over the lifetime of a financial instrument, the Fund estimates what it expects the balance of a financial instrument to be in the future (based on the amortization schedule). Any modeling of future cash flows is done at an appropriately granular level and considers the unique aspects of each financial asset.

LGD is the estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including discounted cash flows from any collateral. LGD is expressed as a percentage of EAD. LGD should be estimated over future periods to include the term of exposures and incorporate expectations about the future. As explained in IFRS 9.B5.5.43, even when calculating 12 month ECLs, LGD is assessed over a life of the exposure rather than a 12 month LGD.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

## 3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Inputs, assumptions and estimation techniques factored into measuring ECL (continued)

Management utilises external data provider reports provided by Moody's for default and recovery rates.

The ECL is determined by projecting the PD, LGD and EAD for future periods and for each individual exposure. These three (3) components are multiplied together and adjusted for the likelihood of survival, which is that the exposure has not prepaid or defaulted in an earlier period. This effectively calculates an ECL for each future period, which is then discounted back to the financial reporting date and summed. The discount rate used in the ECL calculation is the approximation of the original effective interest rate.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by financial assets.

Significant increase in credit risk (SICR)

The determination of SICR is not defined in the standard. Therefore, qualitative and quantitative indicators are factored into the determination of SICR, considering all reasonable and supportable information available without undue cost and effort, on past events, current conditions and future behavioural aspects of particular portfolios of financial assets. The Fund makes best efforts to identify indicators of SICR of individual financial assets prior to delinquency and accordingly incorporates significant assumptions in its model.

The Fund continuously monitors all financial assets subject to ECLs, and assesses whether there has been a SICR since initial recognition, which is performed on an individual basis and on a portfolio basis. Cash at banks, loans and receivables and investment securities classified at amortised cost are assessed for SICR on an individual basis by monitoring the triggers stated below. For other financial assets, SICR is also assessed on an individual basis.

Some of the Fund's financial assets are investment grade corporate and sovereign securities with limited or no history of default. Management has applied the "low credit risk expedient" identified and defined in IFRS 9 which is considered a simplified approach to assessing whether or not there is a SICR from the date of initial recognition. In order for this operational simplification to apply, the financial asset has to meet the following requirements:

- It has a low risk of default.
- The borrower is considered, in the short term, to have strong capacity to meet its obligations.
- The lender expects, in the longer term, the adverse changes in economic and business conditions might, but will not necessarily; reduce the ability of the borrower to fulfil its obligations.

As the Fund considers the credit risk of these financial assets low and no SICR has arisen, impairment is measured using 12-month ECL and is classified as Stage 1.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Significant increase in credit risk (SICR) (continued)

Significant increase in credit risk of all other financial assets of the Fund is assessed individually at the counterparty level by applying the following methodology:

- If a financial asset drops out of investment grade, it automatically migrates to Stage 2 as such drop indicates significant increase in credit risk from the origination.
- For the assets purchased/originated outside of investment grade, a movement of 2 notches in reference to an externally published credit rating is considered as a significant increase in credit risk.
- In addition, financial assets move to Stage 2 in the case of significant adverse changes in business, financial and/or economic conditions in which the counterparty operates.
- Contractual payments from the borrower are past due in excess of thirty (30) days.

The criteria used to identify SICR are monitored and reviewed periodically for appropriateness. The exposure will move back to Stage 1 once it no longer meet the criteria for a SICR.

Forward-looking information factored into ECL models

Forward looking information is factored into both the assessment of SICR (significant increase in credit risk) and the calculations of ECL. Historical analyses have been performed, which identified the key economic variables impacting credit risk and ECL for each type of financial asset. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Management judgement has been applied in this process. Forecasts of these economic variables (the base economic scenario) are determined periodically based on benchmark information available in The Bahamas and the countries which the Fund places its investments, this information provides the best estimate view of the economy over the medium term. To project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables trend towards a long run average growth rate (i.e. GDP) over a period of two to five years. The impact of the economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD.

In addition to the base economic scenario, other possible scenarios along with scenario weightings are determined. The number of other scenarios used is set based on the analyses of each major type of financial asset to ensure non-linear relationships are appropriately factored in. The number of scenarios and their attributes are reassessed at each financial reporting date. As at December 31, 2020 and December 31, 2021, three scenarios were deemed to appropriately capture non-linear relationships. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

The Fund used supportable forward-looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model with three (3) macro-economic scenarios to calculate unbiased and probability weighted ECL: most likely outcome (Baseline); and two (2) less likely scenarios being better than Baseline (Upside) and worse than Baseline (Downside).

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Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

# 3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Forward-looking information factored into ECL models (continued)

# Sensitivity analysis

The most significant assumption impacting the ECL is as follows:

 GDP: The gross domestic product growth rates as these have an impact on the counterparty's financial condition and their probability of default.

The table below sets out the changes to the ECL at December 31, 2021 that would result from reasonably possible changes in the parameters from the actual assumptions used in the Fund's economic variable assumption:

	Gross Domestic Product		
	-25 bps	No change	25 bps
	\$	\$	\$
Change in ECL 2021	194	-	(184)
Change in ECL 2020	79	-	(72)

## 4. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise:

	2021	2020
	\$	\$
Cash on hand	65	62
Cash at banks – current account	21,885	19,309
Cash at brokers	4,475	2,606
Cash at the Central Bank of The Bahamas	65,003	22,749
	91,428	44,726
Allowance for expected credit losses (Note 23)	(37)	(15)
	91,391	44,711

Cash at the Central Bank of The Bahamas does not earn interest. The remaining cash and cash equivalents did not earn interest during 2021 and 2020.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 4. Cash and Cash Equivalents (continued)

The Fund is permitted, under foreign exchange controls of the Central Bank of The Bahamas, to invest a maximum of \$25 million annually (\$6.25 million quarterly) in specific foreign currency investments. This annual facility commenced in 2006 and annual maximums ranged from \$12.5 million to \$25 million. As at December 31, 2021, United States dollar (US\$) deposits total \$12,050 (2020: \$9,486).

### 5. Receivables and Advances

Receivables and advances comprise:

•	2021	2020
	\$	\$
Finance lease receivables	15,028	10,280
Rent receivable	4,558	4,753
Value Added Tax receivable/payable (net)	(1,076)	(9)
Other receivable – The Bahamas Government	117,775	104,441
Contribution Receivables (Note 23)	73,309	64,264
Advances to staff	553	744
	210,147	184,473
Provision for expected credit losses	(28,011)	(25,883)
•	182,136	158,590
Movements in provision for expected credit losses are as follows:		
	2021	2020
	\$	\$
At January 1	(25,883)	(22,084)
Increase in loss allowance	(2,128)	(3,799)
At December 31	(28,011)	(25,883)

The other receivables include \$38,118 (2020: \$35,410) which relates to the Chronic Diseases Prescription Drug Fund (Drug Fund) and is in part supported by two Promissory Notes issued by The Bahamas Government dated March 20, 2018 and January 5, 2021 both in the amount \$38,000. The three-year Promissory Notes bears interest at the rate of 3.75% per annum. The balance of these Promissory Notes are \$37,499 (2020: \$12,665).

A promissory note in the amount of \$61,762 dated December 1, 2018 was issued by The Bahamas Government to cover all outstanding lease balances at June 30, 2018. The promissory note shall be repaid within four years of issue date and bears interest at a rate of Prime + 1/4% per annum (currently 4.5%) See Note 23. The balance of this Promissory Note is \$34,086 (2020: \$38,590).

A promissory note in the amount of \$15,000 dated April 19, 2021 was issued by the Bahamas Government to cover the Education Loan Authority Series A Bond that defaulted at maturity on August 15, 2020. The promissory note shall be repaid in five (5) instalments of \$3,000 no later than September 16, 2023 and bears interest at a fixed rate of 5.00% per annum. No payments were made in 2021.

Other receivables also include \$30,043 (2020: \$29,989) which relates to the Bahamas Government's Unemployment Assistance Programmes that were administered by NIB on the Government's behalf.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

## 6. Investments at Fair Value Through Profit or Loss

The Fund ranks its investments based on the hierarchy of valuation techniques required by IFRS, which is determined 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 Fund's market assumptions. These two types of inputs lead to the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed 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 securities and debt instruments with significant unobservable components.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

# 6. Investments at Fair Value Through Profit or Loss (Continued)

Investments at fair value through profit or loss held by the Fund comprise:

Number	of shares			
2021	2020		2021	2020
			\$	\$
		Ordinary Shares / Mutual Funds		
		Level 2 B\$		
1,000	1,000	Bahamas Waste Limited	9	7
6,022,945	6,022,945	Bank of Bahamas Limited	14,937	10,058
3,343,749	3,343,749	Commonwealth Bank Ltd.	10,165	12,004
2,967,500	2,967,500	Commonwealth Brewery Limited	25,966	14,096
474,797	474,797	Consolidated Water Co. Ltd.	1,011	1,125
23,320	23,320	FamGuard Corporation Limited	234	196
213,472	213,472	Finance Corporation of Bahamas Limited	2,103	1,814
298,491	298,491	FirstCaribbean International Bank (Bahamas) Limited	3,582	3,361
1,125,459	1,125,459	Freeport Oil Holdings Company Ltd.	4,479	4,434
68,327	68,327	J.S. Johnson & Company Limited	1,059	1,039
			63,545	48,134
		Level 2 US\$		
24,428	24,428	CFAL Global Bond Fund	4,970	4,932
5,603	5,603	CFAL Global	1,190	1,036
,,,,,,	-,		6,160	5,968
		Preference Shares		
		Level 2		
_	75	FamGuard Corporation Limited; Prime +1.50%	_	75
100,000	100,000	Fidelity Bank Limited; Prime + 2.25%	1,000	1,000
4,365,000	4,365,000	Freeport Oil Holdings Company Ltd; Prime + 1.75%	4,365	4,365
, ,	, -,	r J m	5,365	5,440
			75,070	59,542

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

# 6. Investments at Fair Value Through Profit or Loss (Continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Other financial instruments	<u>-</u>	75,070		75,070
Balance as at December 31, 2021	<u>-</u> .	75,070		75,070
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Other financial instruments	<u> </u>	59,542		59,542
Balance as at December 31, 2020	<u> </u>	59,542	<u>-</u>	59,542

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

# 6. Investments at Fair Value Through Profit or Loss (Continued)

During the year, the movements in investments at fair value through profit or loss comprise:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Balance as at January 1, 2021	_	59,542	_	59,542
Purchases	-	-	-	-
Sales	-	(74)	-	(74)
Net unrealised gain (Note 17)	<u>-</u> _	15,602	<u> </u>	15,602
Balance as at December 31, 2021	<u>-</u> _	75,070	<u>-</u> _	75,070
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Balance as at January 1, 2020	20,998	115,040	_	136,038
Purchases	13,966	, <u>-</u>	_	13,966
Sales	(33,498)	(38,992)	-	(72,490)
Net realised loss (Note 17)	(1,466)		-	(1,466)
Net unrealised loss (Note 17)		(16,506)	<u> </u>	(16,506)
Balance as at December 31, 2020	<u> </u>	59,542	<u>-</u>	59,542

The Fund did not have any financial instruments classified as Level 3 as at December 31, 2021 (2020: \$Nil). There were no transfers between levels during the year (2020: \$Nil).

### 7. Investments at Amortised Cost

Financial assets disclosed in Note 7 are at amortised cost. Refer to Note 23 for the credit quality, staging and expected credit losses applicable.

# (a) Bahamas Government Registered Stocks

Investments in Bahamas Government Registered Stocks have interest rates varying from 4.25% to 5.60% (2020: 4.25% to 5.60%) per annum, most of which are tied to the Bahamian dollar Prime rate (Prime) which at December 31, 2021 was 4.25% (2020: 4.25%).

Face	e Value	Description		
2021	2020		2021	2020
\$	\$		\$	\$
-	17,261	Prime + 0.36% to 0.56%; 2021	-	17,289
50,380	50,380	Prime + 0.18% to 0.41%; 4.25% 2022	50,380	50,380
164,130	190,169	Prime +0.04% to 0.38%; 4.25% to 4.82% 2023-2027	164,147	190,192
160,047	169,248	Prime + 0.06% to 0.41%; 4.30% to 5.45%; 2028-2032	160,112	169,319
62,370	62,370	Prime +0.06% to 0.63%; 4.31% to 5.40%; 2033-2037	62,738	62,755
36,547	36,547	5.00% to 5.60%; 2038-2041	36,547	36,547
			473,924	526,482
		Accrued interest	5,444	6,403
			479,368	532,885

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 7. Investments at Amortised Cost (Continued)

### (a) Bahamas Government registered stocks (continued)

The effective interest rate earned on Bahamas Government registered stocks was 4.66% (2020: 4.57%), and registered stocks with face values totalling \$103,576 (2020: \$80,998) have fixed interest rates varying from 4.25% to 5.60% (2020: 4.25% to 5.60%) and maturities ranging from 2022 to 2040 (2020: 2021 to 2040).

## (b) Bahamas Government B\$ notes

Face Val 2021 \$	2020 \$	Description	2021 \$	2020 \$
2,825	,	4.00%; 2021 4.50%; 2022	2,825	3,535
		Accrued interest		24
			2,847	3,559

### (c) Bahamas Government treasury bills

Face V	/alue	Description	tion	
2021	2020		2021	2020
\$	\$		\$	\$
-	1,677	2.50%; 2021	-	1,675
1,719	-	2.50%; 2022	1,717	<del>-</del>
			1,717	1,675

The effective interest rate earned on treasury bills is 2.13% (2020: 2.57%)

# (d) Bahamas Government US\$ notes

Face V	<b>Value</b>	Description		
2021	2020	•	2021	2020
\$	\$		\$	\$
11,000	11,000	6.95%; 2029	10,992	10,991
4,800	4,800	6.63%; 2033	4,721	4,716
14,102	14,102	7.13%; 2038	14,164	14,167
			29,877	29,874
		Accrued interest	376	376
			30,253	30,250

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 7. Investments at Amortised Cost (Continued)

### (e) Bahamas Government US\$ loan

Face V	<sup>7</sup> alue	Description		
2021	2020		2021	2020
\$	\$		\$	\$
		US\$ 2 day LIBOR+ 6.50%;		
13,315	13,315	2022	13,315	13,315
		Accrued interest	198	191
			13,513	13,506

As at December 31, 2021, The Bahamas debt was rated Ba3 (2020: Ba2) by Moody's.

In July 2020, the Fund contributed \$13,315 to this medium term US\$ loan facility which was transferred to the Government of The Bahamas from Bahamas Power and Light Company Limited (BPL). The loan bears interest at the LIBOR rate two days before the interest due date plus the applicable margin of 6.50%. If the LIBOR rate is below 1%, 1% will be used plus the applicable margin. Also, the applicable margin will be increased by 0.25% per annum for each and every credit level downgrade as recorded by Fitch, Moody's and Standard & Poor. The applicable interest rate at December 2021 was 8.25% (2020:7.5%). The loan matured on July 23,2021 and the maturity date was extended to January 28, 2022.

### (f) Government of Barbados US\$ bonds

Face V	alue	Description		
2021	2020	•	2021	2020
\$	\$		\$	\$
-	11	6.50%; 2021	-	15
2,435	2,435	6.50%; 2029	2,413	2,411
			2,413	2,426
		Accrued interest	40	40
			2,453	2,466

As at December 31, 2021, Barbados foreign currency debt was rated Caa1 (2020: Caa1) by Moody's.

