



Reforming Today

Together

For a Resilient Tomorrow for All

ANNUAL REPORT
2024



National Insurance Services St. Vincent and the Grenadines
NIS Building
Upper Bay Street
Kingstown
St. Vincent and the Grenadines

Phone: (784) 456-1514
Fax: (784) 456-2604
Toll Free: (855) 479-1920
E-Mail: nis@nissvg.org
Website: <https://www.nissvg.org>

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“NIS, The Social Safety Net”

Our Mission

To provide sustainable social security and to promote social and economic development in St. Vincent and the Grenadines through prudent financial and people-centered management.

Our Vision

To be an institution that recognises, assesses and responds to changing environmental trends and provides sustainable social security that adequately reflects our value system and satisfies our customers' needs.

Our iCARE Model

Integrity

The inner sense of wholeness deriving from qualities such as honesty and consistency of character.

Commitment

The state or quality of being dedicated to a cause.

Accountability

Owning the consequences of one's choices in delivering the agreed results and helping other people to do the same.

Respect

Recognising the value of people, work environment and one's self.
The way you treat others.

Empathy

One's ability to understand and share the feelings of another.



Minister's Message

In an era of rapid change, interconnected economies and increasingly complex social and economic challenges, resilience and sustainability are no longer optional – they are essential. For an institution such as the National Insurance Services (NIS), which has served as a cornerstone of social and economic security for the people of Saint Vincent and the Grenadines for nearly four decades, these principles guide how we protect livelihoods, foster stability and prepare for the future.

The NIS exists to provide a safety net for our workers and their families, offering protection against life's uncertainties – whether due to illness, disability, employment injury, old age or poverty. This protection extends to our most vulnerable citizens through programmes such as the Non-Contributory Assistance Age Pension (NAAP). It is a mission that reflects our shared values and our commitment to building a stronger, fairer nation.

In 2024, we embarked on one of the most significant reforms in the NIS' history. We made these changes out of necessity, guided by detailed actuarial analysis, informed by global trends and shaped through dialogue with stakeholders. As Minister, I took these recommendations to Parliament and made a compelling case for reform because I firmly believe that reforming today, together, is the only way to secure a resilient tomorrow for all.

Resilience, in this context, means our ability to anticipate, absorb, adapt and recover from challenges – ensuring the continuity of benefits and services for current and future generations. Sustainability means evolving our systems and strategies so that they remain fit for purpose in a changing world.

The sustainability challenges we faced were clear: an ageing population, static contribution rates for over 10 years, gaps in compliance from some employers and self-employed persons and the need to rely increasingly on investment income to cover obligations. Without decisive action, the NIS' future would have been at risk.

Thanks to our collective effort, we made substantial progress in 2024. We adjusted the pensionable age to reflect longer life expectancies while maintaining the option for early retirement at an adjustment factor, thereby easing the financial strain on the Fund. We increased contributions and compliance by raising the contribution rate from 10% to 12%, increasing



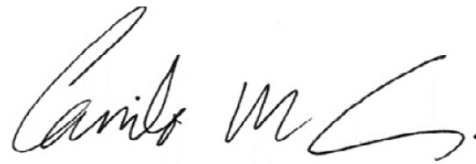
minimum wages across sectors and strengthening enforcement by our Compliance and Legal Divisions. These actions resulted in a 27% rise in contribution collections to XCD \$97.3 million from XCD \$76.1 million in 2023. We also delivered exceptional investment performance, achieving a 59% increase in total investment income from XCD \$15.7 million to \$25 million through the NIS' Investment Committee and Board's prudent and strategic management.

These reforms required courage, collaboration and transparency. I acknowledge that the process was not without political debate, but the focus has always remained in the best interests of our contributors, pensioners and the NIS' future sustainability. Reform is never the work of a single year – it is the start of a journey that requires constant evaluation, adaptation and unity.

As we look to the future, I am confident that the NIS is now on a stronger, more sustainable path. However, securing this future is a shared responsibility. Every employer, employee and voluntary contributor plays a vital role in ensuring the system's continued success. Timely contributions not only safeguard your own benefits but also strengthen the Fund for generations to come.

To the NIS' Board of Directors, management and staff, I extend my heartfelt gratitude for your dedication, professionalism and commitment to service over the past year. Your work embodies our theme – *'Reforming Today Together – For a Resilient Tomorrow for All'* – and inspires trust in the institution we are privileged to serve.

Let us continue to adapt, innovate and work together so that the NIS remains a source of stability, fairness and hope for every Vincentian today and in the years ahead. May the Almighty continue to guide and bless our collective efforts.



Hon. Camillo M. Gonsalves

Minister of Finance with responsibility for
National Insurance



NIS Chairman Lennox A. Bowman
attending the NIS' 38th anniversary
church service.





Chairman's Message

The year 2024 will be remembered as a landmark chapter in the history of the NIS – a year in which we strengthened our resilience, rebounded from recent economic and market shocks and laid the foundation for the most significant reforms in our organisation's history. Guided by the theme 'Reforming Today Together – For a Resilient Tomorrow', the Board remained steadfast in its duty to provide strategic direction, formulate sound policies, oversee management's performance and report transparently to the people of St. Vincent and the Grenadines.

Social security systems are facing formidable headwinds globally – ageing populations, economic volatility and rising costs of benefits are challenging their long-term viability. Our own NIS is not immune. Yet, in 2024, we demonstrated that we are more than capable of meeting these challenges with foresight, collaboration and action. Under my leadership, the Board ensured that the reform process was not only technically sound but also inclusive and people-centred. We engaged world-class expertise, hosted forums with professional actuaries and worked closely with strategic partners, including the World Bank and the International Social Security Association. These partnerships have enriched our reform journey with global best practices while keeping our solutions firmly rooted in Vincentian realities.

Over the past two years, management, with the Board's oversight, conducted an extensive national consultation programme, listening to the concerns and desires of our stakeholders to ensure that our reform agenda was built on the principle of dialogue. We reached out to the Government, Opposition, employers, trade unions, community groups, media and public. We held town hall meetings, forums and symposiums, which were complemented by surveys and media campaigns to ensure that every voice could be heard. The concerns and ideas shared

by stakeholders are helping to shape programme and policy changes that will extend the life of the Fund, strengthen its sustainability and enhance its adequacy for generations to come.

Beyond reform planning, 2024 was also a year in which we implemented a suite of reform measures to fortify the National Insurance Fund. Recognising the urgency and need for reforms, the government introduced a package of reform measures for the NIS in the first half of 2024. These measures feature a gradual increase in the contribution rate from 10% to 15% by 2027. Additionally, the reforms aim to tighten early retirement by limiting eligibility, increasing the adjustment factor for early retirement, extending the wage period used to calculate the reference wage and raising both the insurable wage and minimum pension thresholds.

These measures have paved the way for robust financial and operational improvements. We maintained social security coverage for approximately 50% of the Vincentian population – 44,000 insured persons and 9,500 pensioners – and paid \$97.5 million in benefits, including \$91.5 million in pensions. We supported 8,825 workers during times of sickness, maternity or employment injury, disbursing \$4.3 million in short-term benefits, and provided \$9.1 million in survivor benefits and funeral grants to families.

Our financial stewardship remained prudent. Contribution collections reached a record \$97.3 million, supported by improved compliance and broad-based economic activity, particularly in construction, accommodation and manufacturing. Administrative efficiency also improved, with expenses reduced from \$10.6 million to \$10.3 million, bringing our expense-to-contribution ratio down from 14.1% to 10.0%. In investment management, we achieved a strong rebound from the previous year's market losses, delivering a \$25 million return (or 7.2%) and exceeding our actuarial hurdle rate (4.5%). Our portfolio remains well diversified – geographically, across asset classes and by issuer – ensuring that we balance risk and return effectively while contributing to national development.

We also advanced our transformation agenda. The digitisation of core processes has enhanced service delivery, with improved e-services for employer and employee registration, contribution submissions and online payments. We strengthened our governance through updated policies in investment and risk, and a new draft funding policy is in place to guide long-term financing. In addition, we invested in our people through targeted capacity-building initiatives in governance, actuarial analysis, risk management and investment management, recognising that the NIS' resilience is ultimately built on the skills and dedication of its team.

Looking ahead, the Board will continue to champion reforms that balance sustainability with benefit adequacy and intergenerational equity. The phased reform measures include a gradual increase in pensionable age to 65 in 2028 and a step-by-step increase in contribution rate to 15% in 2027. We are also broadening benefit coverage to introduce benefits such as permanent unemployment protection. Combined, these changes could extend the life of the Fund by nearly 25 years – from 2035 to 2060 – ensuring the NIS remains the best investment a Vincentian worker can make in securing their financial future.

I extend my deepest gratitude to the Government, our social partners, stakeholders and the Vincentian public for engaging with us so constructively during this crucial period. I also commend our management and staff for their professionalism and unwavering commitment to service. Together, we are reforming today to ensure that tomorrow's generations inherit a strong, stable and equitable social security system.



Lennox A. Bowman

Chairman
National Insurance Board





NIS Director Mr. Stewart Haynes delivers an insightful presentation on Pension Reform, engaging stakeholders in a meaningful discussion.



Director's Report

The financial health of the National Insurance Services (NIS) underwent a substantial pivot towards longevity during financial year 2024, as we transitioned from strategic planning to operational execution of key reforms. This transition, themed 'Reforming Today Together - For a Resilient Tomorrow', demanded precise execution, effective team leadership and extensive stakeholder engagement, all underpinned by robust actuarial analysis.

As an actuary, I have long been aware of the demographic and financial pressures threatening social security systems globally, sparking widespread reform, with the NIS SVG being no exception. Throughout our reform process, however, we committed ourselves to an extensive public education campaign that involved reaching a broad cross-section of stakeholders. These efforts were not just information-sharing sessions; they were national conversations about our future.

On implementation of our reform measures, as predicted, there were significant improvements in the actuarial and financial health of the Fund by the end of the financial period. The phased increase in contribution rate from 10% to 12% bolstered the profitability of the NIS from a net loss of \$0.4 million in 2023 to a robust profit of \$14.4 million in 2024. Our social security system has been reformed today to create a brighter future for Vincentian workers and their families.

Reform Implementation at a Glance

In March and June, we introduced key parametric and administrative reform measures that addressed three pillars: Financial Sustainability, Benefit Adequacy, and Coverage Expansion.

Pillar	Key Measures	Impact
Financial Sustainability	Contribution Rate	
	Phased increase of the contribution rate gradually from 10% to 15%, with increases evenly between the employer and employee.	
	The phase-in period: 1 June 2024: 12%; 1 January 2025: 13%; 1 January 2026: 14%; 1 January 2027: 15%.	Extends Fund life by nearly 25 years
	Early Retirement Pension	
	Not awarding early-age pensions to those who have not retired.	
	Increase the reduction factors that apply to early-age pensions from 6% per year to 8% per year.	
Benefit Adequacy	Minimum Pension	
	The minimum pension has been increased from \$70 to \$80 per week.	Protects vulnerable pensioners; ensures relevance for higher earners
	Insurable Wages	
	Raised insurable wages from \$1,000 to \$1,200 per week.	
Coverage Expansion	Contribution Coverage	
	To extend eligibility for employment injury benefits to the self-employed and simplify the contribution payment for informal workers.	Improves the lives of the self-employed and informal workers
	Benefit Coverage	
	To implement a permanent unemployment insurance scheme with support from the International Labour Organisation. A feasibility study is slated to commence in January 2025, with the objective of expanding the safety net for temporarily unemployed workers.	Bolsters the safety net for all workers

These changes were supported by actuarial projections showing a significant improvement in the Fund's outlook, moving the Fund's exhaustion date from 2035 to 2060 when combined with prudent investment and administrative measures.

A Year of V-Shaped Recovery

The year 2024 was also one of financial rebound. Following the unrealised investment losses of 2022 and marginal gains in 2023, the NIS delivered a V-shaped recovery in its portfolio, achieving a return of 7.2% (\$25 million), while exceeding the budgetary target of 5.5% and the actuarial hurdle rate of 4.5%. This turnaround was the product of sound investment governance, diversification across geographic and asset classes and active risk management.

2024 Investment Performance Snapshot

- **Portfolio return: \$25.0 million (2023: \$15.7 million)**
- **Annualised return: 7.2%% (above 4.5% target)**
- **Unrealised gains: \$6.3 million (vs. -\$17.5 million in 2022 and \$0.07 million in 2023)**

Operationally, contribution collections reached a record \$97.3 million compared to \$76.1 million in 2023. The record growth in contribution income of 27% was attributed to an increase in contribution rate from 10% to 12%, higher-level wages and strengthened compliance interventions among delinquent employers. Benefit payments totalled \$97.4 million – an increase of \$7.0 million from 2023. The higher-than-expected growth in early-age pensions was the principal factor for the larger benefit payments in 2024 relative to 2023. Last, administrative efficiency improved, with the expense-to-contribution ratio falling from 14.1% to 10.6%. These results reflect both the resilience of our economy and the effectiveness of our compliance, governance and service delivery initiatives.

Overall, the profitability significantly improved in 2024. The net profit stood at \$14.4 million compared to a net loss of \$0.4 million in 2023. Further, the comprehensive income increased from \$0.5 million to \$20.7 million. Our profitability reflects the collective efforts of all stakeholders, including staff, employers and employees.

The Challenges

Even as we celebrate the gains of 2024, we must be honest about the challenges that lie ahead. Worldwide, social security systems are challenged to adapt to global and local pressures. One of

the most significant challenges facing SVG is our demographic shift. Our population is ageing. More Vincentians are living longer, while fertility rates are declining. This means that over time, fewer workers will be supporting more pensioners.

We also operate in an environment of economic fragility. As a small, resource-constrained and open economy, SVG is highly vulnerable to external shocks. Our labour market is sensitive to global trends, migration and natural disasters. At the same time, financial markets remain volatile, influenced by global policy uncertainty and geopolitical tensions. Investment returns are exposed to risks beyond our control. Therefore, prudent diversification and risk management are essential.

Finally, we must contend with the realities of climate risk and cybersecurity threats. Rising climate vulnerabilities increase the likelihood of disasters that disrupt economies, employment and contribution flows. Meanwhile, as the NIS becomes more digitised, we must guard against the growing risks of cyberattacks that could threaten data security and public trust.

These challenges are real, but with reforms now in motion and with continued partnership and resilience, we are confident that the NIS can withstand these pressures and remain a strong pillar of national development.

The Way Forward

Our journey is not complete. The next phase will focus on three interconnected priorities:

- ◆ **Financial sustainability** – continuing scheduled contribution rate adjustments and pensionable age adjustments, monitoring the cost impacts of benefit reforms and optimising our investment strategy
- ◆ **Operational resilience** – advancing digital transformation to modernise services and investing in the training and development of our staff to ensure we have the human capital to meet evolving challenges
- ◆ **Public confidence** – maintaining transparency, delivering on promises and ensuring that the NIS is recognised not only as a safety net but also as a cornerstone of national development.

The NIS has demonstrated that reform, when grounded in evidence and delivered through partnership, can strengthen both our finances and our bond with the public. With continued collaboration and prudent management, we will safeguard this institution for current and future generations – ensuring that every Vincentian worker can face tomorrow with confidence.



Conclusion

This financial year will be remembered as a defining one for the NIS. It marked the culmination of years of careful analysis, open dialogue and stakeholder engagement, resulting in a successful reform implementation – ensuring the Fund's sustainability, enhancing benefits and expanding coverage for Vincentians.

No reform succeeds without the people. I am deeply grateful to the NIS Board for its policy direction, to our staff for their dedication in executing these changes with professionalism and to the

Vincentian public for their willingness to engage in open dialogue and embrace the reforms. This unity of purpose has been the foundation of our progress.