In 2021 principal repayments made were \$11 (2020: \$138) on the restructured bonds.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 7. Investments at Amortised Cost (Continued)

### (g) Government of Trinidad & Tobago US\$ bonds

Face Value		Description		
2021	2020	•	2021	2020
\$	\$		\$	\$
2,000	2,000	3.79%; 2024	2,022	2,032
		Accrued interest	35	35
			2,057	2,067

As at December 31, 2021, Trinidad & Tobago foreign currency debt was rated Ba2 (2020: Ba1) by Moody's.

# (h) Certificates of deposit

	2021	2020
	\$	\$
Certificates of deposit	6,500	48,800
Accrued interest	64	723
	6,564	49,523

During the year, certificates of deposit earned interest at rates of 1.25% to 2.5% (2020: 2.00% to 2.50%) per annum. The effective interest earned on certificates of deposit was 2.31% (2020: 2.30%). Certificates of deposit mature within 12 months of the statement of financial position date.

At December 31, 2020, a certificate of deposit held with Gulf Union Bank (Bahamas) Ltd., in compulsory liquidation, which was previously fully provided for was derecognized and the ECL thereon was eliminated. No payment was received during 2020.

### (i) Bahamas Mortgage Corporation bonds

Series	Description	2021	2020
	•	\$	\$
Q	15 year bonds; Prime; 2024 - 2027	15,000	15,000
N,O,P	20 year bonds; Prime* less 1.00% to 2.00%; 2023-2026	64,500	64,500
R	20 year bonds; Prime $+\frac{1}{4}$ ; 2029-2032	11,100	11,100
S	25 year bonds; Prime + 1/2%; 2034-2037	4,100	4,100
		94,700	94,700
	Accrued interest	1,194	1,194
		95,894	95,894

These bonds are guaranteed by The Bahamas Government.\* The terms of these bonds deem Prime to be no less than 7.00%.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

## 7. Investments at Amortised Cost (Continued)

### (j) Nassau Airport Development Company Limited debt securities

Face V	alue	Description		
2021	2020		2021	2020
\$	\$		\$	\$
17,512	16,258	B\$ Subordinated participating debt; 7.50%; 2034	17,512	16,258
6,300	6,900	B\$ senior debt notes; 8.50%; 2031	6,300	6,900
6,300	6,900	US\$ senior debt notes; 8.50%; 2031	6,300	6,900
49,296	45,766	US\$ Subordinated participating debt; 7.50%; 2034	49,296	45,766
4,063	4,300	B\$ senior debt notes; Series B; 6.34%; 2035	4,063	4,300
4,063	4,350	US\$ senior debt notes; Series A; 6.34%; 2035	4,063	4,350
4,125	4,400	US\$ senior debt notes; Series C; 6.44%; 2035	4,125	4,400
			91,659	88,874
		Accrued interest	19	19
			91,678	88,893

The Fund acquired debt securities of Nassau Airport Development Company Limited (NAD). The proceeds of the debt offerings were used for the financing of phase II and III of the Lynden Pindling International Airport.

The Participating Debt Notes bear interest of 7.50% per annum paid quarterly. The Note Purchase Agreement Section 10.15 (a) and (b) of these Notes due 2035 states that if insufficient cash is available in the Revenue account any interest accrued quarterly and not paid is to be capitalised, thereby increasing the principal outstanding. The Participating Debt Notes did not meet their interest payments in December 2021 and as a result, under the terms of the agreement interest capitalized as at December 31, 2021 totalled \$4,784 (2020: \$2,262). Given the increase in passenger arrival and the considerable change in growth forecasted over the prior year, NAD Participating Debt was moved from Stage 2 to Stage 1 for the assessment of the ECL model.

# (k) Education Loan Authority bonds

Face Va	alue	Description		
2021	2020	_	2021	2020
\$	\$		\$	\$
_	15,000	Series A; Prime + 0.25%; 2020	-	15,000
9,750	9,750	Series B; Prime + 0.50%; 2023	9,831	9,878
19,250	19,250	Series C; Prime + 0.75%; 2025 to 2028	20,168	20,286
			29,999	45,164
		Accrued interest	543	801
			30,542	45,965

These bonds are guaranteed by The Bahamas Government. On April 19, 2021, the Government of The Bahamas issued a Promissory Note to repay the principal and interest on the unpaid matured \$15,000 Series A Bond. The bonds are classified as Stage 2 for the assessment of the ECL model.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

# 7. Investments at Amortised Cost (Continued)

### (I) Bahamas Development Bank bonds

Face Value Description		Description		
2021	2020		2021	2020
\$	\$		\$	\$
		Accrued interest	<del>_</del>	269
			-	269

These bonds were guaranteed by The Bahamas Government. During 2020, the face value of the bonds in the amount of \$37,000 were converted to a loan. The outstanding interest accrued as at December 31, 2020 was paid in 2021.

# (m) Bahamas Power and Light Company Limited bonds

Face V	<sup>7</sup> alue	Description		
2021	2020	-	2021	2020
\$	\$		\$	\$
_	6,495	B\$ Series B; 6.41%; 2021	-	6,495
18,558	18,558	B\$ Series C; 6.56%; 2026	18,542	18,539
			18,542	25,034
		Accrued interest	31	41
			18,573	25,075

These bonds are guaranteed by The Bahamas Government.

# (n) Preference Shares

Face Va	alue	Description		
2021	2020		2021	2020
\$	\$		\$	\$
		Colina Holdings Bahamas Limited; Prime + 1.50%		
2,000	2,000	redeemable	2,000	2,000
-	4,000	Fidelity Bank (Bahamas) Limited; 5.75%; 2021	-	4,000
8,500	8,500	Cable Bahamas Limited; 5.75%; 2024	8,500	8,500
		_	10,500	14,500

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 7. Investments at Amortised Cost (Continued)

### (o) Clifton Heritage Authority bonds

Face Val	ue	Description		
2021	2020	-	2021	2020
\$	\$		\$	\$
1,455	1,455	Prime + 0.50%; 2025	1,455	1,455
4,219	4,219	Prime + 0.63%; 2030	4,219	4,219
2,274	2,274	Prime + 0.75%; 2035	2,274	2,274
			7,948	7,948
		Accrued interest	45	45
			7,993	7,993

These bonds are guaranteed by The Bahamas Government.

# (p) Latin American Investment Bank (Bahamas) Ltd. bonds

In prior years, the Fund acquired \$5,000 of the bonds that are supported by the Government Guaranteed Advanced Education Loan Scheme held in trust by Deltec Bank & Trust. Interest is earned at 0.70% above Prime. As at December 31, 2021, the carrying amount of the bonds includes the principal of \$2,282 (2020: \$2,282) plus accrued interest of \$1,221 (2020: \$1,221).

The bonds were due to mature December 31, 2015. No repayments of principal or interest were received during the year (2020: \$Nil). Cumulative principal payments as at December 31, 2021 total \$2,718 (2020: \$2,718). As this bond was not paid at its maturity date it is in default.

# (q) Loans to Bahamas Government entities

		Additional		
	1-Jan-21	Funds	Repayments	31-Dec-21
	\$	\$	\$	\$
MOEH	5,880	-	-	5,880
WSC	10,379	-	(1,171)	9,208
BDB	38,164	-	(1,011)	37,153
BCB	3,284	481	(220)	3,545
	57,707	481	(2,402)	55,786
Accrued interest	1,229	1,444	(355)	2,318
	58,936	1,925	(2,757)	58,104
		4 1 1040 1		
		Additional		
	1-Jan-20	Additional Funds	Repayments	31-Dec-20
	1-Jan-20 \$		Repayments \$	31-Dec-20 \$
МОЕН		Funds		
MOEH WSC	\$	Funds	\$	\$
-	<b>\$</b> 9,880	Funds	\$ (4,000)	<b>\$</b> 5,880
WSC	\$ 9,880 11,324	Funds \$ - -	\$ (4,000) (945)	\$ 5,880 10,379
WSC BDB	\$ 9,880 11,324 1,300	Funds \$ - -	\$ (4,000) (945) (136)	\$ 5,880 10,379 38,164
WSC BDB	\$ 9,880 11,324 1,300 3,451	Funds \$ - - 37,000	\$ (4,000) (945) (136) (167)	\$ 5,880 10,379 38,164 3,284

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 7. Investments at Amortised Cost (Continued)

### (q) Loans to Bahamas Government entities (continued)

### **MOEH**

During 2013 the Fund through a Memorandum of Understanding with the Ministry of the Environment and Housing (MOEH) agreed to lend up to \$10,000 for the Bahamas National Housing Construction Project. The interest rate on this loan is 2.00% plus the 91 day Treasury Bill rate at the issue date. The funds were disbursed in quarterly instalments of \$2,500 from December 2013. During October 2014 the second drawdown of \$2,500 was disbursed. A final disbursement of \$300 was made in 2017. The loan will be repaid from mortgages issued through lending institutions other than the Bahamas Mortgage Corporation (BMC). No principal repayments made in 2021 (2020: \$4,000) and the loan is in default.

### WSC

During 2013 the Fund agreed to lend up to \$10,000 to the Water & Sewerage Corporation (WSC) to finance the design and construction of a Wastewater Treatment Plant at Gladstone Road to service the Baha Mar Resort and surrounding areas. In 2015 an additional \$5,000 loan was approved. This loan bears interest at 4.75% and is repayable over 10 years with interest only payments being made during the first two years of the agreement. Principal repayments made in 2021 amounted to \$1,171 (2020: \$945).

### BCB

During July 2015, the Fund agreed to lend \$4,100 to the Broadcasting Corporation of The Bahamas (BCB) to fund its infrastructural repairs and upgrades. The loan bears interest of 3.5% and principal and interest is repayable monthly over 20 years. Principal repayments made in 2021 amounted to \$220 (2020: \$167).

### BDB

During June 2019 the Fund agreed to lend \$1,300 to the Bahamas Development Bank (BDB) to fund the purchase of an office building in New Providence. The loan bears interest of 4.5% and principal and interest is repayable quarterly over 10 years. Principal repayments made in 2021 amounted to \$83 (2020: \$136).

During November 2020 the Fund agreed to convert the total \$37,000 Bahamas Development Bonds to a loan to allow the Bank to improve its liquidity by accessing the bond sinking fund. The loan is payable by equal quarterly instalments over a period of 20 years and bears interest of 3.94%. Principal repayments made in 2021 amounted to \$927.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

# 7. Investments at Amortised Cost (Continued)

# (r) Long-term deposits

Face V	alue	Description		
2021	2020	•	2021	2020
\$	\$		\$	\$
		Family Guardian Insurance 3.00		
6,500	6,500	%; 2023	6,500	6,500
-		Accrued interest	1,730	1,490
			8,230	7,990

The interest rate on the Family Guardian Single Premium Deferred Annuity will be reviewed every 5 years on the annuity anniversary date.

# (s) Bridge Authority bonds

Face Value	•	Description		
2021	2020		2021	2020
\$	\$		\$	\$
1,025	1,025	Prime + 1.50%; 2024	1,025	1,025
802	802	Prime + 1.63%; 2029	802	802
			1,827	1,827
		Accrued interest	29	29
			1,856	1,856

# (t) Fidelity Bank (Bahamas) Limited notes

Face Valu	ıe	Description		
2021	2020		2021	2020
\$	\$		\$	\$
800	800	Series F Notes; Prime + 1.25%; 2022 Accrued interest	800 4	800 4
			804	804

# (u) The College of The Bahamas redeemable term notes

Face Valu 2021 \$	e 2020 \$	Description	2021 \$	2020 \$
923	1,107	7.00%; 2026	923	1,107
			923	1,107

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

# 7. Investments at Amortised Cost (Continued)

# (v) Public Hospital Authority bonds

Face Val	ue	Description		
2021	2020		2021	2020
\$	\$		\$	\$
7,982	8,648	6.00%; 2033	7,982	8,648
		Accrued interest	122	132
			8,104	8,780

Principal repayments began in 2015 and will occur until maturity. In 2021 principal repayments made were \$665 (2020: \$665).

# (w) Be Aliv Notes

Face Va	lue	Description		
2021	2020	_	2021	2020
\$	\$		\$	\$
500	500	Series A 8.00%; 2026	500	500
500	500	Series B 8.50%; 2031	500	500
			1,000	1,000

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

# 7. Investments at Amortised Cost (Continued)

# (x) Corporate US\$ bonds

202	Value 1 2020 \$ \$	Description	2021 \$	2020 \$
	- 397	Freeport McMoran Copper & Gold 3.50%; 2022	-	392
39		Amazon Incorporated 2.50%; 2022	393	389
		American International Group 4.88%; 2022	-	403
39		Goldman Sachs Group 3.63%; 2023	394	392
39		Morgan Stanley Medium Term 4.88%; 2022	398	399
		Simon Property Group 2.75%; 2023	-	389
15	7 157	Teva Pharmaceutical Finance 2.95%; 2022	156	154
39	7 397	United Health Group 2.75%; 2023	393	390
39	7 397	WellPoint Incorporated 3.30%; 2023	394	392
39		Deer & Company 2.60%; 2023	396	393
39		General Dynamics Corporation 2.25%; 2022	393	389
39	7 397	General Electric Capital Group 3.10%; 2022	394	391
39		AT & T Incorporated 2.63%; 2022	393	388
	- 397	Verizon Communications Incorporated 2.45%; 2022	-	387
39	7 397	Ebay Incorporated 2.60%; 2022	395	392
		Accrued Interest	4,099	5,640 47
			4,133	5,687
8. Net Investmen	t in Finance	Leases		
Net investment	in finance lea	ases comprise:		
			2021	2020
			\$	\$
Gross receiva				
Not later than		1	27,385	25,333
		later than five years	68,943	50,988
Later than five	e years		247,966	174,200
			344,294	250,521
Unearned fina	ance income		(114,076)	(78,123)
			230,218	172,398

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 8. Net Investment in Finance Leases (Continued)

The net investment in finance leases can be further analysed as follows:

	2021	2020
	\$	\$
Not later than one year	17,564	18,204
Later than one year and not later than five years	33,192	25,148
Later than five years	179,462	129,046
	230,218	172,398

At December 31, 2021, net finance leases were \$230,218 (2020: \$172,398). The Fund previously classified the leases in stage 3 under the expected credit loss model as payments were past due, however, during December 2018 The Bahamas Government negotiated a Promissory Note to cover all the past due balances under the finance and operating leases in the amount of \$61,672. Set payments are to be made monthly and full repayment is not to exceed four years. Repayments during 2021 on the Promissory Note was \$5,254 (2020: \$11,259). The existing finance lease agreement remains in force for the duration of the Promissory note and as a result the applicable interest of Prime rate+ 1/4% (presently 4.50%) will apply to delinquent payments.

At December 31, 2021, the finance leases payments are in arrears and in default. The Finance Lease receivables are listed at Stage III with a LGD of 0% as they are collateralized by the underlying assets, the buildings, the replacement values of which if liquidated will reduce the exposure.

The Fund presently has fifteen (2020: thirteen) office buildings being leased to The Bahamas Government under finance lease agreements, as follows:

	2021	2020
	\$	\$
Poinciana Hill, New Providence	9,858	10,601
Thompson Boulevard, New Providence	15,685	16,867
Claughton House, New Providence	5,485	5,866
Police Headquarters, Grand Bahama	4,548	4,891
Police Dormitories, Grand Bahama	1,867	2,013
Robinson Road, New Providence	3,243	3,488
Police Residences, Grand Bahama	2,029	2,273
Police Gymnasium, Grand Bahama	567	611
Police Guard House, Grand Bahama	27	30
Freeport Government Complex	24,957	25,860
Marsh Harbour Government Complex	26,437	28,430
Office of the Attorney General	35,962	38,673
JL Centre	30,556	32,795
JFK National Security	50,684	-
Bimini Complex	18,313	
	230,218	172,398

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 8. Net Investment in Finance Leases (Continued)

### **Claughton House Limited**

On September 12, 1996, the Fund purchased all of the outstanding shares of Claughton House Limited (formerly Chemical Realty (Bahamas) Holdings Limited) (Claughton House) whose sole asset was an office building in Nassau, New Providence. Effective the same date, Claughton House agreed to enter into a fifteen (15) year finance lease with The Bahamas Government for the office building. The payments due under the lease agreement were set, and are to be revised as necessary, to allow the Fund to recover its capital outlay and yield a return of 1.75% above the Prime of 4.25% (2020: 4.25%) (an effective rate of 6.50% per annum in 2013). This lease expired June 13, 2011, however, during 2014 construction began for the renovation of Claughton House on behalf of the Bahamas Government and upon completion a new lease agreement was executed. Also during 2014 the Fund was advised of the Government's mandate to restructure its debt thereby reducing the amounts allocated to repayments of leasing arrangements. As a result, effective July 1, 2014 all existing and future Finance Leases will be restructured over 25 years at 0.25% above prime rate 4.50% (2020: 4.50%). The Bahamas Government is responsible for the maintenance, insurance and taxes on all buildings under Finance Lease arrangements.

### **Bahamas Government buildings**

In prior years, the Ministry of Finance negotiated appropriate funding packages with the Fund for the construction or renovation of certain buildings, namely Poinciana Hill, Thompson Boulevard, Police Headquarters, Police Dormitories, Robinson Road, Police Residences, Police Gymnasium and Police Guard House. The Fund has executed lease agreements with The Bahamas Government for these buildings, on the same terms as the finance lease involving Claughton House.

Location	Date Construction/ Renovation Commenced
Poinciana Hill, New Providence	1998
Thompson Boulevard, New Providence	2000
Claughton House, New Providence	2014
Police Headquarters, Grand Bahama	2000
Police Dormitories, Grand Bahama	2001
Robinson Road, New Providence	2004
Police Residences, Grand Bahama	2001
Police Gymnasium, Grand Bahama	2001
Police Guard House, Grand Bahama	2001
Freeport Government Complex	2009
Marsh Harbour Government Complex	2009
Office of the Attorney	2009
JL Centre, Blake Road	2012
JFK National Security	2013
Bimini Complex	2014

The Fund financed the construction or renovation and furnishing of these buildings.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

# 9. Investment Property

As of January 1, 2021 As of December 31, 2021	Farrington Road Building \$ 3,307 3,307	Modernistic Building \$ - -	Total \$ 3,307 3,307
As of January 31, 2020 Sales/Transfer of Investments Property Gain/(loss) on Valuation of Investment property	2,600	501 (186)	3,101 (186)
(Note 17) As of December 31, 2020	707 3,307	(315)	392 3,307

The fair values of investment properties are determined every three years by an independent professionally qualified appraiser. In determining the valuations, the appraiser refers to the weighted average of the Cost Approach and the Income Approach with reference to discounted cash flows that consider assumptions such as rental rates and market discount rates. The Farrington Road building was appraised as at December 31, 2020.

The Fund ranks it non-financial assets carried at fair value based on the hierarchy of valuation techniques required by IFRS as described in Note 6. The Fund classifies all investment property as Level 3 assets. The table below illustrates the impact of changes in estimates and assumptions in the determination of the fair value of investment property.

Estimate/Assumption	Change	Impact on Reserves
Construction costs	+5.00%/-5.00%	\$297/(\$297)
Depreciation rate	+5.00%/-5.00%	(\$195)/\$195

Amounts recognised in the consolidated statement of comprehensive loss as it relates to rental income and direct operating expenses for investment properties are as follows:

2021	2020
\$	\$
388	380
-	124
33	34
33	158
	3388

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

## 9. Investment Property (Continued)

Operating lease agreements have been entered into for all investment properties.

Location	Lease Term	Lease Date
Bahamas Government, Farrington Road, New Providence	21 years	Renewal Pending

The lease agreements may have revisions to the rent every three years to reflect the cost of living increase based on the retail price index of the preceding three years. The expected commitments on leases for investment properties are analysed as follows:

	Farrington Road Building	
	2021	2020
	\$	\$
No later than 1 year	374	374
Later than 1 year and no later than 5 years	1,496	1,496
Later than 5 years	2,618	2,992
·	4,488	4,862

### 10. Investment in Associates

As at December 31, 2021, the Fund owned 4,334,453 (2020: 4,334,453) of the ordinary voting shares of Bank of the Bahamas Limited (BOB), representing 11.74% (2020: 11.74%) of the total outstanding ordinary voting shares and 6,022,945 (2020: 6,022,945) non-voting ordinary shares. The Fund has determined it still has significant influence as it holds a seat on the board and participates in all significant financial and operating decisions. The cumulative net unrecognised losses on BOB at December 31, 2021 are \$10,934 (2020: \$11,419).

The number of shares owned by the Fund in Cable Bahamas total 9,482,759 (2020: 9,482,759), representing 21.61% (2020: 21.61%) of the total outstanding voting shares. The cumulative net unrecognised losses on CAB at December 31, 2021 are \$5,830 (2020: \$860).

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Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

# **Investment in Associates (Continued)**

The associates reported the following balances and transactions as of, and for the twelve months ended, December 31, 2021 and 2020:

December 31, 2021 and 2020:				
	Assets \$	Liabilities \$	Total Income \$	Net Income/ (Loss) \$
Bank of The Bahamas Limited	891,212	729,000	46,948	4,135
Cable Bahamas Limited	525,569	478,763	58,968	(22,996)
2020				
Bank of The Bahamas Limited	821,954	667,856	46,028	(5,024)
Cable Bahamas Limited	616,245	541,280	30,262	21,109
Computer Software				
Computer software comprises:				
				Total \$
Cost				
Balance as at January 1, 2021				18,794
Additions				411
Disposal				<u> </u>
	2021 Bank of The Bahamas Limited Cable Bahamas Limited  2020 Bank of The Bahamas Limited Cable Bahamas Limited  Computer Software  Computer software comprises:  Cost Balance as at January 1, 2021 Additions	Assets \$ 2021  Bank of The Bahamas Limited 891,212 Cable Bahamas Limited 525,569  2020  Bank of The Bahamas Limited 821,954 Cable Bahamas Limited 616,245  Computer Software  Computer software comprises:	Assets Liabilities \$ 2021  Bank of The Bahamas Limited 891,212 729,000 Cable Bahamas Limited 525,569 478,763  2020  Bank of The Bahamas Limited 821,954 667,856 Cable Bahamas Limited 616,245 541,280  Computer Software  Computer software comprises:	Assets Liabilities Total Income \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$

	\$
Cost	
Balance as at January 1, 2021	18,794
Additions	411
Disposal	<del></del>
Balance as at December 31, 2021	19,205
Accumulated amortisation	
Balance as at January 1, 2021	7,965
Amortisation expense	1,273
Disposals	-,-,-
Balance as at December 31, 2021	9,238
Net book value as at December 31, 2021	9,967
Cost	
Balance as at January 1, 2020	18,358
Additions	1,000
Disposal	(564)
Balance as at December 31, 2020	18,794
Accumulated amortisation	
Balance as at January 1, 2020	7,206
Amortisation expense	1,323
Disposals	(564)
Balance as at December 31, 2020	7,965
Net book value as at December 31, 2020	10,829
,	

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 12. Property and Equipment

Property and equipment comprise:

Balance as at Dece Accumulated deproper deproper deproper depresentation as at Janua Charge for the year Disposals Balance as at Dece Balance as at Dece	Cost Balance as at Additions Disposals
Accumulated depreciation Balance as at January 1, 2021 Charge for the year Disposals  Balance as at December 31, 2021 Net book value as at December 31, 2021	Cost Balance as at January 1, 2021 Additions Disposals
34,738 2,817 (163) 37,392 80,359	Land & Buildings \$ \$ 117,951 33 (233)
5,114 4,088 199 (19) 4,268 846	Office Furniture & Equipment \$ 4,871 265 (22)
9,078 7,021 1,151 (1,078) 7,094 1,984	Computer Hardware \$ 9,278 878 (1,078)
1,962 1,992 90 (198) 1,884 78	Motor Vehicles \$ 2,105 55 (198)
918	Land Improvement \$ 844 74
1,525 530 272 - 802	Leasehold Assets \$ 1,511 14
9,152 821 (131) 9,842 2,693	Medical Equipment & Vehicles \$ 12,666 - (131)
148,883  57,521  5,350  (1,589)  61,282  87,601	Total \$ 149,226 1,319 (1,662)

Right of use assets of \$723 (2020: \$981) included in property and equipment, where the Fund is the lessee, comprise various offices spaces under operating lease contracts.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

## 12. Property and Equipment (Continued)

	Land & Buildings	Office Furniture & Equipment	Computer Hardware \$	Motor Vehicles	Land Improvement \$	Leasehold Assets	Medical Equipment & Vehicles \$	Total \$
Cost Balance as at January 1, 2020 Additions Disposals	122,735 428 (5,212)	4,757 264 (150)	8,071 1,445 (238)	2,105	739	1,511	13,177	153,095 2,242 (6,111)
Balance as at December 31, 2020	117,951	4,871	9,278	2,105	844	1,511	12,666	149,226
Accumulated depreciation Balance as at January 1, 2020 Charge for the year Disposals	33,364 2,942 (1,56 <u>8</u> )	4,004 215 (131)	6,370 889 (238)	1,832		265 265	8,747 862 (457)	54,582 5,333 (2,394)
Balance as at December 31, 2020  Net book value as at December 31, 2020	34,738	4,088	7,021	1,992	, 848	530	9,152	57,521 91,705

Leased assets included in property and equipment, where the Fund is the lessor, comprise land and buildings and medical equipment leased to polyclinics operated by The Bahamas Government under operating leases.

3,510	2,693	70,012	67,728
12,665 (9,149)	12,535 (9,842)	90,241 (20,229)	90,003 (22,27 <u>5</u> )
ent & Vehicles 2020 \$\$\$\$\$\$\$\$\$\$	Medical Equipment & Vehicles 2021 2020 \$	1dings 2020 \$	Land & Bundings 2021 \$

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 13. Construction in Progress – Finance Leases

The Fund finances the construction and furnishing of buildings, with the intention of entering into finance leases with The Bahamas Government, and transferring ownership of the buildings to The Bahamas Government at the end of the leases. The table below discloses the movements during the respective years.

	2021	2020
	\$	\$
Balance as at January 1	86,543	80,651
Additions	2,852	3,415
Interest income (Note 17)	623	2,477
Transfer to net investment in finance leases	(66,901)	<u> </u>
Balance as at December 31	23,117	86,543

During 2011, the National Insurance Board resolved to reduce interest charged on outstanding balances related to projects currently inactive to 0.00%. As at December 31, 2021, projects with balances totalling \$22,663 (2020: \$14,798) are subject to this resolution.

### 14. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses comprise:

	2021	2020
	\$	\$
Accounts payable and accrued expenses	6,426	5,674
Accrued vacation pay	4,689	4,223
Unclaimed benefits	427	587
Employee pension contributions	270	91
Other	50	41
	11,862	10,616
Lease Liability		
	2021	2020
	\$	\$
Lease liabilities		
Current	275	260
Non-current	501	768
	776	1,028

The consolidated statement of comprehensive income reflects the following amounts related to leases:

	2021 \$	2020 \$
Finance cost	52	64

The total cash outflows for leases in 2021 was \$321 (2020: \$311).

**Notes to the Consolidated Financial Statements** December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### **Staff Pension Fund** 15.

The Fund has a defined benefit pension plan for eligible employees, whereby the Fund makes contributions that entitles a retired employee (normal retirement age is 60) to receive an annual pension based on years of service and the average earnings of the 3 consecutive years prior to retirement. The Fund's contributions to the defined benefit pension plan are recognised in the consolidated statement of comprehensive loss in the year to which they relate. The pension plan is separately administered by a corporate trustee. The Fund is exposed to actuarial risks, such as longevity, currency, interest rate and market risk.

The amounts recognised in the consolidated statement of financial position are determined as follows:

	2021 \$	2020 \$
Present value of defined benefit obligations	140,657	143,114
Fair value of plan assets	(101,732)	(92,897)
Funded status- Deficit	38,925	50,217
Net liability arising from defined benefit obligation in consolidated statement of financial position	38,925	50,217
The movements in the present value of the defined benefit obligations a		
	2021	2020
	\$	\$
As at January 1	143,114	138,930
Interest cost	7,255	7,071
Current service cost	4,271	4,296
Employee contributions	1,080	1,097
Benefits paid	(6,732)	(5,819)
Actuarial gains	(8,331)	(2,461)
As at December 31	140,657	143,114

The present value of the defined benefit obligation as at December 31, 2019, 2018, and 2017, was \$138,930, \$135,166, and \$124,653 respectively.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 15. Staff Pension Fund (Continued)

The defined benefit obligation is allocated between the plan's members as follows:

	2021		2020	)
	\$	%	\$	%
Active members	85,279	60.6	92,882	64.9
Inactive members	55,378	39.4	50,232	35.1
As at December 31	140,657	100.0	143,114	100.0

As at December 31, 2021, the duration of the liability is 14.33 years.

The movements in the fair value of plan assets are as follows:

	2021 \$	2020 \$
As at January 1	92,897	84,125
Expected return on plan assets	4,727	4,358
Contributions	10,280	12,097
Benefits paid	(6,732)	(5,819)
Actuarial gains/(losses)	805	(1,644)
Administration and Other non-Plan Investment Management Expenses	(245)	(220)
As at December 31	101,732	92,897
The allocation of plan assets as at December 31, 2021 is as follows:		
	2021	2020
	\$	\$
Asset Allocation		
Cash on hand and at banks	6,999	3,910
Certificates of deposit	1,602	1,152
Equity securities at fair value through profit or loss	19,667	15,292
Loans and receivables	72,775	71,827
Net current assets	689	716
Fair value of plan assets at end of year	101,732	92,897

All of the plan assets are domiciled in the Commonwealth of The Bahamas and are held in a separate Trust under the direction of the Trustee. Equity securities which are at fair value through profit or loss are quoted on the Bahamas International Securities Exchange.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 15. Staff Pension Fund (Continued)

The expense recognised in the consolidated statement of comprehensive loss comprises:

	2021	2020
	\$	\$
Current service cost	4,271	4,296
Interest expense	2,528	2,713
Administration and Other non Plan Investment Management Expenses	245	220
Total pension expense (See Note 22)	7,044	7,229

Employer contributions to be paid to the staff pension fund in the subsequent year are estimated at \$11,257 (2020: \$10,958). Employee contributions to be paid to the staff pension fund in the subsequent year are estimated at \$1,143 (2020: \$1,185).