Stewart K. Haynes

Executive Director
National Insurance Board

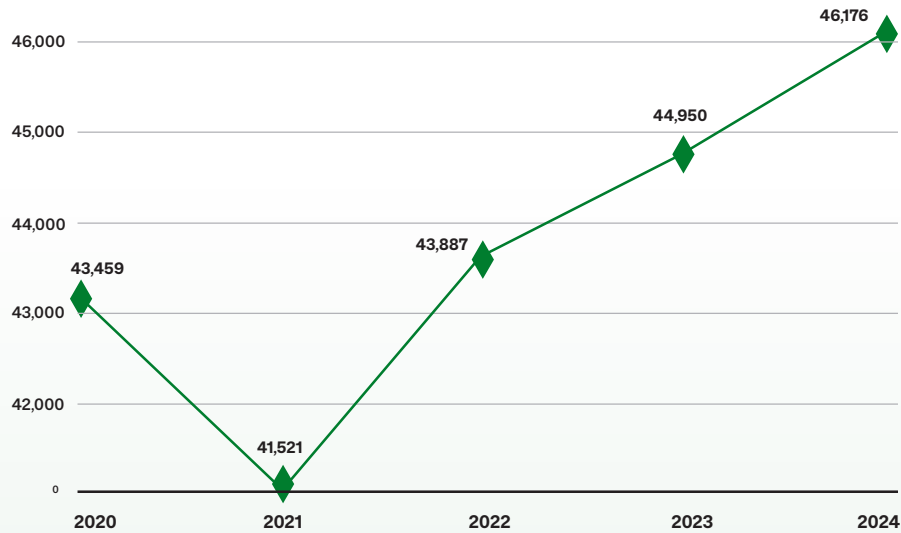


Director of the NIS, Mr. Stewart Haynes with (L-R) Chenise Harper, Faith Small, Taj Henry, Rio Fitzpatrick and Kayla Andrews, all children of NIS employees, who excelled in their academic studies in 2024.

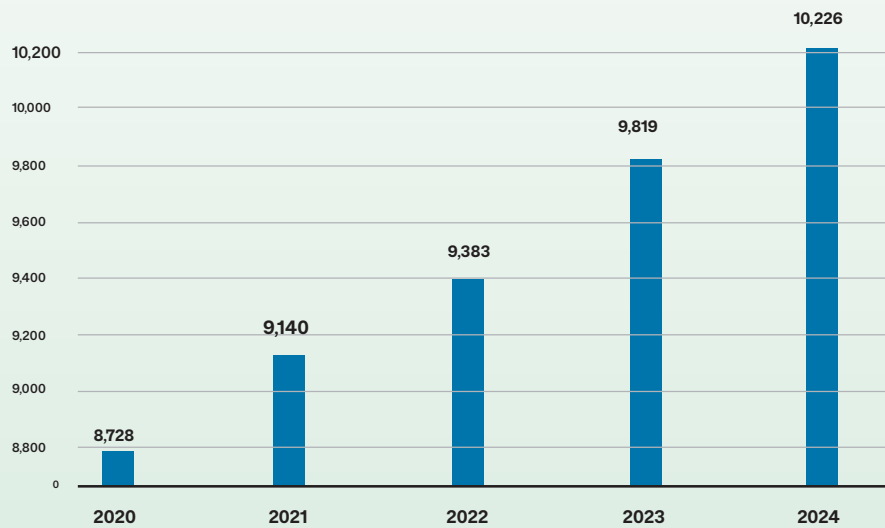


NIS In Numbers

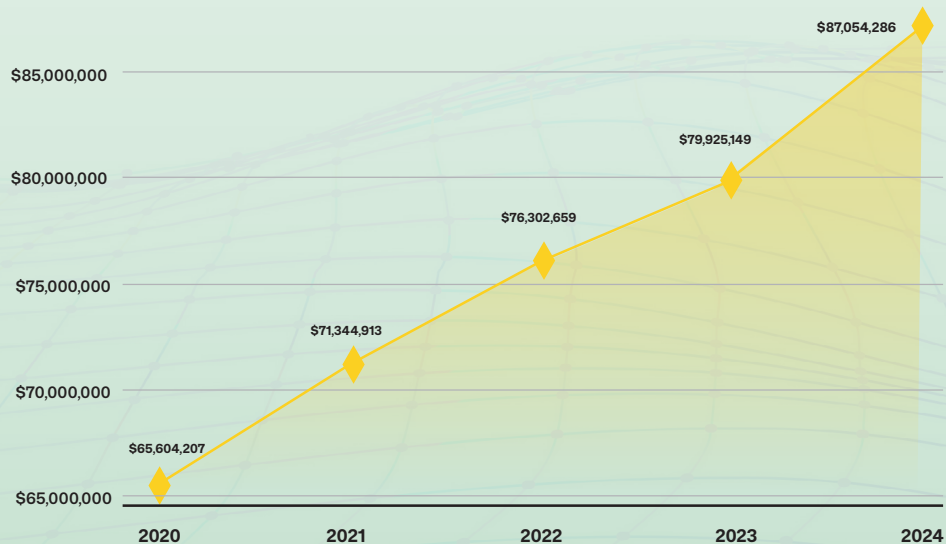
Insured Persons



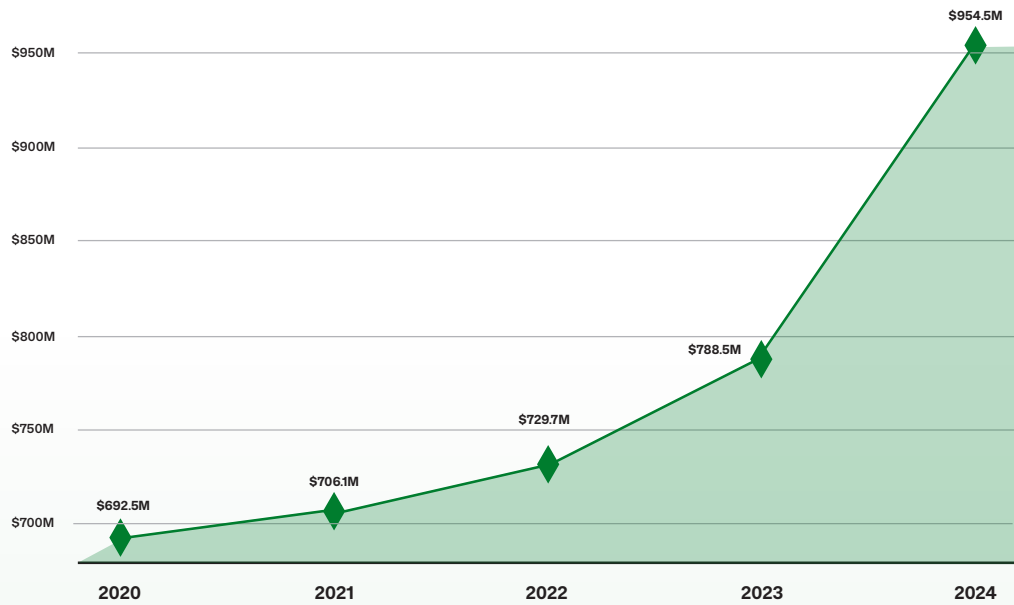
Growth in Pensioners (2020-2024)



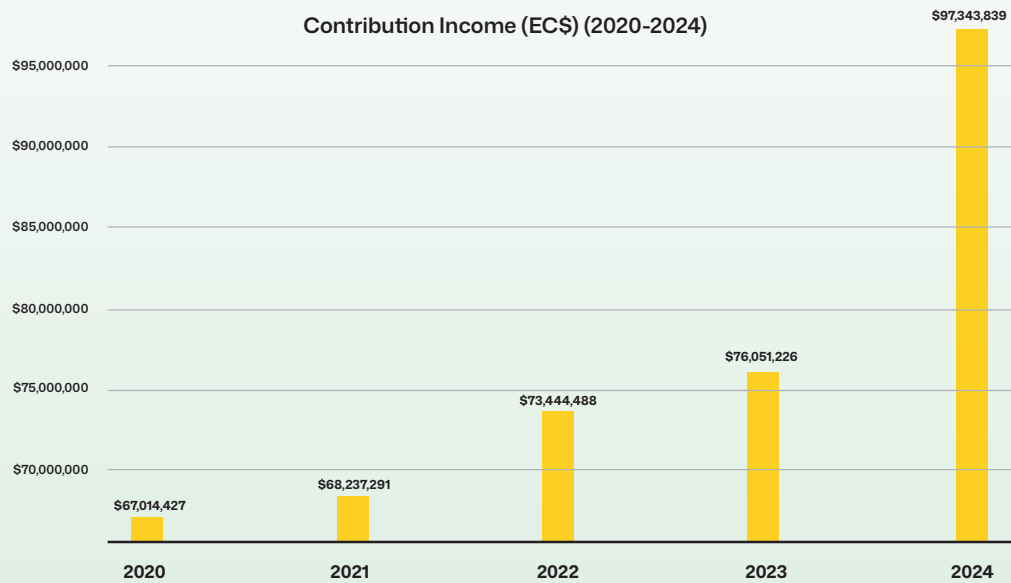
Pension Payments (EC) (2020-2024)