The movements in the liability in the consolidated statement of financial position are as follows:

	2021 \$	2020 \$
As at January 1	50,217	54,805
Pension expense recognised	7,044	7,229
Contributions – employer	(9,200)	(10,997)
Actuarial gains for year –from experience	(3,204)	(2,464)
Actuarial (gains)/losses for year-plan assets	(805)	1,644
Actuarial gains from changes in economic assumptions	(5,127)	<u>-</u>
As at December 31	38,925	50,217
The principal actuarial assumptions used at December 31 were:		
	2021	2020
Rates per annum		
Discount rate	5.25%	5.00%
Expected return on plan assets	5.25%	5.00%
Future salary increase at age 18	5.00%	5.00%
at age 59	5.00%	5.00%

Early retirement rates used were 0% before completing 30 years of pensionable service and 10% after completing 30 years of pensionable service. Mortality rates have been taken from the 1994 Uninsured Pensioner Mortality Generational Table at 2022 with Projection Scale AA (2020: 1994 Uninsured Pensioner Mortality Generational Table at 2021 with Projection Scale AA). The mortality rates used for December 31, 2021 allow for improvements in life expectancy as illustrated below:

	Ger	nder
Age	Male	Female
Age 60 in 2021	25.03	27.03
Age 60 in 20 years	26.60	27.86

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 15. Staff Pension Fund (Continued)

Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarizes how the defined benefit obligation as at December 31, 2021 would have changed as a result of a change in the assumptions used.

	Dis	Discount Rate			
Future salary increase	5.25%	4.25%	6.25%		
	\$	\$	\$		
5.00%	140,657	163,105	122,806		
4.50%	138,324	160,060	120,991		
5.50%	143,145	166,360	124,736		

The defined benefit obligation would be \$143,831 if the average life expectancy is increased by one year.

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

### 16. Fidelity Bond Reserve

Pursuant to Section 12 of the Regulations, NIB has established a fidelity bond reserve to insure the Fund against the risk of defalcation by cashiers, storekeepers or other custodians of the property of the Fund.

There was no income or expenditure in respect of this reserve for the years ended December 31, 2021 and 2020.

### 17. Income from Investments

	2021 \$	2020 \$
	3	Э
Income from trustee securities:		
Bahamas Government registered stocks	23,967	24,474
Bahamas Government treasury bills	89	43
	24,056	24,517
Income from other securities:		
Certificates of deposit	531	1,708
Long term deposits	240	233
Nassau Airport Development Company Limited debt securities	6,729	6,576
Bahamas Mortgage Corporation bonds	3,335	3,340
Dividends from ordinary and preference shares	1,862	2,218
Education Loan Authority bonds	1,002	1,861
Bahamas Government US\$ notes	2,090	2,090
Bahamas Government US\$ loan	1,082	452
Bahamas Government B\$ notes	136	104
Bahamas Development Bank bonds	-	1,219
Bahamas Electricity Corporation bonds	1,627	1,697
Government of Barbados US\$ bonds	157	150
Clifton Heritage Authority bonds	388	389
United States of America US\$ treasury notes	-	223
Fidelity Bank (Bahamas) Limited notes	44	44
The College of The Bahamas redeemable term notes	71	84
Bridge Authority bonds	106	106

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 17. Income from Investments (Continued)

		2021 \$	2020 \$
	Income from other securities: (continued)		
	Government of Trinidad & Tobago US\$ bonds	77	78
	Loans to Bahamas Government entities	2,840	680
	Public Hospital Authority bonds	509	550
	Corporate US\$ bonds	211	243
	Citigroup Funding Inc. notes	-	30
	Be Aliv notes	83	83
		23,120	24,158
		2021	2020
		\$	\$
	Income/(loss) from other investments:	10.707	0.010
	Interest income on net investment in finance leases	10,797	8,019
	Interest income on construction in progress – finance leases (Note 13)  Net unrealised gain/(loss) on investments at fair value through profit or loss (Note 6)	623 15,602	2,477 (16,506)
	Net realised loss on investments at fair value through profit or loss (Note 6)	-	(1,466)
	Net realised gain on valuation of investment properties	-	392
	Net realised (loss)/gain on other investments	(44)	358
		26,978	(6,726)
	_	74,154	41,949
18.	Income from Property		
10.	income from Froperty		
		2021	2020
		\$	\$
	Rental income:		
	Freeport office complex	704	685
	New Providence buildings	454	445
	Polyclinics	2,112	2,112
		3,270	3,242

### 19. Capital Values of Awards of Periodically Payable Disablement and Death Benefits

Section 20(3) of the Regulations provides that the capital value of periodically payable disablement and death benefits awarded in a year is charged against the year's income in the income and expenditure account of the industrial benefits branch. It is also credited to a current account, which is further credited with the income from the investment of the said reserve and debited with the actual payments of periodical disablement and death benefits affected during the year. The balance is then transferred at the end of the year to the reserve account. The expenditure of the industrial benefit branch and the income of the disablement and death benefits reserve are eliminated in the consolidated statement of comprehensive loss.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 20. Amount Invested in Other Assets (See Note 31)

Amount invested in other assets comprises:

	2021	2020
	\$	\$
Cash on hand	65	62
Cash at banks – current accounts	21,865	19,303
Cash at brokers	4,458	2,597
Receivables and advances	182,136	158,590
Prepaid expenses and deposits	859	630
Computer software	9,967	10,829
Property and equipment	17,180	18,177
Construction in progress – finance leases	23,117	86,543
Accounts payable and accrued expenses	(11,862)	(10,616)
Accrued benefits payable	(16,588)	(18,132)
	231,197	267,983

### 21. Other Expenses

Other expenses comprise:

	2021	2020
	\$	\$
Repairs and maintenance	3,422	3,292
Utilities	1,416	1,523
Consultancy fees	199	484
Printing, stationery and computer supplies	808	750
Transportation and travel	272	249
Training and scholarships	269	119
Janitorial	497	433
Advertising and publicity	93	110
External security	362	381
Rent	234	195
Motor vehicles	186	158
Insurance	315	295
Legal expenses	155	85
Audit fees	216	256
Real property tax	76	74
Bank charges	620	400
Tribunal membership	7	2
Finance cost-lease liability	52	64
Value Added Tax Expense	1,283	1,255
Other miscellaneous expenses	47	56
	10,529	10,181

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 22. **Employee Benefits**

	2021 \$	2020 \$
Pension expense (Note 15)	7,044	7,229
Pension expense allocated to the Drug Fund	(179)	(149)
	6,865	7,080
Staff salaries and allowance	26,670	26,021
Group health plan	4,628	4,470
National insurance contributions	1,104	1,042
Other benefits	377	321
	39,644	38,934

### 23. Financial Risk Management

The Fund's activities expose it to a variety of financial risks: market risk (comprising price and interest rate risk), credit risk, liquidity risk and currency risk. The Fund's overall Risk Management program seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's Performance.

Management of these risks is carried out by the Investment and Finance & Audit Committees under policies approved by the Board. There have been no changes to the Fund's process during the year. The methods used are described below.

### Market Risk

Price Risk

Price risk is the risk that the value of the financial instruments held at fair value will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded in the market. The Fund manages its risks by monitoring the price movement of securities on the local and foreign stock exchanges.

The Fund is exposed to securities price risk because of investments held by the Fund designated as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio in accordance with the limits set by the Investment Committee. The Fund's exposure to price risk is detailed in Note 6. All of the Fund's investments at fair value are publicly traded and included in the S&P 500 index or are listed on the Bahamas International Securities Exchange (BISX). If the BISX and S&P 500 indices increased/decreased 6% (2020: 6%) with all other variables held constant, this would have increased/decreased reserves \$4,182 (2020: \$3,246).

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The majority of the Fund's financial instruments are directly linked to Prime (which has not experienced frequent significant changes in prior years) or have short terms to maturities and therefore fair value interest rate risk is considered to be minimal. The resulting cash flow interest rate risk is not hedged and considered a profit opportunity.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### Credit risk

### Risk management

Credit risk is the risk that a counterparty may be unable to perform according to the terms of a contract. Credit risk arises mainly from investments in debt securities, cash at banks, receivables and advances and receivables from finance leases. Credit risk is managed by the Fund on a group basis. The Fund places its investments with custodians in good standing with the Securities Commission of The Bahamas or equivalent regulators. Certificates of deposit and cash at banks are placed with financial institutions in good standing with the Central Bank of The Bahamas or equivalent regulators. The Fund uses external rating agency credit ratings to assess the creditworthiness of its financial assets. The PD's associated with each grade are determined based on realised default rates as published by the external rating agency. For those financial assets which have no externally published credit ratings, the Fund assesses on an individual basis the credit quality of the counterparty taking into account their financial performance, past experience and other relevant factors.

### Maximum exposure

As at December 31, 2021, the Fund's maximum exposure to credit risk before considering any collateral held is the carrying amount of financial assets in the amount \$1,436,512 (2020: \$1,430,855), principally concentrated with The Bahamas Government, which as at December 31, 2021 had foreign and local currency debt ratings of Ba3 (2020: Ba2) issued by Moody's. As at that date, the Fund had investments, loans and receivables with The Bahamas Government and its entities totalling \$1,065,759 (2020: \$1,099,069).

### Impairment of financial assets

The Fund has three types of financial assets that are subject to the expected credit loss model:

- Debt investments classified at amortised cost;
- Contributions receivable; and
- Net investment in finance leases (see Note 8).

### Debt investments at amortised cost

The Fund has assessed its cash balances held with financial institutions to be investment grade based on the external credit rating of the counterparties. As such all balances have been classified at Stage 1 at December 31, 2021 and December 31, 2020. The table below reconciles the loss allowance recognised at December 31, 2021:

	2021	2020
	\$	\$
Opening allowance at January 1,	15	13
Increase in expected credit loss	22	2
Closing allowance at December 31,	37	15

The following table shows the analysis of the credit risk exposure for debt instruments classified at amortised cost for which an ECL allowance is recognised. The gross carrying amount of the debt instruments represents the Fund's maximum exposure to the credit risk of these assets.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### Debt investments at amortised cost (continued) Financial Risk Management (Continued) Impairment of financial assets (continued) Credit risk (continued) 23.

	Credit Grade	Amortised Cost \$	Stage 1 \$	Stage 2	Stage 3	POCI \$	ECL	Carrying Value \$
Sovereign								
Bahamas Government registered stocks	Non investment	479,368	86,392	392,976	•	•	(13,532)	465,836
Bahamas Government B§ notes	Non investment	2,847	•	2,847		٠	(3)	2,844
Bahamas Government treasury bills	Non investment	1,717	1,717	1		•	· 1	1,717
Bahamas Government US\$ notes	Non investment	30,253		30,253	,	,	(1,615)	28,638
Bahamas Government US\$ loan	Non investment	13,513	13,513	1		•	(2)	13,511
Government of Barbados US\$ bonds	Non investment	2,453		•	,	2,453	· 1	2,453
Government of Trinidad & Tobago US\$ bonds	Non investment	2,057	•	2,057	•	•	(3)	2,054
		532,208	101,622	428,133		2,453	(15,155)	517,053
Corporate								
Certificates of deposit	Non investment	6,564	3,533	3,031		•	(29)	6,535
Bahamas Mortgage Corporation bonds	Non investment	95,894	•	95,894			(3,045)	92,849
Nassau Airport Development Company Limited debt securities	Non investment	91,678	91,678	•	•	•	(330)	91,348
Education Loan Authority bonds	Non investment	30,542		30,542		•	(1,087)	29,455
Bahamas Development Bank bonds	Non investment			•			•	•
Bahamas Electricity Corporation bonds	Non investment	18,573	•	18,573		•	(609)	17,964
Preference shares	Non investment	10,500	2,000	8,500		•	(148)	10,352
Clifton Heritage Authority bonds	Non investment	7,993	•	7,993		•	(467)	7,526
Latin American Investment Bank (Bahamas) Ltd. bonds	Non investment	3,503	•	•	3,503	1	(371)	3,132
Loans to Bahamas Government entities	Non investment	58,104	47,006	3,548	7,550	•	(2,476)	55,628
Long-term deposits	Non investment	8,230	8,230	•		1	(28)	8,202
Bridge Authority bonds	Non investment	1,856	1,856	•			(3)	1,853
Fidelity Bank (Bahamas) Limited notes	Non investment	804	804	•		•	$\equiv$	803
The College of The Bahamas redeemable term notes	Non investment	923	923	•		•	(2)	921
Public Hospital Authority bonds	Non investment	8,104	8,104	•		•	(14)	8,090
Be Aliv Note	Non investment	1,000	1,000	•		•	4)	966
	Investment &							
Corporate US\$ bonds	Non investment	4,133	3,977	156	-	-	(2)	4,131
		348,401	169,111	168,237	11,053	-	(8,616)	339,785
		880,609	270,733	596,370	11,053	2,453	(23,771)	826,838

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### **Credit risk (continued)**

Impairment of financial assets (continued)

### Debt investments at amortised cost (continued)

The following table contains an analysis of debt instruments of the Fund by credit quality at December 31, 2021 based on credit risk grades and discloses the balances by three stages for the purpose of ECL measurement.

	Stage 1	Stage 2	Stage 3	POCI	2021
	\$	\$	\$	\$	\$
<b>Sovereign Investment Securities</b>					
Credit grade:					
Investment	-	-	-	-	-
Non-investment	101,622	428,133	-	2,453	532,208
Gross carrying amount	101,622	428,133		2,453	532,208
Loss allowance	(115)	(15,040)	-	-	(15,155)
Carrying amount	101,507	413,093		2,453	517,053
Corporate Investment Securities					
Credit grade:					
Investment	3,977	-	-	-	3,977
Non-investment	165,134	168,237	11,053	<u> </u>	344,424
Gross carrying amount	169,111	168,237	11,053	-	348,401
Loss allowance	(652)	(5,554)	(2,410)	<u> </u>	(8,616)
Carrying amount	168,459	162,683	8,643		339,785
<b>Total Investment Securities</b>					
Credit grade:					
Investment	3,977	-	-	-	3,977
Non-investment	266,756	596,370	11,053	2,453	876,632
Gross carrying amount	270,733	596,370	11,053	2,453	880,609
Loss allowance	(767)	(20,594)	(2,410)	_	(23,771)
Carrying amount	269,966	575,776	8,643	2,453	856,838

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Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### Credit risk (continued)

Impairment of financial assets (continued)

### Debt investments at amortised cost (continued)

The following table contains the comparative analysis of debt instruments of the Fund by credit quality at December 31, 2020.

	Stage 1	Stage 2	Stage 3	POCI	2020
	\$	\$	\$	\$	\$
<b>Sovereign Investment Securities</b>					
Credit grade:					
Investment	-	-	-	-	-
Non-investment	581,875	2,067	<u> </u>	2,466	586,408
Gross carrying amount	581,875	2,067	-	2,466	586,408
Loss allowance	(502)	(9)		<u> </u>	(511)
Carrying amount	581,373	2,058	<del></del> _	2,466	585,897
<b>Corporate Investment Securities</b>					
Credit grade:					
Investment	5,136	-	-	-	5,136
Non-investment	291,219	96,163	25,257		412,639
Gross carrying amount	296,355	96,163	25,257	-	417,775
Loss allowance	(596)	(5,304)	(2,788)		(8,688)
Carrying amount	295,759	90,859	22,469	<u>-</u>	409,087
<b>Total Investment Securities</b>					
Credit grade:					
Investment	5,136	-	-	-	5,136
Non-investment	873,094	98,230	25,257	2,466	999,047
Gross carrying amount	878,230	98,230	25,257	2,466	1,004,183
Loss allowance	(1,098)	(5,313)	(2,788)		(9,199)
Carrying amount	877,132	92,917	22,469	2,466	994,984

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### Credit risk (continued)

Impairment of financial assets (continued)

### Debt investments at amortised cost (continued)

The expected credit loss for financial assets which are measured at amortised cost is impacted by several factors, including:

- Transfers between Stage 1 and Stages 2 or 3 due to financial assets experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during a financial period, and the consequent change between 12-month ECL and lifetime ECL.
- Increases for provision and/or allowances for new financial assets recognised during a financial period, and decreases for financial assets derecognised in a financial period.
- Impacts on the measurement of ECL due to changes made to model methodologies and assumptions.
- Decreases in provision and/or allowances related to financial assets written off during a financial period.

The downgrade of the local and foreign currency sovereign credit ratings of The Bahamas during 2021 and 2020 was due to the economic impact of the decline in the tourism sector, sluggish fiscal reform, and increased fiscal deficits. It is expected The Bahamas will experience modest growth as the tourism sector reopens and there is continued stimulus in the construction sector with post-hurricane building works. The external reserves are projected to remain more than adequate to maintain the Bahamian dollar currency in spite of the forecasted local and external borrowings to finance the debt. As such, management has elected to maintain the Stage I classification and apply the S&P credit rating to the sovereign investments which were purchased after 2016 and those purchased prior to were classified as Stage II when the Bahamas credit rating declined beyond investment grade. In 2020, Stage I classification was maintained and the S & P credit rating was used. The S&P historic credit ratings, results in a more conservative estimate.

The Fund's ECL model uses GDP as one of its main factor due to the high concentration of sovereign investments

The IMF reported a real GDP growth of 2.00% for 2021 and forecasts a GDP growth rate of 8.00% for 2022, up from -14.52% in 2020 representing a strong rebound in the post-COVID-19 economy. However, management has determined to use a more conservative estimate of 4.66%, which represents the average GDP growth for The Bahamas for 2021 and the following two forecasted years 2022 and 2023. This average GDP growth of 4.66% used in the 2021 ECL calculation when compared to 1.19% used in the 2020 calculation reduced the impact on the ECL of the sovereign investments for 2021.

In addition to the GDP growth rate being used, management has adopted the use of three economic scenarios in the global economic environment. They represent a 'most likely outcome' (Base case) and two, less likely scenarios on either side of the Base line, referred to as a 'Best' and a 'Worst' case scenario respectively. The three economic probability-weighted scenarios were estimated as Base case 85%; Best case 10% and Worst case 5%.

The following tables explain the stage changes in the gross carrying amount and the loss allowance for debt securities between the beginning and the end of the annual period. Included in the table are the gross carrying amounts for the debt securities purchased within the year.

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Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### **Credit risk (continued)**

Impairment of financial assets (continued)