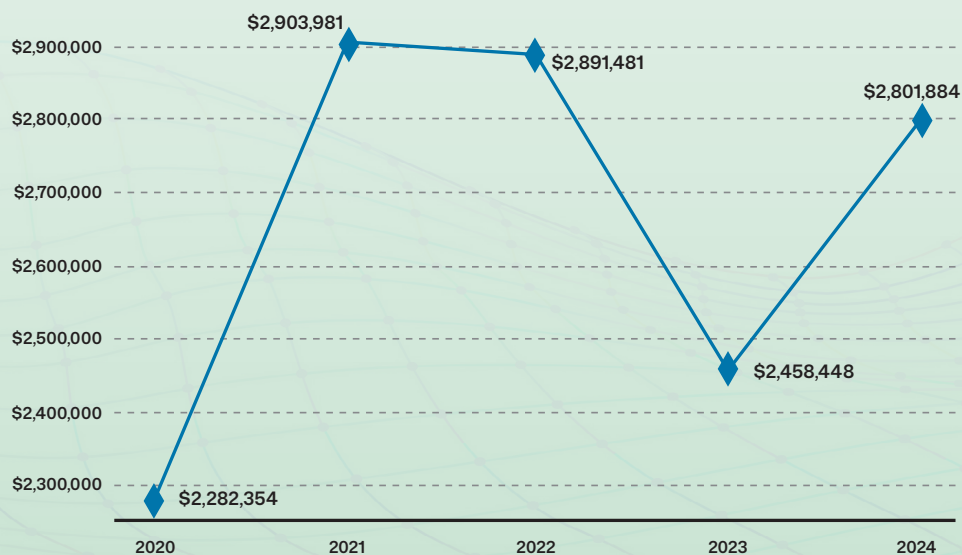
Insurable Wages (EC\$) (2020-2024)



Contribution Income (EC\$) (2020-2024)



Sickness Benefits (EC\$) (2020-2024)





Our Board of Directors



Our Board of Directors

The St. Vincent and the Grenadines National Insurance Board provides the fundamental principles of the institution and is responsible for nurturing our occupational culture, corporate management and overseeing policies. The Board of Directors is a selected assembly of individuals that represents our stakeholders.



Mr. Lennox Bowman
Chairman



Mr. Elroy John
Deputy Chairman



Mr. Stewart Haynes
Executive Director



Mr. Liley Cato
Director



Mr. Brian George
Director



Mr. Garvin Jackson
Director



Mr. Noel Jackson
Director



Ms. Joy Matthews
Director



Mrs. Gloria Stapleton
Director

Our Management Team

Our Management Team brings a broad range of experience to the organisation.



Ms. Dawn Small
Branch Manager Union Island Office



Mrs. Roberta Henry
Chief Risk Officer



Ms. Lucille Browne
Human Resources Manager



Mrs. Nicole Byron
Benefits Manager (Short Term)



Mrs. Ingrid Cadogan
Customer Service Manager



Ms. Avtar Charles
Communications Manager



Mr. Rohan Daniel
Investment Analyst



Ms. Kamla David
Legal Officer



Mrs. Marika Drakes
Internal Auditor



Mr. Winston Edwards
Benefits Manager (Long Term)



Mr. Dornelle Fitzpatrick
Investment Manager



Mr. Jeremy Jackson
Financial Controller Ag.



Mrs. Monique Jeffers
Corporate Secretary Ag.



Mr. De Vonte Peters
Compliance Manager



Mr. Richard Lewis
Real Estate and Maintenance Manager



Mr. Asri Soleyn
IT Manager



Ms. Colleen Thomas
Data Processing Manager



Project Highlights

SECTION 4.

Strengthening Employee Connections

The House Sports initiative introduced during the year had a transformative impact on the NIS, creating new connections, strengthening team spirit, and fostering a deeper sense of unity across departments. By bringing colleagues together in a spirit of camaraderie and friendly competition, the initiative became a catalyst for collaboration and engagement throughout the year.

Staff were divided into four teams—the Black Panthers, Blue Jays, Yellow Falcons, and Green Hornets—kicking off with a lively Sports Day that set the tone for what became a year-long programme of activities. From treasure hunts to fitness challenges, each event encouraged teamwork and gave staff members opportunities to bond outside of their usual circles.





Five Years of Stepping Forward: NIS Celebrates Sneaker Day

Five years ago, NIS launched Sneaker Day, our flagship internal wellness initiative, to combat non-communicable diseases (NCDs). This programme has blossomed into a vibrant movement, inspiring healthier choices and fostering a culture of proactive wellness among our staff.

Each month, our team laces up their sneakers in a visible pledge to their health. From invigorating group workouts and fitness walks to fun wellness challenges like “No Coffee Days,” “Sugar-Free Challenges,” “Fruits Over Processed Snacks,” and “Stairs Only Access,” Sneaker Day is instilling healthy habits in our team.

As the institution responsible for providing income replacement in times of illness, disability, and death, the NIS understands, better than most, the long-term implications of poor health. Sneaker Day, therefore, reflects our deep commitment to prevention, protection, and proactive care by creating a workplace culture where healthy habits are encouraged, celebrated, and sustained.

Cultivating New Skills: Training

Over the past year, the NIS reinforced its commitment to continuous learning and institutional growth through a well-rounded programme of internal and external training. Staff at every level participated in tailored sessions designed to strengthen their technical expertise, enhance service delivery, and build organisational resilience. This focus on development reflects NIS' forward-looking approach, ensuring its workforce is equipped with the skills needed to deliver high-quality service, while positioning the institution as an adaptable and resilient leader in the social security sector.

15 Internal Trainings

Date	Topic	Participants
January 8, 2024	Media and Communication Roles	6 Staff
15th April 15, 2024	Telephone etiquette & media relations	6 Staff
April 15, 2024	Compliance - Media relations	9 Staff
April 16, 2024	Media Spokesperson	9 Staff
May 23, 2024	Customer Service	77 Staff
May 27, 2024	The importance of Eye Health	77 Staff
May 28, 2024	Compliance Operations & Compliance SOP Manual	77 Staff
June 25, 2024	Climate Change	77 Staff
July 25, 2024	CARICOM Reciprocal Agreement	77 Staff
July 30, 2024	The Use of the ESS	80 staff
August 24, 2024	Climate Change Competition	20 Staff
August 21, 2024	Professionalism, motivational speaking	Managers and Staff under 30 years
August 28, 2024	Professionalism, motivational speaking	Female staff under 30 years
September 24, 2024	Overview of Communications Division	77 Staff
September 25, 2024	Water Consumption & Preservation and Hurricane Preparedness	77 Staff