Sovereign Investment Securities	Stage 1	Stage 2	Stage 3	POCI \$	Total
Gross carrying amount as at January 1, 2021	581,875	2,067		2,466	586,408
Transfers:	301,073	2,007	_	2,400	300,400
Transfer from Stage 1 to Stage 2	(426,785)	426,785	_	_	_
Transfer from Stage 1 to Stage 3	(120,703)	.20,703	_	_	_
Transfer from Stage 2 to Stage 1	_	_	_	_	_
Transfer from Stage 2 to Stage 3	_	_	_	_	_
Transfer from Stage 2 to Stage 2	_	_	_	_	_
New financial assets originated or purchased	3.049	_	_	_	3,049
Changes to exposure other than full derecognition	(74)	(719)	_	2	(791)
Financial assets derecognised during the period	(56,443)	(/15)		(15)	(56,458)
	(30,443)			(13)	(30,736)
Gross carrying amount as at December 31, 2021	101,622	428,133		2,453	532,208
Sovereign Investment Securities	Stage 1	Stage 2	Stage 3	POCI	Total
~~~~~~ <del>_</del>	\$	\$	S	S	\$
Loss allowance as at January 1, 2021	502	9	-	-	511
Transfers:	202				011
Transfer from Stage 1 to Stage 2	(378)	378	_	_	_
Transfer from Stage 1 to Stage 3	-	-	_	_	_
Transfer from Stage 2 to Stage 1	_	_	_	_	_
Transfer from Stage 2 to Stage 3	_	_	_	_	_
Transfer from Stage 3 to Stage 2	_	_	_	_	_
New financial assets originated or purchased	4	_	_	_	4
Changes to model assumptions and methodologies	33	14,653	_	_	14,686
Financial assets derecognised during the period	(46)	,			(46)
Loss allowance as at December 31, 2021	115	15,040	<u>-</u>		15,155

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### Credit risk (continued)

Impairment of financial assets (continued)

Sovereign Investment Securities	Stage 1	Stage 2	Stage 3	POCI	Total
	\$	\$	\$	\$	\$
Gross carrying amount as at January 1, 2020	632,512	4,998	-	-	637,510
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	(2,921)	-	2,921	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	32,046	-	-	-	32,046
Changes to exposure other than full derecognition	(651)	(10)	-	(455)	(1,116)
Financial assets derecognised during the period	(82,032)	<u> </u>			(82,032)
Gross carrying amount as at December 31, 2020	581,875	2,067		2,466	586,408
Sovereign Investment Securities	Stage 1	Stage 2	Stage 3	POCI	Total
g .	\$	\$	\$	\$	\$
Loss allowance as at January 1, 2020	1,352	19	-	-	1,371
Transfers:	,				,
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	20	-	-	-	20
Changes to model assumptions and methodologies	(829)	(10)	-	-	(839)
Financial assets derecognised during the period	(41)	_		<u> </u>	(41)
Loss allowance as at December 31, 2020	502	9	<u>-</u>	<u>-</u>	511

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### Credit risk (continued)

Impairment of financial assets (continued)

<b>Corporate Investment Securities</b>	Stage 1	Stage 2	Stage 3	POCI \$	Total \$
Gross carrying amount as at January 1, 2021	296,355	111,163	10,257	-	417,775
Transfers:					
Transfer from Stage 1 to Stage 2	(141,197)	141,197	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	62,037	(62,037)	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-
Changes to exposure other than full derecognition	327	73	796	-	1,196
Financial assets derecognised during the period	(48,411)	(22,159)	<u> </u>		(70,570)
Gross carrying amount as at December 31, 2021	169,111	168,237	11,053	<u> </u>	348,401
Corporate Investment Securities	Stage 1	Stage 2	Stage 3	POCI	Total
	\$	\$	\$	\$	\$
Loss allowance as at January 1 ,2021	596	5,304	2,788	-	8,688
Transfers:					
Transfer from Stage 1 to Stage 2	(245)	245	-	-	-
Transfer from Stage 1 to Stage 3		-	-	-	-
Transfer from Stage 2 to Stage 1	4,796	(4,796)	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-
Changes to model assumptions and methodologies	(4,400)	4,809	(378)	-	31
Financial assets derecognised during the period	(95)	<u>(8</u> )			(103)
Loss allowance as at December 31, 2021	652	5,554	2,410	<u> </u>	8,616

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### **Credit risk (continued)**

Impairment of financial assets (continued)

### Debt investments at amortised cost (continued)

<b>Corporate Investment Securities</b>	Stage 1	Stage 2	Stage 3	POCI	Total
C	\$ 470.206	36.925	16 205	\$	\$ 522.426
Gross carrying amount as at January 1, 2020 Transfers:	470,296	36,835	16,295	-	523,426
Transfer from Stage 1 to Stage 2	(74,775)	74,775			
Transfer from Stage 1 to Stage 2  Transfer from Stage 1 to Stage 3	(74,773)	74,773	-	-	-
Transfer from Stage 1 to Stage 3 Transfer from Stage 2 to Stage 1	-	-	-	-	-
	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	40,548	-	-	-	40.549
New financial assets originated or purchased	,	1 455	(4.222)	-	40,548
Changes to exposure other than full derecognition	(3,569)	1,455	(4,323)	-	(6,437)
Financial assets derecognised during the period	(136,145)	(1,902)	(1,715)		(139,762)
Gross carrying amount as at December 31, 2020	296,355	111,163	10,257	<u> </u>	417,775
Corporate Investment Securities	Stage 1	Stage 2	Stage 3	POCI	Total
•	\$	\$	\$	\$	\$
Loss allowance as at January 1,2020	1,243	795	6,839	-	8,877
Transfers:					
Transfer from Stage 1 to Stage 2	(59)	59	-	-	-
Transfer from Stage 1 to Stage 3	` <b>-</b>	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	73	-	-	-	73
Changes to model assumptions and methodologies	(280)	4,510	(2,336)	-	1,894
Financial assets derecognised during the period	(381)	(60)	(1,715)		(2,156)
Loss allowance as at December 31, 2020	596	5,304	2,788	<u>-</u>	8,688

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Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### Credit risk (continued)

Impairment of financial assets (continued)

<b>Total Investment Securities</b>	Stage 1	Stage 2	Stage 3	POCI	Total
	\$	\$	\$	\$	\$
Gross carrying amount as at January 1, 2021	878,230	113,230	10,257	2,466	1,004,183
Transfers:					
Transfer from Stage 1 to Stage 2	(567,982)	567,982	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	62,037	(62,037)	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	=	=
Transfer from Stage 3 to Stage 2	-	-	-	=	=
New financial assets originated or purchased	3,049	-	-	-	3,049
Changes to exposure other than full derecognition	253	(646)	796	2	405
Financial assets derecognised during the period	(104,854)	(22,159)	<u> </u>	(15)	(127,028)
Gross carrying amount as at December 31, 2021	270,733	596,370	11,053	2,453	880,609
Total Investment Securities	Stage 1	Stage 2	Stage 3	POCI	Total
	\$	\$	\$	\$	\$
Loss allowance as at January 1, 2021	1,098	5,313	2,788	-	9,199
Transfers:					
Transfer from Stage 1 to Stage 2	(623)	623	-	-	-
Transfer from Stage 1 to Stage 3	4,796	(4,796)	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	4	-	-	-	4
Changes to model assumptions and methodologies	(4,367)	19,462	(378)	-	14,717
Financial assets derecognised during the period	(141)	(8)	_		(149)
Loss allowance as at December 31, 2021	767	20,594	2,410		23,771

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### Credit risk (continued)

Impairment of financial assets (continued)

<b>Total Investment Securities</b>	Stage 1	Stage 2	Stage 3	POCI	Total \$
Gross carrying amount as at January 1, 2020	1,102,808	41,833	16,295	<b>3</b>	1,160,936
Transfers:	1,102,000	41,033	10,273		1,100,730
Transfer from Stage 1 to Stage 2	(74,775)	74,775	_	_	_
Transfer from Stage 1 to Stage 3	(71,775)	- 1,775	_	_	_
Transfer from Stage 2 to Stage 1	_	(2,921)	_	2,921	_
Transfer from Stage 2 to Stage 3	_	(=,>=1)	_	-,>-:	_
Transfer from Stage 3 to Stage 2	_	_	_	_	_
New financial assets originated or purchased	72,594	_	_	_	72,594
Changes to exposure other than full derecognition	(4,220)	1,445	(4,323)	(455)	(7,553)
Financial assets derecognised during the period	(218,177)	(1,902)	(1,715)	-	(221,794)
					1 00 1 100
Gross carrying amount as at December 31, 2020	878,230	113,230	10,257	2,466	1,004,183
Total Investment Securities	Stage 1	Stage 2	Stage 3	POCI	Total
	\$	<b>S</b>	\$	\$	\$
Loss allowance as at January 1, 2020	2,595	814	6,839	-	10,248
Transfers:	,		,		,
Transfer from Stage 1 to Stage 2	(59)	59	-	_	-
Transfer from Stage 1 to Stage 3	` <u>-</u>	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	_	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	93	-	-	-	93
Changes to model assumptions and methodologies	(1,109)	4,500	(2,336)	-	1,055
Financial assets derecognised during the period	(422)	(60)	(1,715)		(2,197)
Loss allowance as at December 31, 2020	1,098	5,313	2,788	<u>-</u>	9,199

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### **Credit risk (continued)**

Impairment of financial assets (continued)

### Debt investments at amortised cost (continued)

The following tables explain the stage changes in the gross carrying amount for receivables and advances excluding contributions receivables and the loss allowance for the balances between the beginning and the end of the annual period.

Receivables and Advances	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Gross carrying amount as at January 1, 2021	114,716	-	-	114,716
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
New financial assets originated or purchased	30,467	-	-	30,467
Changes to exposure other than full derecognition	-	-	-	-
Financial assets derecognised during the period	(9,540)		<u> </u>	(9,540)
Gross carrying amount as at December 31, 2021	135,643			135,643
Receivables and Advances	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Gross carrying amount as at January 1, 2020	100,387	-	-	100,387
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
New financial assets originated or purchased	29,265	-	-	29,265
Changes to exposure other than full derecognition	-	-	-	-
Financial assets derecognised during the period	(14,936)		<u> </u>	(14,936)
Gross carrying amount as at December 31, 2020	114,716			114,716

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### Credit risk (continued)

Impairment of financial assets (continued)

Receivables and Advances	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Loss allowance as at January 1, 2021	16	-	-	16
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	15	-	-	15
Changes to model assumptions and methodologies	23	-	-	23
Financial assets derecognised during the period	-	-	-	-
Loss allowance as at December 31, 2021	54	_		54
Receivables and Advances	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Loss allowance as at January 1, 2020	62	-	-	62
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	_	_	_	_
Changes to model assumptions and methodologies	_	_	_	_
Financial assets derecognised during the period	(46)	_	_	(46)
Loss allowance as at December 31, 2020	16			16

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### Credit risk (continued)

*Impairment of financial assets (continued)* 

### Contribution receivables

The Fund applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contribution receivables.

To measure the expected credit losses, contribution receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates for the contributions receivable are based on the payment profiles of contribution income over a period of 12 months before December 31, 2021 or December 31, 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the employers to settle the receivable balances.

The Fund has identified GDP growth rate of The Bahamas (which is the country in which its registrants are domiciled) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The table below outlines the loss allowance for contributions receivable as at December 31, 2021 and December 31, 2020:

December 31, 2021	Current	31-60 days	61-90 days	Over 90 days	Total
	\$	\$	\$	\$	\$
Loss rate	-%	-%	-%	88.65%	
Contribution receivable	25,860	10,788	5,126	31,535	73,309
Loss allowance	-	-	-	27,956	27,956
December 31, 2020	Current	31-60 days	61-90 days	Over 90 days	Total
	\$	\$	\$	\$	\$
Loss rate	-%	-%	-%	92.39%	
Contribution receivable	18,599	8,141	9,526	27,998	64,264
Loss allowance	-	-	-	25,867	25,867

The closing loss allowance for contributions receivables as at December 31, 2021 reconciled to the opening loss allowance is disclosed in Note 5.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 23. Financial Risk Management (Continued)

### Credit risk (continued)

Impairment of financial assets (continued)

The following table reconciles the movement in the expected credit loss allowance recognised in the statement of comprehensive loss:

	2021	2020
	\$	\$
Impairment losses on cash at banks	22	2
Impairment losses/(recoveries) on receivables and advances	38	(46)
Impairment losses on contributions receivable	2,089	3,845
Impairment losses on investment securities	14,572	665
·	16,721	4,466

### Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The Fund has no significant short term obligations, and sufficient liquid assets are available to meet its obligations for normal operating purposes. The maturities of the Fund's financial assets are disclosed in their respective notes. Financial liabilities are all due within one year.

### **Currency risk**

The Fund is exposed to foreign exchange risk arising from currency exposure primarily with respect to financial assets denominated in the US dollar. The Bahamian dollar is pegged to the US dollar, therefore the Fund will not be affected by changes in movements in the exchange rate. The Fund manages its currency risk through limits set by the Investment Committee which are in line with the foreign exchange controls of the Central Bank of The Bahamas. The Fund's exposure to currency risk is noted in the currency for which investments and cash are held all other financial assets are denominated in The Bahamian dollar.

### 24. Contingent Liabilities

- (a) The Fund has provided commitment letters to various medical institutions and other providers of medical care in relation to its industrial benefit claimants. Due to the nature of these commitments, it is not practicable to determine the possible financial effect.
- (b) The Fund is a party to several legal actions involving its activities. The Fund is contingently liable for costs and damages in the event of an adverse finding by the courts; however, it is neither possible to predict the decision of the courts nor estimate the amount of such awards. Accordingly, no provisions have been made in these consolidated financial statements relative to the legal proceedings. These legal actions primarily involve construction contracts, and employment related actions brought against the Fund by former employees. Management is of the opinion that the resolution of these matters will not have a material impact on the Fund's consolidated financial statements.

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Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 25. Commitments

Capital commitments

Capital commitments contracted as at the consolidated statement of financial position date but not yet incurred are as follows:

	2021	2020
	\$	\$
Conital constitution	1 400	2.022
Capital commitments	1,406	2,922

### 26. Employees

The average number of persons employed by NIB during the year was 616 (2020: 582).

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 27. Fair Value of Financial Instruments

The following table summarises the carrying amounts and fair values of those financial instruments not recognised in the Fund's consolidated statement of financial position at fair value.

	Carryi	Carrying value		r value
	2021	2020	2021	2020
	\$	\$	\$	\$
Certificates of deposit	6,564	49,523	6,559	49,307
Long term deposit	8,230	7,990	6,444	6,606
Bahamas Government registered stocks	479,368	532,885	491,319	581,104
Bahamas Mortgage Corporation bonds	95,894	95,894	91,580	93,607
Nassau Airport Development Company Limited				
debt securities	91,678	88,893	98,653	103,684
Education Loan Authority bonds	30,542	45,965	31,087	47,002
Bahamas Development Bank bonds	-	269	-	-
Bahamas Government US\$ notes	30,253	30,250	33,973	37,578
Bahamas Government US\$ loan	13,513	13,506	13,840	14,140
Bahamas Power and Light Company Limited				
bonds	18,573	25,075	19,874	25,900
Clifton Heritage Authority bonds	7,993	7,993	7,980	8,355
Government of Barbados US\$ bonds	2,453	2,466	2,534	2,588
Loans to Bahamas Government entities	58,104	58,936	42,647	49,380
Latin American Investment Bank (Bahamas)				
Ltd. bonds	3,503	3,503	2,125	2,152
Bridge Authority bonds	1,856	1,856	1,987	2,072
Fidelity Bank (Bahamas) Limited notes	804	804	814	821
The College of The Bahamas redeemable term				
notes	923	1,107	1,004	1,172
Government of Trinidad & Tobago	2,057	2,067	2,018	2,059
Corporate US\$ bonds	4,133	5,687	3,846	4,985
Bahamas Government B\$ Notes	2,847	3,559	2,851	3,599
Public Hospital Authority bonds	8,104	8,780	7,655	8,973
Be Aliv Note	1,000	1,000	1,166	1,168
	868,392	988,008	869,956	1,046,252

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 27. Fair Value of Financial Instruments (Continued)

The carrying amounts of current financial assets, preference shares, Bahamas Government treasury bills and financial liabilities represent their estimated fair values. Fair values for all financial assets listed above are determined using the discounted cash flow method. The cash flows are discounted at a rate representing the market rates of similar instruments.

### Fair Value Hierarchy as at December 31, 2021

The table below disclosed the fair value hierarchy of investments classified at amortised cost at December 31.

				Fair
	Level 1	Level 2	Level 3	value
	\$	\$	\$	\$
Certificates of deposit	_	6,559	_	6,559
Long term deposit	_	6,444	_	6,444
Bahamas Government registered stocks	_	491,319	_	491,319
Bahamas Mortgage Corporation bonds	_	91,580	_	91,580
Nassau Airport Development Company Limited debt		71,500		71,500
securities	_	98,653	_	98,653
Education Loan Authority bonds	_	31,087	_	31,087
Bahamas Government US\$ notes	_	33,973	_	33,973
Bahamas Government US\$ loan	_	13,840	_	13,840
Bahamas Power and Light Company Limited bonds	_	19,874	_	19,874
Clifton Heritage Authority bonds	_	7,980	_	7,980
Government of Barbados US\$ bonds	_	2,534	_	2,534
Loans to Bahamas Government entities	_	42,647	_	42,647
Latin American Investment Bank (Bahamas) Ltd.		,		,
bonds	_	2,125	-	2,125
Bridge Authority bonds	_	1,987	_	1,987
Fidelity Bank (Bahamas) Limited notes	-	814	-	814
The College of The Bahamas redeemable term notes	-	1,004	-	1,004
Government of Trinidad & Tobago	-	2,018	-	2,018
Bahamas Government B\$ Notes	-	2,851	-	2,851
Public Hospital Authority bonds	-	7,655	-	7,655
Be Aliv Note	-	1,166	-	1,166
Corporate US\$ bonds	3,846	<u> </u>	<u>-</u>	3,846
	3,846	866,110	-	869,956

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 27. Fair Value of Financial Instruments (Continued)

### Fair Value Hierarchy as at December 31, 2020

				Fair
	Level 1	Level 2	Level 3	value
	\$	\$	\$	\$
Certificates of deposit	-	49,307	_	49,307
Long term deposit	-	6,606	-	6,606
Bahamas Government registered stocks	-	581,104	-	581,104
Bahamas Mortgage Corporation bonds	-	93,607	-	93,607
Nassau Airport Development Company Limited debt				
securities	-	103,684	-	103,684
Education Loan Authority bonds	-	47,002	-	47,002
Bahamas Development Bank bonds	-	-	-	-
Bahamas Government US\$ notes	-	37,578	-	37,578
Bahamas Government US\$ loan	-	14,140	-	14,140
Bahamas Power and Light Company Limited bonds	-	25,900	-	25,900
Clifton Heritage Authority bonds	-	8,355	-	8,355
Government of Barbados US\$ bonds	-	2,588	-	2,588
United States of America US\$ treasury notes	-	-	-	-
Loans to Bahamas Government entities	-	49,380	-	49,380
Latin American Investment Bank (Bahamas) Ltd.				
bonds	-	2,152	-	2,152
Bridge Authority bonds	-	2,072	-	2,072
Fidelity Bank (Bahamas) Limited notes	-	821	-	821
The College of The Bahamas redeemable term notes	-	1,172	-	1,172
Government of Trinidad & Tobago	-	2,059	-	2,059
Bahamas Government B\$ Notes	-	3,599	-	3,599
Public Hospital Authority bonds	-	8,973	-	8,973
Be Aliv Note	-	1,168	-	1,168
Corporate US\$ bonds	4,985	<u> </u>		4,985
	4,985	1,041,267	<u>-</u>	1,046,252

There were no transfers between Level 1 and Level 2 during the year (2020: \$Nil).

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 28. Related Party Balances and Transactions

Related parties include its subsidiary; associates; ministries and corporations of The Bahamas Government; agencies and entities controlled by The Bahamas Government or in which The Bahamas Government has a significant ownership interest; key management personnel; close family members of key management personnel; and entities owned or controlled by key management personnel. Key management personnel include those having the authority and responsibility for planning, directing and controlling the activities of the Fund. Balances and transactions between the Fund and its related parties are disclosed below:

	Associa	ates	Ke Manag Perso	ement	Close Fa Members Manage Person	of Key ment	The Bal Govern		Othe Governm Entities Agenc	ental and	Tota	I
	2021	2020	2021	2020	2021	2020	2021			2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$ \$		\$	\$	\$	\$
Cash at bank Receivables	(221)	129	-	-	-	-			65,003	22,749	64,782	22,878
and advances Accounts payable and accrued	-	-	7	30	-	-	154,485	133,019	7,011	4,963	161,503	138,012
expenses	46	9	259	245	-	-	11	37	82	424	398	715
Contributions Administrative	2,184	958	725	1,618	-	2	28,742	31,125	10,776	11,179	42,427	44,882
expenses Benefits	206	211	1,116	2,143	-	-	-	-	1,210	1,311	1,416 1,116	1,522 2,143

Receivable amounts and advances outstanding from related parties are interest-bearing and will be settled in cash. No guarantees have been received and no provision for doubtful accounts has been made in respect of the amounts owed by related parties.

The remuneration of the directors and other members of key management personnel of the Fund are set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*:

	2021 \$	2020 \$
Short-term employee benefits Post-employment benefits	1,800 311	1,767 294
	2,111	2,061

These balances are included in administrative expenditure in the consolidated statement of comprehensive loss. Transactions entered into by the Fund with its associates include investments and related income which are disclosed in Notes 7(n), and 10 of these consolidated financial statements.

As at December 31, 2021, other related party investment balances are disclosed below and the associated investment income is disclosed in Note 17 of these consolidated financial statements.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 28. Related Party Balances and Transactions (Continued)

	Notes	2021 \$	2020 \$
	_,,		
Bahamas Government registered stocks	7(a)	479,368	532,885
Bahamas Mortgage Corporation bonds	7(i)	95,894	95,894
Net investment in finance leases	8	230,218	172,398
Nassau Airport Development Company Limited debt securities	7(j)	91,678	88,893
Bank of the Bahamas certificates of deposit	7(h)	3,000	22,900
Education Loan Authority bonds	7(k)	30,542	45,965
Bahamas Development Bank bonds	7(1)	-	269
Bahamas Government US\$ note	7(d)	30,253	30,250
Bahamas Power and Light Company Limited bonds	7(m)	18,573	25,075
Cable Bahamas preference shares	7(n)	8,500	8,500
Clifton Heritage Authority bonds	7(o)	7,993	7,993
Investment property	9	3,307	3,307
Latin American Investment Bank (Bahamas) Ltd. bonds	7(p)	3,503	3,503
Loans to Bahamas Government entities	7(q)	58,104	58,936
Bahamas Development Bank long-term deposit	7(r)	8,230	7,990
Bridge Authority bonds	7(s)	1,856	1,856
The College of The Bahamas redeemable team notes	7(u)	923	1,107
Public Hospital Authority bonds	7(v)	8,104	8,780
Bahamas Government B\$ notes	7(b)	2,847	3,559
Bahamas Government US\$ loan	7(e)	13,513	13,506
Bahamas Government Treasury bills	7(c)	1,717	1,675
	-	1,098,123	1,135,241

### 29. Impact of COVID-19

The novel coronavirus (COVID-19) pandemic spread around the globe in 2020 was very rapid. The spread of COVID-19 severely impacted many local economies around the globe. While the outbreak has had an impact on almost all entities either directly or indirectly, one of the worst-hit sectors has been the hospitality sector, and since the Bahamas' main industry is tourism, the impact in the Bahamas was severe.

In response to this global pandemic, in March 2020 The Bahamas Government closed the nation's borders and implemented a series of lockdowns and other measures across the country in an attempt to control the spread of the virus. As a result, many non-essential businesses were closed which resulted in mass temporary layoffs of employees. The Fund was negatively impacted by a significant decrease in contribution income and an unprecedented increase in unemployment benefit payments. In order to facilitate the increase in benefit payments at that time, the Fund liquidated certain marketable securities and term deposits. Given the prolonged increase in unemployment, the Fund on behalf of the Government administered the payment of the Government's unemployment assistance programmes. As a result of these payments, in 2021 the Fund received a promissory note from The Bahamas Government for the balances due from the programme at the end of 2020

As the threat of the virus waned in 2021 most sectors of the economy were allowed to reopen, contributions increased as more people returned to work. As expected, unemployment benefits were down compared to 2020 as more people were employed in 2021 and fewer people qualified for the unemployment benefit.

The Fund has considered the impact of the pandemic on its estimates and assumptions in determining the ECL. Further, the extent and duration of the impact of the pandemic on the global and local economy, financial markets, sectors and specific positions in which the Fund invests is uncertain at this time, but it has the potential to adversely affect the value of the Fund's portfolio and performance.

Management is of the view that the Fund has the ability to meet its current obligations, based on its level of reserves and the increase in economic activity as more people return to the workforce.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

### 30. Events After the Reporting Period

- (a.) Amendments to the law and regulations governing the Fund made in 2010 will require an increase in the insurable wage ceiling and an increase in pension benefits based on the change in Retail Index effective July 1, 2022.
- (b.) During the first half of 2022 the Government made payments in the amount of \$107.9 million relating to its outstanding receivable balances as at December 31, 2021 on leases, Drug Plan, and Bahamas Government's Unemployment Assistance program.
- (c.) In August 2022 the Fund concluded a new Industrial Agreement with the Public Managers Union for the period January 1, 2020 to December 31, 2024. Management does not expect the Industrial Agreement to have a material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

## 31. Investments of the Fund Allocated to the Reserves

debt securities  Education Loan Authority bonds  Bahamas Government US\$ notes  Bahamas Government US\$ loan	Bahamas Government registered stocks Bahamas Mortgage Corporation bonds Nascau Aimort Davidomport Company Limited	Bank of The Bahamas Limited Fidelity Bank (Bahamas) Limited First Caribbean International Bank (Bahamas) Accrued interest	Certificates of deposit	Investments at fair value through profit or loss Ordinary shares / Mutual funds Preference shares	Cash at the Central Bank of The Bahamas	As at December 31, 2021
1 1 1 1		1,000			24,643	Short- Term \$
91,678 30,542 30,253 13,513	5,064 479,368 57,302	2,000 3,000 - 64	72,070	60,000 12,070	37,674	Pensions S
	9,517	63 .			2,120	Industrial \$
			1,000	1,000		Medical S
	437	437	2,000	2,000		Disablement and Death S
1 1 1 1					566	Fidelity Bond \$
91,678 30,542 30,253 13,513	6,56 <u>4</u> 479,368 95,894	3,000 3,500 - 64	75,070	60,000 15,070	65,003	Total S

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

## 31. Investments of the Fund Allocated to the Reserves (Continued)

	Short- Term	Pensions	Industrial	Medical	Disablement and Death	Fidelity Bond	Total
As at December 31, 2021 (Continued)	S	<b>∞</b>	S	<b>5</b> 9	<del>\$</del>	<b>S</b>	<b>99</b>
Bahamas Power and Light Company Limited bonds		18,573		,		•	18,573
Bahamas Government B\$ notes		2,847		•			2,847
Bahamas Treasury notes		1,717		•			1,717
Preference shares	•	10,500	•	•		•	10,500
Clifton Heritage Authority bonds	•	7,993	•	•	•	•	7,993
Government of Barbados US\$ bonds	•	2,453	•	•	•	•	2,453
Loans to Bahamas Government entities	•	58,104	1	٠	1	•	58,104
Laun American myesunem bank (banamas) Ltu. bonds	•	3,503		,	,	,	3,503
Bridge Authority bonds	•	1,856	•	•	•	•	1,856
Fidelity Bank (Bahamas) Limited notes	•	804	•	•	•	•	804
The College of The Bahamas redeemable term notes	•	923	•	•	•	•	923
Long Term Deposits	•	8,230	•	•	•	•	8,230
Corporate US\$ bonds	•	4,133	•	•	1	•	4,133
Public Hospital Authority bonds	•	8,104	•	•	1	•	8,104
Trinidad & Tobago bonds	•	2,057	•	•	•	•	2,057
Be Aliv notes	•	1,000	•	•	1	•	1,000
Net investment in finance leases	•	230,218		•	•	•	230,218
Investment property	•	3,307	•	•	•	•	3,307
Investments in associates		•		•			•
Property and equipment		•		70,421			70,421
Amounts invested in other assets (Note 20)	56,507	100,454	53,041	18,366	2,819	10	231,197
		(38,925)					(38,925)
Allowance for expected credit losses (Note 3)		(23,771)					(23,771]
Total	111,225	1,221,544	64,741	89,787	5,256	576	1,493,129

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

# 31. Investments of the Fund Allocated to the Reserves (Continued)

Bahamas Government US\$ notes	Education Loan Authority bonds Bahamas Development Bank bonds	debt securities	Bahamas Mortgage Corporation bonds Nassau Airport Development Company Limited	Bahamas Government registered stocks	14,600	First Caribbean International Bank (Bahamas) 4,700 Accrued interest	Fidelity Bank (Bahamas) Limited 2,900	Certificates of deposit Bank of The Bahamas Limited 7,000		Preference shares	Investments at fair value through profit or loss Ordinary shares / Mutual funds	Cash at the Central Bank of The Bahamas	As at December 31, 2020	I erm S	Short-
•		•	75	•	00	, 00 	00	00	. 	. 	•	. 		s B	Ţ
30,250	45,965 269	88,893	57,302	532,885	27,440	7,880 723	7,600	11,237	59,542	9,542	50,000	21,000		Pensions \$	
			9,517	1	2,000	2,000	•	1			ı	1,183		Industrial S	
1					3,300	820		2,480						Medical \$	
		ı	•	1	2,183		•	2,183			•			and Death \$	Disablement
		,										<u> 566</u>		Bond \$	Fidelity
30,250	43,963 269	88,893	95,894	532,885	49,523	15,400 723	10,500	22,900	59,542	9,542	50,000	22,749		l otal	

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

## 31. Investments of the Fund Allocated to the Reserves (Continued)

	Short-				Disablement	Fidelity	
	Term	Pensions	Industrial	Medical	and Death	Bond	Total
As at December 31, 2020 (Continued)	<b>\$</b>	<b>&amp;</b>	€9	<b>\$</b>	<b>\$</b>	<b>€</b> 9	<b>S</b>
Bahamas Power and Light Company Limited bonds	•	25,075		•	•	•	25,075
Bahamas Government B\$ notes	•	3,559	•	•	•	•	3,559
Bahamas Treasury notes	•	1,675	•	•	•	•	1,675
Preference shares	•	14,500	•	•	•	•	14,500
Clifton Heritage Authority bonds	•	7,993			•	•	7,993
Government of Barbados US\$ bonds	•	2,466			•	•	2,466
Loans to Bahamas Government entities  Latin American Investment Bank (Bahamas) Ltd		58,936	1	1	1	1	58,936
ponds	•	3,503	•	1	•	•	3,503
Bridge Authority bonds	•	1,856	•	•	•	•	1,856
Fidelity Bank (Bahamas) Limited notes	•	804	•	•	•	•	804
The College of The Bahamas redeemable term notes		1,107	•	•	•		1,107
Long Term Deposits		7,990	•	•			7,990
Corporate US\$ bonds		5,687	•	•			5,687
Public Hospital Authority bonds		8,780	•	•			8,780
Trinidad & Tobago bonds		2,067	•	•	•		2,067
Be Aliv notes		1,000	•	•	•		1,000
Net investment in finance leases	•	172,398	•	•	•	•	172,398
Investment property	•	3,307	•	•	•	•	3,307
Investments in associates			•	•	•	•	•
Property and equipment	•	•	•	73,528	•	•	73,528
Amounts invested in other assets (Note 20)	37,674	163,310	46,409	12,239	8,341	10	267,983
Staff pension fund		(50,217)		•		•	(50,217)
Allowance for expected credit losses (Note 3)		(9,199)					(9,199)
Total	81,349	1,303,649	59,109	89,067	10,524	576	1,544,274

#### The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2021 (Expressed in Thousands of Bahamian dollars) (Continued)

#### 32. Actuarial Review (Unaudited)

The 11<sup>th</sup> Actuarial Review of the Fund was conducted as of December 31, 2018 at that time the Fund had reserves of \$1.74 billion. The projections were extended for a sixty-year period.

The report further indicates that the current contribution rate would be insufficient to pay benefits in the long term and recommends an immediate increase in the contribution rate.

The report includes a number of recommendations for changes in the administration of the Fund. These recommendations, if implemented, should result in the Fund being able to meet its challenges in the long term. While the Fund is meeting all of its obligations as they fall due if no pension reform is implemented the Fund is projected to be depleted in 2028. The projected low birth rate and increasing life expectancy results in a decreasing contributor to pensioner ratio which will result in the reduction of the reserve.



#### TABLE 1. NEW REGISTRATION OF EMPLOYERS & SELF-EMPLOYED PERSONS

	2	2021		2020			
Island/Local Office	Employers	Self-Empl.	Total	Employers	Self-Empl.	Total	
Abaco							
Marsh Harbour	573	367	940	588	346	934	
Coopers Town	-	-	-	20	11	31	
All Abaco	573	367	940	608	357	965	