22 External Trainings

Date	Topic	Organizations	Participants
February 15, 2024	Third Meeting of the Social Security Task Force	CARICOM Single Market and Trade (CSME)	3 Staff
March 20, 2024	CIESS Tea. International experiences on Social Security coverage	CIESS	2 Staff
March 26, 2024	Actuarial Service Platform – Introduction and experiences	ISSA	2 Staff
April 23, 2024	Invests SVG diaspora engagement	Invest SVG	2 Staff
May 6 – 8, 2024	CARICOM reciprocal agreement workshop	Grenada NIS	2 Staff
May 16, 24	Introduction to the Green Economy and the Risk Management Imperative	ECCB	2 Staff
May 30, 2024	Part 2 - Fundamentals of Climate-related Financial Risks	ECCB	4 Staff
June 6, 2024	Pension Reform Presentation	ECGC	2 Staff
June 6, 2024	To strengthen and consolidate the capacity of services, support institutions and business	Ministry of Foreign Affairs and Foreign Trade	1 Staff
August 8, 2024	Dcash Pilot Project Debriefing and Dcash-2_0	ECCB	1 Staff
August 20, 2024	Leveraging biometrics and digital identity in social security	ISSA	2 Staff
August 26, 2024	Cybersecurity	Caribbean Digital Transformation Project PIU	2 Staff
August 27, 2024	OECS Investment Facilitation Reforms and Needs Assessment	Ministry of Foreign Affairs and Foreign Trade	1 Staff
September 4, 2024	Stakeholder Consultations	Prime Ministerial Advisory Council on Youth	1 Staff
September 18, 2024	How Can Green, Social and Sustainable Bonds Enhance Funding Access for African Borrowers?	African Export-Import Bank	2 Staff
September 23, 2024	CARDTP Cybersecurity Workshop	Caribbean Digital Transformation Project PIU	2 Staff
September 24 – 26, 2024	Using Administrative data to fill data gaps for economic statistics	Ministry of Foreign Affairs	1 Staff
October 10– November 1, 2024	Resilience & Continuity (Course)	ISSA	ISSA
October 17, 2024	Network Resilience in the aftermath of Hurricane Beryl	ISOC SVG	ISOC SVG
October 28 - 29, 2024	Saint Lucia Regional Research Conference	OECS	OECS
November 13 – 15, 2024	Certified Advanced Enterprise Risk Management	IBE Forum	IBE Forum
October 31 – Nov 21 2024	Human Resource Management of Social Security Institutions (Course)	ISSA	ISSA

Employees at NIS waiting to welcome stakeholders to a presentation on Pension Reform.







National Insurance Services

Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean Dollars)



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Corporate Information

REGISTERED OFFICE

Bay Street
Kingstown
St. Vincent

DIRECTORS

Mr. Lennox A. Bowman – Chairman
Mr. Elroy R. John – Deputy Chairman
Mr. Carlos Leslie Liley Cato
Mr. Garvin A. Jackson
Ms. Joy E. Matthews
Mr. Brian A. George
Mr. Noel C. Jackson
Mrs. Gloria E. Stapleton

DIRECTOR

Mr. Stewart K. Haynes

SECRETARY

Mr. Stewart K. Haynes

BANKS AND NON-BANK FINANCIAL INSTITUTIONS

Bank of St. Vincent and the Grenadines Ltd.
Republic Bank EC Ltd.
1st National Bank St. Lucia (*formally RBTT Bank Caribbean Limited*)
St. Vincent Union of Teachers Co-operative Credit Union
RBC (Royal Bank) Trinidad and Tobago Ltd.
National Bank of the British Virgin Islands

SOLICITORS

Duane Daniel Chambers

AUDITORS

Grant Thornton
Chartered Accountants
Sergeant-Jack Drive
Arnos Vale
St. Vincent



Grant Thornton

Independent Auditor's Report

To the Honourable Minister of Finance
National Insurance Services
St. Vincent and the Grenadines

Grant Thornton

Sergeant-Jack Drive, Arnos Vale
P.O. Box 35, Kingstown
St. Vincent, W.I.

T +1 784 456 2300

F +1 784 456 2184

Opinion

We have audited the financial statements of National Insurance Services ("the NIS"), which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the NIS as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Grant Thornton

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.

Chartered Accountants

St. Vincent

June 30, 2025

National Insurance Services

Statement of Financial Position As of December 31, 2024

(in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
ASSETS			
Cash and cash equivalents	5	58,686,883	66,123,559
Contributions receivable	6	4,069,426	3,207,529
Other assets	7	4,280,077	760,597
Loans and advances	8	21,027,444	26,344,350
Investment securities	9	289,366,828	261,546,855
Inventories	10	24,430,679	7,710,900
Investment in associate	11	38,026,917	33,322,139
Investment properties	12	31,423,493	50,672,828
Property and equipment	13	23,874,573	24,170,779
Intangible assets	14	1,344,952	1,726,180
TOTAL ASSETS		496,531,272	475,585,716
LIABILITIES			
Benefits payable	15	6,170,060	5,979,869
Accounts payable and accrued liabilities	16	2,194,057	2,134,841
TOTAL LIABILITIES		8,364,117	8,114,710
RESERVES			
Short-term benefit	17	42,625,554	37,474,239
Long-term benefit	17	301,102,313	300,649,238
Employment injury benefit	17	112,423,444	102,373,811
National provident fund	17	28,928,499	30,171,180
Accumulated other comprehensive income (loss)	18	3,087,345	(3,197,462)
TOTAL RESERVES		488,167,155	467,471,006
TOTAL LIABILITIES AND RESERVES		496,531,272	475,585,716

The financial statements were approved by the Board of Directors and authorized for issue on June 27, 2025, and signed on its behalf by:



Lennox A. Bowman
Chairman



Stewart K. Haynes
Director



Elroy R. John
Deputy Chairman

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

National Insurance Services

Statement of Changes in Reserves For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	Short-term Benefit \$	Long-term Benefit \$	Employment Injury Benefit \$	National Provident Fund \$	Accumulated Other Comprehensive Income \$	Total \$
Balance at January 1, 2023	33,631,977	311,601,556	94,284,078	31,581,626	(4,101,129)	466,998,108
Net surplus (deficit) for the year	3,842,262	(10,952,318)	8,089,733	(1,410,446)	-	(430,769)
Net change in fair value – FVOCI equity instruments	-	-	-	-	222,885	222,885
Foreign exchange loss – FVOCI equity instruments	-	-	-	-	(146,137)	(146,137)
Net change in fair value – FVOCI debt instruments	-	-	-	-	63,402	63,402
Share of OCI - associate	-	-	-	-	763,517	763,517
Balance at December 31, 2023	37,474,239	300,649,238	102,373,811	30,171,180	(3,197,462)	467,471,006
Net surplus (deficit) for the year	5,151,315	453,075	10,049,633	(1,242,681)	-	14,411,342
Net change in fair value – FVOCI equity instruments	-	-	-	-	6,287,184	6,287,184
Foreign exchange loss – FVOCI equity instruments	-	-	-	-	(35,275)	(35,275)
Net change in fair value – FVOCI debt instruments	-	-	-	-	21,009	21,009
Share of OCI – associate	-	-	-	-	11,889	11,889
Balance at December 31, 2024	42,625,554	301,102,313	112,423,444	28,928,499	3,087,345	488,167,155

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

National Insurance Services

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
Contribution Revenue	19	97,343,839	76,051,226
Net Investment Income	20	18,870,378	15,506,037
Other Income, Net	21	595,654	2,132,093
(Diminution) appreciation of fair value in investment properties	12	(97,000)	31,000
Total Revenue		116,712,871	93,720,356
Benefits expense	22	(97,468,995)	(90,180,700)
Gross Margin		19,243,876	3,539,656
General and administrative expenses	23	(10,338,106)	(10,693,073)
Bad debts (expense) recovery	6	(1,497,316)	2,079,222
Total Expenses		(11,835,422)	(8,613,851)
Operating Profit (Loss)		7,408,454	(5,074,195)
Share of Profit of Associate	11	7,002,888	4,643,426
Net Profit (Loss) for the Year		14,411,342	(430,769)
Other Comprehensive Income			
Items that will not be Reclassified Subsequently to Profit or Loss:			
Net change in fair value – FVOCI equity instruments	18	6,287,184	222,885
Foreign exchange loss – FVOCI equity instruments	18	(35,275)	(146,137)
		6,251,909	76,748
Items that are or may be Reclassified Subsequently to Profit or Loss:			
Net change in fair value – FVOCI debt instruments	18	21,009	63,402
Share of OCI – associate	18	11,889	763,517
		32,898	826,919
Other Comprehensive Income		6,284,807	903,667
Total Comprehensive Income for the Year		20,696,149	472,898

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

National Insurance Services

Statement of Cash Flows

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
Cash Flows from Operating Activities			
Profit (loss) for the year		14,411,342	(430,769)
Adjustments for:			
Interest income on loans and advances	20	(1,088,500)	(1,504,017)
Interest income on investment securities	20	(10,041,121)	(7,880,264)
Dividend income	20	(2,781,369)	(2,775,468)
Depreciation expense	13	468,482	518,180
Amortization of intangibles	14	381,228	74,547
Loss on disposal of property and equipment		12,207	5,318
Impairment (recovery) – contributions and other assets		1,810,605	(3,148,031)
Gain on sale of investment securities	20	(5,802,947)	(3,244,061)
Loss on realization of other assets		-	80,077
Gain on sale of investment property	20	(490,700)	(90,264)
Impairment of investment securities and loans and advances		83,605	880,226
Share of profit of associate	11	(7,002,888)	(4,643,426)
Diminution (appreciation) in fair value of investment properties	12	97,000	(31,000)
Diminution (appreciation) in fair value of investment securities	20	599,309	(1,462,730)
Foreign exchange (gain) loss on securities	20	(118,627)	121,585
Net Loss before Changes in Operating Assets and Liabilities		(9,462,374)	(23,530,097)
Change in other assets		(332,769)	154,347
Change in contributions receivable		(2,359,213)	2,279,639
Change in benefits payable		190,191	633,963
Change in accounts payable and accrued liabilities		59,216	1,045,024
Purchase of inventories	10	(470,234)	(6,400)
Net Cash Used in Operating Activities		(12,375,183)	(19,423,524)
Cash Flows from Investing Activities			
Change in investment securities		(15,957,452)	17,810,468
Interest received from investment securities, loans and advances		10,641,635	9,340,265
Dividend received from equity investments		5,091,368	3,075,468
Net movement in loans and advances		5,453,949	5,825,753
Purchase of property and equipment	13	(184,483)	(64,559)
Additions to investment properties	12	(106,510)	-
Proceeds from sale of investment property		-	2,750,000
Addition of intangibles	14	-	(791,517)
Net Cash Generated from Investing Activities		4,938,507	37,945,878
Net (Decrease) Increase in Cash and Cash Equivalents		(7,436,676)	18,522,354
Cash and Cash Equivalents at Beginning of Year		66,123,559	47,601,205
Cash and Cash Equivalents at End of Year	5	58,686,883	66,123,559

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

National Insurance Services

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National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

1. Reporting Entity

The National Insurance Services ("the NIS"), formerly the National Insurance Scheme, was established by the National Insurance Act Cap 296 of the revised laws of Saint Vincent and the Grenadines. The NIS became operational in 1987 and assumed the assets and obligations of the former National Provident Fund. The principal activity of the NIS is the provision of social security services in the state of Saint Vincent and the Grenadines. The registered office is Bay Street, Kingstown St. Vincent.

2. Basis of Preparation

a. Statement of Compliance

These financial statements were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

b. Basis of Measurement

The financial statements were prepared on the historical cost basis except for the following material items:

Items	Measurement Basis
Financial instruments at FVTPL	Fair value
Financial instruments at FVOCI	Fair value
Investment properties	Fair value
Inventory	Lower of cost or net realizable value

c. Functional and Presentation Currency

The financial statements are presented in Eastern Caribbean dollars, which is the NIS' functional currency. All financial information presented in Eastern Caribbean dollars has been rounded to the nearest dollar.

d. Use of Estimates and Judgements

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make estimates, based on assumptions and judgements. Management also makes judgements, other than those involving estimations, in the process of applying the accounting policies. The estimates and judgements affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

The estimates and the underlying assumptions, as well as the judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The NIS' accounting policies provide scope for financial assets and liabilities to be designated on inception into different accounting categories in certain circumstances, and the NIS exercises judgement in carrying out such designation; this judgement relates to whether the instruments meet the criteria for the particular classification. Judgements that have a significant effect on the amounts recognized in the financial statements and estimates can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year.

Significant valuation issues noted are reported to the NIS' Audit Committee.

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

2. Basis of Preparation ...*Cont'd*

d. Use of Estimates and Judgements*Cont'd*

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 9 - Investment securities
- Note 12 - Investment properties
- Note 28 - Financial risk review
- Note 29 - Fair value of financial instruments

Residual values and Useful Lives of Property and Equipment

As noted in note 3 (e), the residual values and useful life of each asset are reviewed at least at each reporting date and if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The assumptions regarding residual values give rise to estimation uncertainty.

3. Summary of Material Accounting Policies

Except for the changes below, the NIS has consistently applied the following accounting policies to all periods presented in these financial statements.

a. Foreign Currency Transactions

Transactions in foreign currencies are translated into Eastern Caribbean dollars at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognized in profit or loss. However, foreign currency differences arising on the translation of the equity instruments classified as FVOCI are recognized in OCI.

b. Investment in Associate

Associates are those entities in which the NIS has significant influence, but no control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes transactions costs. Subsequent to initial recognition, the financial statements include the NIS' share of the profit or loss and OCI of the associate, until the date on which significant influence ceases.

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

3. Summary of Material Accounting PoliciesCont'd

c. Financial Assets and Liabilities

(i) Recognition and Initial Measurement

The NIS initially recognizes loans and advances, deposits, debt and equity securities issued and liabilities on the date on which they are originated.

A financial asset or financial liability is measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds. Classification and subsequent measurement of debt instruments depend on:

- The business model for managing the assets; and
- The cash flows characteristics of the asset.

Based on the factors the debt instruments will be classified into the three following categories:

Amortized Cost: 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 FVTPL, are measured at amortized cost.

Fair Value through Other Comprehensive Income (FVOCI): financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI).

Fair Value through Profit or Loss (FVTPL): assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss.

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

3. Summary of Material Accounting Policies*Cont'd*

c. Financial Assets and Liabilities*Cont'd*

(ii) Classification*Cont'd*

Business Model Assessment

The NIS makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and guidelines for the investment portfolio;
- how the performance of the portfolio is evaluated and reported to the NIS' management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether Contractual Cash Flows are solely Payments and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs.

In assessing whether the contractual cash flows are SPPI, the NIS considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the NIS considers contingent events that would change the amount and timing of cash flows.

Equity Instruments

Equity instrument are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the NIS changes its business model for managing financial assets.

Financial Liabilities

The NIS classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL.

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

3. Summary of Material Accounting Policies*Cont'd*

c. Financial Assets and Liabilities*Cont'd*

(iii) Derecognition

Financial Assets

The NIS derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the NIS neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (iii) any cumulative gain or loss that had been recognized in OCI in recognized in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the NIS is recognized as a separate asset or liability.

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities.

(iv) Offsetting

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the NIS' trading activity. Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position when, and only when, there is a current legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(v) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date in the principal or, in its absence, the most advantageous market to which the NIS has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the NIS measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the NIS uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the NIS determines that the value of on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

3. Summary of Material Accounting Policies*Cont'd*

c. Financial Assets and Liabilities*Cont'd*

(vi) Impairment

The NIS assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The NIS recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 28 provides more detail of how the expected credit loss allowance is measured.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the NIS determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the NIS' procedures for recovery of amounts due.

d. Investment Properties

Investment properties are initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation reserve is transferred to reserves.

e. Property and Equipment

(i) Recognition and Measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

3. Summary of Material Accounting Policies*Cont'd*

e. Property and Equipment*Cont'd*

(i) Recognition and Measurement ...*Cont'd*

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Reclassification to Investment Property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve. Any loss is recognized in profit or loss.

(iii) Subsequent Costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the NIS and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(iv) Depreciation

Depreciation is recognized in profit or loss in the straight-line basis over the estimated useful lives of each part of an item of property and equipment. Land is not depreciated.

The annual rates for the current and comparative periods are as follows:

Freehold buildings	2%
Furniture and fixtures	15%
Office equipment	15-20%
Building related equipment	10%
Computer equipment	20-33%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

f. Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance.

(i) Recognition and Measurement

Intangible assets are measured at cost less accumulated amortization charge and impairment losses.

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

3. Summary of Material Accounting Policies*Cont'd*

f. Intangible Assets*Cont'd*

(ii) Amortization

Intangible assets are amortized using the straight-line method. Amortization commences when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Intangible assets are amortized at the rates ranging from 15% to 20% on a straight line basis. Amortization expense is recognized in profit or loss.

(iii) Derecognition

Gains or losses arising from the disposal of an intangible asset are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and are recognized in profit or loss when the asset is disposed.