Andros							
Fresh Creek	61	60	121	34	70	104	
Kemps Bay	47	92	139	21	29	50	
Mangrove Cay	-	-	-	-	4	4	
Nicholls Town	319	260	579	219	114	333	
All Andros	427	412	839	274	217	491	
Bimini & Berry Islands	103	50	153	106	26	132	
Cat Island	61	37	98	20	58	78	
Crooked Island & Acklins	68	6	74	57	9	66	
Eleuthera							
Governors Harbour	-	-	-	-	-	-	
Harbour Island	39	96	135	38	78	116	
Rock Sound	4	32	36	18	112	130	
Spanish Wells & North Eleuthera	34	95	129	25	113	138	
All Eleuthera	77	223	300	81	303	384	
Exuma & Ragged Island	108	463	571	83	250	333	
Grand Bahama	1,474	571	2,045	973	377	1,350	
Inagua & Mayaguana	79	16	95	35	12	47	
Long Island							
Deadmans Cay	18	86	104	17	37	54	
Simms	-	14	14	-	1	1	
All Long Island	18	100	118	17	38	55	
New Providence	10,896	1,404	12,300	8,055	1,061	9,116	
San Salvador	17	45	62	6	39	45	
TOTAL	13,901	3,694	17,595	10,315	2,747	13,062	

#### **TABLE 2. NEW REGISTRATION OF INSURED PERSONS**

Island/Local Office	Active	2021 Inactive	Total	Active	2020 Inactive	Total
Abaco						
Marsh Harbour	65	373	438	93	241	334
Coopers Town	-	-	-	-	3	3
All Abaco	65	373	438	93	244	337
Andros						
Fresh Creek	2	39	41	-	32	32
Kemps Bay	3	23	26	-	11	11
Mangrove Cay	-	-	-	-	2	2
Nicholls Town	-	43	43	1	40	41
All Andros	5	105	110	1	85	86
Bimini & Berry Islands	5	102	107	15	100	115
Cat Island	-	13	13	1	13	14
Crooked Island & Acklins	1	7	8	1	13	14
Eleuthera						
Governors Harbour	-	-	-	-	-	-
Harbour Island	3	59	62	1	28	29
Rock Sound	4	24	28	1	40	41
Spanish Wells & North Eleuthera	4	51	55	8	38	46
All Eleuthera	11	134	145	10	106	116
Exuma & Ragged Island	22	170	192	36	97	133
Grand Bahama	226	926	1,152	189	561	750
Inagua & Mayaguana	-	20	20	-	4	4
Long Island						
Deadmans Cay	-	24	24	2	2	4
Simms	-	9	9	-	2	2
All Long Island	-	33	33	2	4	6
New Providence	272	4,445	4,717	254	2,584	2,838
San Salvador	-	17	17	-	7	7
TOTAL	607	6,345	6,952	602	3,818	4,420

TABLE 3. TOTAL NET CONTRIBUTION INCOME, 2021

Island/Local Office	Employers	s Employees	Self Employed	Voluntary Insured	Installment Agreements		2020 Total
Abaco							
Marsh Harbour	3,756,894	2,572,437	526,987	-	9,117	6,865,435	3,489,842
Coopers Town	-	-	-	-	-	-	-
All Abaco	3,756,894	2,572,437	526,987	-	9,117	6,865,435	3,489,842
Andros							
Fresh Creek	448,873	207,572	32,882	-	-	689,328	373,119
Kemps Bay	106,021	70,546	43,541	-	1,124	221,231	148,036
Mangrove Cay	-	-	-	-	-	-	16,025
Nicholls Town	249,770	162,996	37,567	-	-	450,333	369,035
All Andros	804,664	441,114	113,990	-	1,124	1,360,892	906,215
Bimini & Berry Islands	422,216	278,973	61,238	-	663	763,090	813,666
Cat Island	58,883	33,829	35,230	-	-	127,941	155,063
Crooked Island & Acklins	20,774	11,945	41,022	-	400	74,141	71,577
Eleuthera							
Governors Harbour	511,789	367,766	160,220	-	2,664	1,042,440	1,125,196
Harbour Island	882,809	851,168	164,513	-	1,731	1,900,222	1,492,959
Rock Sound	402,221	266,043	81,990	-	1,363	751,618	916,405
Spanish Wells & North Eleuthera	1,333,138	861,561	386,656	-	826	2,582,181	2,106,298
All Eleuthera	3,129,959	2,346,537	793,380	-	6,585	6,276,460	5,640,858
Exuma & Ragged Island	1,426,247	345,944	277,597	-	2,025	2,051,814	2,281,393
Grand Bahama	8,935,010	5,946,547	356,912	-	34,855	15,273,324	14,850,390
Inagua & Mayaguana	216,875	142,784	32,127	-	-	391,786	458,774
Long Island							
Deadmans Cay	153,196	110,006	162,386	-	-	425,587	294,401
Simms	106,236	86,937	53,762	-	-	246,934	176,529
All Long Island	259,431	196,943	216,147	-	-	672,521	470,930
New Providence	131,271,702	88,932,666	3,504,385	23,360	24,328 <b>2</b>	23,756,440	196,559,728
San Salvador	34,325	23,215	16,286	-	-	73,826	285,860
TOTAL	150,336,979	101,272,935	5,975,300	23,360	79,098 2	57,687,671	225,984,296

TABLE 4. TOTAL CONTRIBUTION INCOME, 2017 - 2021

CONTRIBUTION INCOME ('000s)	2021	2020	2019	2018	2017
Employers	\$150,637	\$131,608	\$165,016	\$164,459	\$158,469
Employees	\$101,472	\$89,456	\$115,266	\$111,177	\$110,358
Self-Employed	\$5,975	\$5,196	\$6,870	\$8,010	\$7,409
Voluntarily Insured	\$11	\$1	\$5	\$5	\$0
Installment Agreements	\$91	\$160	\$703	\$1,067	\$2,194
Refund of Contributions	(\$499)	(\$437)	(\$730)	(\$779)	(\$945)
Total ('000s)	\$257,687	\$225,984	\$287,131	\$283,939	\$277,485
NUMBER OF CONTRIBUTORS					
Employers	11,283	12,083	13,569	13,801	12,521
Employees	128,000	137,000	153,000	148,000	143,000
Self-employed	6,761	7,479	9,175	10,527	9,631
Voluntarily Insured	2	1	2	1	1
Installment Agreements	n/a	n/a	n/a	n/a	n/a
TOTAL CONTRIBUTORS	146,046	156,563	175,746	172,329	165,153

## TABLE 5. BENEFIT & ASSISTANCE CLAIMS RECEIVED AND AWARDED

	Benefit Type	Rece 2021	eived 2020	Awa 2021	rded 2020
	Retirement Benefit	3,605	2,592	2,539	2,450
0	Retirement Grant	n/a	n/a	242	179
Long Term Benefits/Assistance	Invalidity Benefit	266	194	128	133
Term	Survivors' Benefit	1,178	844	553	679
Long Term fits/Assist	Survivors' Grant	n/a	n/a	180	167
Lenef	Old Age Non-Contributory Pension	233	127	42	79
Ď	Invalidity Assistance	111	57	28	41
	Survivors' Assistance	63	27	4	6
	Total Long-Term	5,456	3,841	3,716	3,734
	Sickness Benefit	11,389	7,939	9,769	7,071
	Maternity Benefit	3,025	3,208	2,050	2,329
ts	Maternity Grant	3,025	3,208	2,720	2,764
Short Term Benefits	Funeral Benefit	2,916	2,364	2,882	2,236
Sho	Unemployment Benefit	3,687	49,258	3,407	44,182
	Sickness Assistance	0	0	0	0
	Total Short-term	24,042	65,977	20,828	58,582
	Medical Care	2,738	1,971	1,931	1,426
ه م	Injury Benefit	1,357	1,301	1,176	1,115
ndustrial Benefits	Disablement Benefit & Grant	166	143	31	54
Be	Industrial Death	9	4	0	0
	Industrial Funeral	0	0	0	0
	Total Industrial	4,270	3,419	3,138	2,595
	ALL BENEFITS	33,768	73,237	27,682	64,911

## TABLE 6. SHORT-TERM BENEFIT & ASSISTANCE CLAIMS AWARDED, 2021

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	204	55	64	33	57	-	413
Coopers Town	-	-	-	-	27	-	27
All Abaco	204	55	64	33	84	-	440
Andros							
Fresh Creek	60	11	12	5	13	-	101
Kemps Bay	47	12	16	-	24	-	99
Mangrove Cay	-	-	-	-	-	-	-
Nicholls Town	51	11	16	4	12	-	94
All Andros	158	34	44	9	49	-	294
Bimini & Berry Islands	140	17	21	9	46	-	233
Cat Island	31	3	4	-	3	-	41
Crooked Island & Acklins	20	3	3	1	-	-	27
Eleuthera							
Governors Harbour	72	18	22	10	17	-	139
Harbour Island	13	12	14	5	71	-	115
Rock Sound	95	22	26	25	14	-	182
Spanish Wells & North Eleuthera	82	12	12	34	9	-	149
All Eleuthera	262	64	74	74	m	-	585
Exuma & Ragged Island	203	22	30	6	44	-	305
Grand Bahama	1,025	248	394	489	543	-	2,699
Inagua & Mayaguana	39	9	9	11	9	-	77
Long Island							
Deadmans Cay	65	9	11	2	10	-	97
Simms	-	-	-	-	28	-	28
All Long Island	65	9	11	2	38	-	125
New Providence	7,608	1,582	2,060	2,248	2,477	-	15,975
San Salvador	14	4	6	-	3	-	27
TOTAL	9,769	2,050	2,720	2,882	3,407	-	20,828

TABLE 7. SHORT-TERM BENEFIT & ASSISTANCE PAYMENTS, 2021

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemploymen Benefit	t Sickness Assistance	Total
Abaco							
Marsh Harbour	250,084	150,840	32,860	60,957	122,371	-	617,113
Coopers Town	-	-	-	-	-	-	-
All Abaco	250,084	150,840	32,860	60,957	122,371	-	617,113
Andros							
Fresh Creek	37,921	26,000	6,180	9,320	44,298	-	123,719
Kemps Bay	43,580	32,793	7,700	-	64,126	-	148,200
Mangrove Cay	-	-	-	-	-	-	-
Nicholls Town	50,931	27,891	7,700	9,500	31,628	-	127,649
All Andros	132,432	86,684	21,580	18,820	140,052	-	399,568
Bimini & Berry Islands	82,354	52,294	10,740	15,200	57,946	-	218,535
Cat Island	42,997	4,758	2,060	-	3,389	-	53,205
Crooked Island & Acklins	19,005	9,140	1,545	1,900	6,453	-	38,043
Eleuthera							
Governors Harbour	65,194	52,958	12,875	18,910	50,935	-	200,872
Harbour Island	12,790	40,312	7,160	9,500	71,709	-	141,471
Rock Sound	76,490	54,918	13,365	47,410	45,791	-	237,974
Spanish Wells & North Eleuthera	123,351	40,141	6,645	64,600	68,429	-	303,166
All Eleuthera	277,825	188,329	40,045	140,420	236,863	-	883,482
Exuma & Ragged Island	172,806	74,029	16,920	11,400	116,902	-	392,057
Grand Bahama	1,320,135	701,395	201,995	929,920	1,388,617	-	4,542,062
Inagua & Mayaguana	37,404	16,407	4,610	20,900	30,693	-	110,014
Long Island							
Grays	47,568	22,739	6,180	3,800	68,145	-	148,432
Simms	-	-	-	-	490	-	490
All Long Island	47,568	22,739	6,180	3,800	68,635	-	148,922
New Providence	8,688,167	4,700,431	976,701	4,190,086	1,836,797	- :	20,392,182
San Salvador	24,581	14,975	3,065	-	8,591	-	51,212
TOTAL	11,095,359	6,022,020	1,318,301	5,393,404	4,017,309	- 2	27,846,394

## TABLE 8. LONG-TERM BENEFIT & ASSISTANCE CLAIMS AWARDED, 2021

Island/Local Office	Retirement Benefit	Retirement Grant	Invalidity Benefit	Survivor's Benefit	Survivor's Grant	OANCP	Invalidity Assist.	Survivor's Assist.	Total
Abaco									
Marsh Harbour	100	5	-	13	5	7	4	1	135
Coopers Town	1	-	-	1	-	-	-	-	2
All Abaco	101	5	-	14	5	7	4	1	137
Andros									
Fresh Creek	13	-	2	4	2	1	-	-	22
Kemps Bay	10	1	-	4	-	1	1	-	17
Mangrove Cay	-	-	-	-	-	-	-	-	-
Nicholls Town	9	3	1	2	1	1	-	-	17
All Andros	32	4	3	10	3	3	1	-	56
Bimini & Berry Islands	32	4	1	4	2	2	-	-	45
Cat Island	16	3	1	-	1	1	-	-	22
Crooked Island & Acklins	10	-	-	1	-	-	-	-	11
Eleuthera									
Governors Harbour	22	4	-	4	1	-	-	-	31
Harbour Island	20	3	-	1	1	2	1	-	28
Rock Sound	22	3	4	4	-	-	1	1	35
Spanish Wells & North Eleuther	ra 38	1	1	8	1	-	-	-	49
All Eleuthera	102	11	5	17	3	2	2	1	143
Exuma & Ragged Island	51	3	5	7	3	-	-	-	69
Grand Bahama	458	42	22	91	26	5	6	-	650
Inagua & Mayaguana	8	2	2	1	1	-	-	-	14
Long Island									
Deadmans Cay	31	2	1	5	1	2	-	-	42
Simms	-	-	-	-	-	-	-	-	-
All Long Island	31	2	1	5	1	2	-	-	42
New Providence	1,688	165	88	402	135	20	15	2	2,515
San Salvador	10	1	-	1	-	-	-	-	12
TOTAL	2,539	242	128	553	180	42	28	4	3,716

## TABLE 9. LONG-TERM BENEFIT & ASSISTANCE PAYMENTS, 2021

Island/Local Office	Retirement Benefit	Invalidity Benefit	Survivors Benefit	OANCP	Invalidity Assistance	Survivors Assistance	
Abaco							
Marsh Harbour	7,809,089	398,654	956,036	312,296	330,436	44,233	9,850,744
Coopers Town	204,802	-	22,933	(2,543)	3,156	-	228,348
All Abaco	8,013,891	398,654	978,969	309,753	333,592	44,233	10,079,092
Andros							
Fresh Creek	835,277	70,077	115,038	48,961	38,154	1,376	1,108,883
Kemps Bay	918,230	40,177	137,013	76,577	125,360	14,032	1,311,389
Mangrove Cay	50,490	-	3,293	-	-	-	53,783
Nicholls Town	888,769	94,153	133,238	137,752	151,180	8,367	1,413,459
All Andros	2,692,766	204,407	388,582	263,290	314,694	23,775	3,887,514
Bimini & Berry Islands	1,529,035	70,169	167,790	62,420	49,942	1,032	1,880,388
Cat Island	725,782	42,777	70,322	71,978	73,152	6,024	990,035
Crooked Island & Acklins	328,030	12,517	26,841	11,475	17,499	-	396,363
Eleuthera							
Governors Harbour	2,912,226	91,571	222,733	38,727	86,061	10,327	3,361,646
Harbour Island	1,459,622	45,659	111,218	16,459	37,667	1,376	1,672,001
Rock Sound	1,541,512	197,354	155,421	67,415	135,125	14,393	2,111,219
Spanish Wells & North Eleuthera	3,301,433	110,040	356,511	63,972	62,538	2,753	3,897,247
All Eleuthera	9,214,793	444,624	845,883	186,573	321,391	28,849	11,042,113
Exuma & Ragged Island	3,046,797	248,940	304,758	42,120	116,756	6,885	3,766,257
Grand Bahama	38,739,266	2,431,012	3,858,583	700,840	1,401,421	82,384	47,213,505
Inagua & Mayaguana	985,738	51,694	106,455	16,352	10,327	-	1,170,565
Long Island							
Grays	1,718,359	65,629	184,521	35,019	79,750	14,917	2,098,194
Simms	278,059	8,083	31,796	3,155	27,539	-	348,633
All Long Island	1,996,418	73,712	216,317	38,174	107,289	14,917	2,446,827
New Providence	163,294,079	9,670,146	17,002,502	2,998,152	5,743,280	379,927	199,088,086
San Salvador	497,648	12,612	48,055	18,647	47,334	-	624,296
TOTAL	231,064,243	13,661,264	24,015,057	4,719,774	8,536,677	588,026 2	82,585,041

## TABLE 10. INDUSTRIAL BENEFIT CLAIMS AWARDED, 2021

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit/Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	21	13	-	-	-	34
Coopers Town	-	-	-	-	-	-
All Abaco	21	13	-	-	-	34
Andros						
Fresh Creek	-	2	-	-	-	2
Kemps Bay	-	2	-	-	-	2
Nicholls Town	-	1	-	-	-	1
All Andros	-	5	-	-	-	5
Bimini & Berry Islands	4	2	-	-	-	6
Cat Island	-	-	-	-	-	-
Crooked Island & Acklins	-	-	-	-	-	-
Eleuthera						
Governors Harbour	-	4	-	-	-	4
Harbour Island	-	2	-	-	-	2
Rock Sound	-	3	-	-	-	3
Spanish Wells & North Eleuthera	-	5	-	-	-	5
All Eleuthera	-	14	-	-	-	14
Exuma & Ragged Island	-	23	1	-	-	24
Grand Bahama	152	89	3	-	-	244
Inagua & Mayaguana	-	1	-	-	-	1
Long Island						
Deadmans Cay	-	3	-	-	-	3
Simms	-	-	-	-	-	-
All Long Island	-	3	-	-	-	3
New Providence	1,754	1,026	27	-	-	2,807
San Salvador	-	-	-	-	-	-
TOTAL	1,931	1,176	31	-	-	3,138

# **TABLE 11. INDUSTRIAL BENEFIT PAYMENTS, 2021**

ISLAND/LOCAL OFFICE	Medical Care	Injury Benefit	Disablement Benefit/Grant	Industrial Death	Total
Abaco					
Marsh Harbour	1,869	26,008	139,814	1,362	169,053
Coopers Town	-	-	-	-	-
All Abaco	1,869	26,008	139,814	1,362	169,053
Andros					
Fresh Creek	530	8,675	31,243	-	40,448
Kemps Bay	-	724	28,003	-	28,727
Mangrove Cay	-	-	-	-	-
Nicholls Town	260	2,105	16,380	-	18,745
All Andros	790	11,505	75,627	-	87,920
Bimini & Berry Islands	-	1,752	29,081	-	30,833
Cat Island	116	-	3,442	-	3,558
Crooked Island & Acklins	-	-	-	-	-
Eleuthera					
Governors Harbour	2,457	2,247	24,280	3,293	32,277
Harbour Island	-	6,619	16,483	-	23,102
Rock Sound	3,000	2,198	31,150	-	36,348
Spanish Wells & North Eleuthera	80	10,866	95,153	3,808	109,908
All Eleuthera	5,537	21,929	167,067	7,101	201,635
Exuma & Ragged Island	2,910	36,931	81,545	-	121,386
Grand Bahama	49,340	174,030	941,714	57,557	1,222,641
Inagua & Mayaguana	-	158	11,295	-	11,453
Long Island					
Grays	-	1,166	37,867	-	39,032
Simms	141	-	-	-	141
All Long Island	141	1,166	37,867	-	39,174
New Providence	5,837,915	2,598,597	6,567,617	141,725	15,145,854
San Salvador	-	-	8,148	-	8,148
TOTAL	5,898,618	2,872,076	8,063,217	207,744	17,041,655

## TABLE 12. PENSIONS IN PAYMENT AT YEAR-END, 2017 - 2021

LONG TERM BENEFITS	2021	2020	2019	2018	2017
Retirement Benefit	30,066	29,068	27,747	26,538	25,599
Invalidity Benefit	2,647	2,738	2,797	2,794	2,834
Survivor's Benefit	5,704	5,956	5,788	5,650	5,519
Old-Age Non-Cont. Pension	1,223	1,354	1,438	1,542	1,584
Invalidity Assistance	2,379	2,474	2,523	2,571	2,628
Survivor's Assistance	176	192	204	216	264
Total	42,195	41,782	40,497	39,311	38,428
INDUSTRIAL BENEFITS					
Disablement	1,288	1,291	1,264	1,173	1,020
Industrial Death	37	41	41	50	50
Total	1,325	1,332	1,305	1,223	1,070
ALL BENEFITS	43,520	43,114	41,802	40,534	39,498

# TABLE 13. SHORT-TERM BENEFITS & ASSISTANCE, 2017 - 2021

AMOUNT PAID ('000S)	2021	2020	2019	2018	2017
Sickness Benefit	\$11,095	\$8,773	\$12,504	\$13,183	\$12,974
Maternity Benefit	\$6,022	\$7,751	\$8,108	\$7,477	\$7,814
Maternity Grant	\$1,318	\$1,401	\$1,544	\$1,511	\$1,467
Funeral Benefit	\$5,394	\$4,268	\$3,412	\$3,431	\$3,188
Unemployment Benefit	\$4,017	\$107,647	\$16,301	\$11,707	10,992
Sickness Assistance	\$0	\$0	\$0	(\$0)	\$1
Total Paid ('000s)	\$27,846	\$129,840	\$41,868	\$37,308	\$36,435
NUMBER OF CLAIMS AWARDED					
Sickness Benefit	9,769	7,071	12,494	12,279	13,304
Maternity Benefit	2,050	2,329	2,808	2,452	2,501
Maternity Grant	2,720	2,764	3,269	2,956	2,946
Funeral Benefit	2,882	2,236	1,966	1,891	1,697
Unemployment Benefit	3,407	44,182	7,117	5,974	5,737
		_	_	_	_
Sickness Assistance	-				

# TABLE 14. LONG-TERM BENEFITS & ASSISTANCE, 2017 - 2021

AMOUNT PAID ('000S)	2021	2020	2019	2018	2017
Retirement Benefit & Grant	\$231,064	\$208,899	\$195,261	\$179,357	\$165,655
Invalidity Benefit	\$13,661	\$13,569	\$14,513	\$14,910	\$16,880
Survivor's Benefit & Grant	\$24,015	\$22,493	\$22,326	\$21,647	\$20,564
Old-Age Non-Cont. Pension	\$4,720	\$4,809	\$5,063	\$5,183	\$5,552
Invalidity Assistance	\$8,537	\$8,514	\$8,704	\$8,681	\$8,918
Survivor's Assistance	\$588	\$557	\$603	\$733	\$779
Total Paid ('000s)	\$282,585	\$258,841	\$246,470	\$230,512	\$218,349
NUMBER OF CLAIMS AWARDED					
Retirement Benefit & Grant	2,781	2,629	2,407	2,027	2,223
Invalidity Benefit	128	133	197	150	224
Survivor's Benefit & Grant	733	846	723	734	626
Old-Age Non-Cont. Pension	42	79	51	97	87
Invalidity Assistance	28	41	75	59	79
Survivor's Assistance	4	6	11	14	6
TOTAL AWARDED	3,716	3,734	3,464	3,081	3,245

# TABLE 15. INDUSTRIAL BENEFITS, 2017 - 2021

AMOUNT PAID ('000S)	2021	2020	2019	2018	2017
Medical Care	\$5,899	\$6,360	\$10,694	\$11,845	\$18,703
Injury Benefit	\$2,872	\$2,852	\$4,470	\$3,976	\$4,273
Disablement Benefit & Grant	\$8,063	\$7,767	\$7,908	\$7,831	\$8,444
Industrial Death	\$208	\$216	\$230	\$282	\$285
Total Paid ('000s)	\$17,042	\$17,195	\$23,304	\$23,934	\$31,705
NUMBER OF CLAIMS AWARDED					
Medical Care	1,931	1,426	2 506	2.051	0.007
		1,420	3,586	3,851	3,297
Injury Benefit	1,176	1,115	2,260	2,016	2,062
Injury Benefit Disablement Benefit & Grant	1,176	·	·	•	·
		1,115	2,260	2,016	2,062
Disablement Benefit & Grant	31	1,115	2,260	2,016	2,062 66

NATIONAL INSURANCE BOARD

2021 A YEAR IN RECOVERY