(iv) Internally Generated Intangible Assets

To assess whether an internally generated intangible asset meets the criteria for recognition, an entity classifies the generation of the asset into:

(i) Research Phase

Expenditure on research (or on the research phase of an internal project) is recognized as an expense when it is incurred.

(ii) Development Phase

An intangible asset arising from development (or from the development phase of an internal project) is capitalized only if an entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

3. Summary of Material Accounting Policies*Cont'd*

g. Impairment

(i) Financial Assets

IFRS requires the estimation of expected credit losses which are derived from unbiased and probability weighted estimates. The following assets and disclosures that are applicable to the NIS are within the scope of IFRS 9:

- Financial assets measured at amortized cost
- Financial assets measured at FVOCI
- Loan commitments (except those measured at FVTPL)
- Lease receivable under IFRS 16

There are two impairment approaches required: the general approach and the simplified approach. The general approach is a three-stage expected credit loss approach as follows:

Stage 1 – there was no significant increase in credit risk since initial recognition and the instrument was not credit impaired upon purchase. The expected credit losses to be incurred within 12 months of the assessment date is recognized.

Stage 2 – there was a significant increase in credit risk since initial recognition, but the instrument is not credit impaired. The expected credit losses to be incurred during the lifetime of the instrument is recognized.

Stage 3 – the instrument is credit impaired. The expected credit losses to be incurred during the lifetime of the instrument is recognized.

The inputs used to estimate the balances are the probability of default, the exposure at default and the loss given default. The expected credit loss is discounted by the effective interest rate. Information about future events and economic conditions are incorporated in the model.

The simplified approach is based on the historic default rate. The average historical rate of return is used as a proxy for the effective interest rate.

(ii) Non-Financial Assets

At each reporting date, the NIS reviews the carrying amounts of its non-financial assets (other than investment properties and inventories), to determine whether there is any indication of impairment. If any such indication exists for any asset, then that asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

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4. Summary of Material Accounting Policies*Cont'd*

g. Impairment ...*Cont'd*

(ii) Non-Financial Assets ...*Cont'd*

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reverse only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

h. Contributions Receivable

Contributions receivable on active accounts are estimated based on the most recent remittance by contributors. No estimate is made for dormant or ceased accounts as it is not probable that any economic benefits will flow to the NIS.

i. Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale.

j. Contributions

Revenue from contributions is recognized in profit or loss on the accrual basis at the requisite statutory rates utilizing employer monthly contribution statements which are settled in arrears.

k. Pensions and Other Benefits

Pensions and benefits are recorded when incurred during the year. Accruals are recorded at year-end for pensions and benefits owed to beneficiaries but not paid, based on management's best estimate.

l. Finance Income and Expense

Financial income comprises interest income, dividend income, gains on the disposal of financial assets and foreign currency gains on investments. Interest income is recognized as it accrues, using the effective interest method. Dividend income is recognized on the date that the NIS' right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises foreign currency losses on investments.

m. Loan Commitments

Loan commitments are firm commitments to provide credit under the pre-specified terms and conditions.

The NIS has not issued any loan commitments that are measured at FVTPL.

For other loan commitments, the NIS recognizes a loss allowance.

Liabilities arising from loan commitments are included within provisions.

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

3. Summary of Material Accounting PoliciesCont'd

n. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and other short-term highly liquid instruments with original maturities of three months or less.

4. New and Amended Standards and Interpretations

a. New and Amended Standards and Interpretations not yet Effective

The NIS applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024. The adoption of these new standards and amendments during the year has not had any significant impact on the financial statements. The NIS has not adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Management anticipates that all the relevant pronouncements will be adopted in the NIS's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not adopted or listed below are not expected to have a material impact on the NIS's financial statements.

The following amendments became effective as at 1 January, 2024.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Amendments to IAS 7 and IFRS 7

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Characteristics

The amendments clarify the characteristics of supplier finance arrangements. In those arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

Disclosure requirements

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of noncash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

4. New and Amended Standards and Interpretations ...*Cont'd*

a. New and Amended Standards and Interpretations not yet Effective*Cont'd*

IFRS 16 Leases – Amendments to IFRS 16

The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognizing, in the statement of income, any gain or loss relating to the partial or full termination of a lease, as required by IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

b. New and Amended Standards and Interpretations Issued but not yet Effective

A seller-lessee applies the amendment to annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted and that fact must be disclosed. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e. the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the NIS's financial statements. These standards and interpretations will be applicable to the NIS at a future date and will be adopted when they become effective. The NIS is currently assessing the impact of adopting these standards and interpretations.

IAS 21 The Effects of Changes in Foreign Exchange Rates - Amendments to IAS 21 (effective January 1, 2025)

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

4. New and Amended Standards and Interpretations ...Cont'd

a. New and Amended Standards and Interpretations Issued but not yet Effective ...Cont'd

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Amendments to IFRS 9 and IFRS 7 (effective January 1, 2026)

The amendments:

- Clarifies that a financial liability is derecognised on the 'settlement date', i.e. when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met
- Clarifies how to assess the contractual cash flow characteristics of financial assets that include Environmental, Social and Governance (ESG)-linked features and other similar contingent features
- Clarifies the treatment of non-recourse assets and contractually linked instruments
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at Fair value through other comprehensive income.

IFRS 18 Presentation and Disclosure in Financial Statements (effective January 1, 2027)

IFRS 18 introduces new categories and subtotals in the Statement of income. It also requires disclosure of management defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

Statement of income

An entity will be required to classify all income and expenses within its Statement of income into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

Main business activities

For the purposes of classifying its income and expenses into the categories required by IFRS 18, an entity will need to assess whether it has a 'main business activity' of investing in assets or providing financing to customers, as specific classification requirements will apply to such entities. Determining whether an entity has such a specified main business activity is a matter of fact and circumstances which require judgement. An entity may have more than one main business activity.

Management-defined performance measures

IFRS 18 introduces the concept of a Management-defined Performance Measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS Accounting Standards.

Location of information, aggregation and disaggregation

IFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes, and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics. Guidance is also provided for determining meaningful descriptions, or labels, for items that are aggregated in the financial statements.

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

4. New and Amended Standards and Interpretations ...Cont'd

b. New and Amended Standards and Interpretations Issued but not yet Effective ...Cont'd

Consequential amendments to other accounting standards

Narrow-scope amendments have been made to IAS 7 Statement of cash flows, which include changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss'. The optionality around classification of cash flows from dividends and interest in the Statement of cash flows has also largely been removed.

IAS 33 Earnings per Share is amended to include additional requirements that permit entities to disclose additional amounts per share, only if the numerator used in the calculation meets specified criteria. The numerator must be:

- An amount attributable to ordinary equity holders of the parent entity; and
- A total or subtotal identified by IFRS 18 or an MPM as defined by IFRS 18.

Some requirements previously included within IAS 1 Presentation of Financial Statements have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. IAS 34 Interim Financial Reporting has been amended to require disclosure of MPMs.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective January 1, 2027)

IFRS 19 Subsidiaries without Public Accountability: Disclosures allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS Accounting Standards.

An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS Accounting Standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS Accounting Standards including IFRS 19 to make an explicit and unreserved statement of such compliance.

5. Cash and Cash Equivalents

	2024	2023
	\$	\$
Cash on hand	541	1,364
Bank balances	58,686,342	66,122,195
	58,686,883	66,123,559

6. Contributions Receivable

	2024	2023
	\$	\$
Contributions receivable	13,524,412	11,165,199
Allowance for impairment losses (Note 28 (b) (ii))	(9,454,986)	(7,957,670)
	4,069,426	3,207,529

The movement in the allowance for impairment losses in respect of contributions receivable during the year was as follows:

	2024	2023
	\$	\$
Balance at January 1	7,957,670	10,036,892
Change in allowance for impairment losses	1,497,316	(2,079,222)
Balance at December 31	9,454,986	7,957,670

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

7. Other Assets

	2024	2023
	\$	\$
Prepayments	367,828	427,095
Staff receivables	19,078	30,086
Rent receivables	624,673	310,740
Due from Government of St. Vincent and the Grenadines	3,556,111	39,705
Other receivables	429,468	356,763
	4,997,158	1,164,389
Allowance for impairment losses	(717,081)	(403,792)
	4,280,077	760,597

The movement in allowance for impairment in other assets during the year was as follows:

	2024	2023
	\$	\$
Balance at January 1	403,792	1,472,600
Change in allowance for impairment losses (Note 21)	313,289	(1,068,808)
Balance at December 31	717,081	403,792

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

8. Loans and Advances

	2024 \$	2023 \$
Loans guaranteed by the Government of St. Vincent and the Grenadines	23,062,129	27,570,851
Loans secured by mortgage	7,160,271	8,000,147
Unsecured staff loans	234,563	339,914
	<u>30,456,963</u>	<u>35,910,912</u>
Allowance for impairment losses	(12,283,964)	(12,149,602)
Total loans	18,172,999	23,761,310
Interest receivable on loans	2,854,445	2,583,040
	<u>21,027,444</u>	<u>26,344,350</u>

The movement in the allowance for impairment losses in respect of loans and advances during the year was as follows:

	2024 \$	2023 \$
Balance at January 1	12,149,602	11,176,352
Movements during the year (Note 20)	134,362	973,250
Balance at December 31	<u>12,283,964</u>	<u>12,149,602</u>

9. Investment Securities

	2024 \$	2023 \$
Investment Securities at FVTPL		
Equities	45,557,501	41,132,270
Investment Securities at Amortized Cost		
Debt securities	218,503,599	201,507,852
Interest receivable	2,553,526	2,331,542
Expected credit losses (Note 28 (b) (i))	(17,711,863)	(17,762,620)
	<u>203,345,262</u>	<u>186,076,774</u>
Investment Securities at FVOCI		
Debt securities	2,649,450	2,944,964
Interest receivable	22,743	28,146
Equities designated as at FVOCI	37,791,872	31,364,701
	<u>40,464,065</u>	<u>34,337,811</u>
	<u>289,366,828</u>	<u>261,546,855</u>

The movement in the allowance for impairment in respect of investment securities and deposits during the year was as follows:

	2024 \$	2023 \$
Balance at January 1	17,762,620	17,855,646
Reduction of impairment loss	(50,757)	(93,025)
Balance at December 31 (Note 28)	<u>17,711,863</u>	<u>17,762,620</u>

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

9. Investment Securities Cont'd

In January 2009, the Central Bank of Trinidad and Tobago affirmed the financial problems and announced that it had intervened into the operations of CL Financial Limited, Colonial Life (Trinidad) Ltd., CLICO Investment Bank, British American Insurance Company (Trinidad) Limited and Caribbean Money Market Brokers, all members of the CL Financial Group (the Group).

Later during 2009, British American Insurance Company Limited, a Bahamian registered subsidiary of CL Financial Limited, which owned and operated branches in the Organization of Eastern Caribbean States (OECS) was deemed to be insolvent. Consequently, the company and its branches throughout the OECS were placed under Judicial Management.

In April 2013, the Supreme Court of Barbados placed CLICO International Life Insurance Limited, also a CL Financial Limited subsidiary, under Judicial Management. Effective with the appointment, the Judicial Manager assumed immediate control of the affairs of the company and is responsible for assessing its financial position and reporting to the Court.

The Government and Central Bank of Trinidad and Tobago, where CL Financial Limited is incorporated, the Government of Barbados, where CLICO International Life is incorporated, and the OECS Governments, including the Government of St. Vincent and the Grenadines, have undertaken, by way of various actions and initiatives, to protect the interests of the Group's respective policyholders, depositors, and other creditors. The outcome of these undertakings cannot be guaranteed.

The NIS has investments in fixed deposits in CL Financial Group as at December 31, as follows:

	2024	2023
	\$	\$
Gross carrying value at December 31	19,612,467	19,612,467
Allowance for impairment	(16,785,034)	(16,785,034)
Fixed deposit, net	2,827,433	2,827,433

10. Inventories

	2024	2023
	\$	\$
Land at Peter's Hope	8,075,534	7,710,900
Land at Spring Estate, Bequia	16,355,145	-
	24,430,679	7,710,900
	2024	2023
	\$	\$
Balance at January 1	7,710,900	7,704,500
Additions	470,234	6,400
Transfers from investment properties (Note 12)	16,249,545	-
Balance at December 31	24,430,679	7,710,900

During the year, it was decided, after due consideration, to develop and monetize the NIS' holdings in land at Spring, Bequia, which was primarily carried in investment properties.

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

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11. Investment in Associate

The NIS has twenty percent (20%) ownership of the Bank of St. Vincent and the Grenadines. The Bank's principal place of business is located at Reigate Building, Granby Street, Kingstown, St. Vincent. The principal activities of the Bank are the provision of retail and corporate banking and investment services. The NIS is represented by two (2) persons on the Bank's Board of Directors.

The following table summarizes the financial information of the Bank of St. Vincent and the Grenadines as indicated in its own financial statements, as at December 31, 2024:

	2024 \$	2023 \$
Percentage ownership interest	20%	20%
Total assets	2,098,638,215	1,865,827,938
Total liabilities	(1,908,503,612)	(1,699,217,221)
Net Assets (100%)	190,134,603	166,610,717
NIS' share of net assets, being carrying amount of interest in associate	38,026,917	33,322,139
Revenue	98,060,287	79,723,904
Profit from continuing operations (100%)	35,014,328	23,217,128
Other comprehensive income (100%)	59,443	3,817,587
Total Comprehensive Income (100%)	35,073,771	27,034,715
Balance as at January 1	33,322,139	28,215,196
Share of profit	7,002,888	4,643,426
Share of OCI (Note 18)	11,889	763,517
Dividend received	(2,309,999)	(300,000)
Balance as at December 31	38,026,917	33,322,139

12. Investment Properties

	2024 \$	2023 \$
Properties held for rental	11,670,000	11,670,000
Properties held for development	19,753,493	39,002,828
	31,423,493	50,672,828
	2024 \$	2023 \$
Balance as at January 1	50,672,828	53,301,564
Disposal of investment properties	(3,009,300)	(2,659,736)
Addition	106,510	-
Transfer to inventories (Note 10)	(16,249,545)	-
(Diminution) appreciation in fair value of investment properties	(97,000)	31,000
Balance at December 31	31,423,493	50,672,828

The properties were revalued by an independent, professionally qualified property valuer. The appraisals were performed within the last three (3) years.

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

12. Investment PropertiesCont'd

Operations expenses including repairs and maintenance arising from investment properties that generated rental income was \$1,724 (2023: \$2,849).

Operations expenses including repairs and maintenance arising from investment properties that did not generate rental income was \$25,000 (2023: Nil).

Measurement of Fair Values

(i) Fair Value Hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the NIS' investment property portfolio every three years.

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value based on the inputs of the valuation technique used (see **Note 29 (a)**).

(ii) Valuation Technique and Significant unobservable Inputs

The following table shows the valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Val. Technique	Sig. Unobs. Inputs	Relationship
Building: the market and income approach was used.		
Market Approach: comparable properties were assessed, and the most comparable property was chosen as a basis on the condition of the building.	- Judgement about the physical condition of the building; and - The determination and value of comparable properties.	The estimated fair value would increase (decrease) if: - The value per square foot were higher (lower); and - The assessment of the condition of the building was not reasonable.
Income Approach: the assessed rental value is derived from assessing comparable rental rates, then adjusting it downward for insurance, repairs and property management. A discount rate deemed to be appropriate for prime rental property was chosen to determine perpetuity then the value was derived based on the years to perpetuity and the assessed rental value.	- An appropriate discount rate; - The determination of comparable properties; and - The size and price per square foot of comparable properties.	- An appropriate discount rate was not used; and - The assessed rent was not reasonable.

National Insurance Services

Notes to the Financial Statement

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12. Investment Properties*Cont'd*

Measurement of Fair Values.....*Cont'd*

(ii) Valuation Technique and Significant unobservable Inputs.....*Cont'd*

Val. Technique	Sig. Unobs. Inputs	Relationship
Land:		
Market Approach: comparable properties were assessed, and the most comparable property was chosen as a basis for the valuation.	1. Judgements about the characteristics of the land; and 2. The determination and value of comparable properties.	The estimated fair value would increase (decrease) if: 1. The value per square foot were higher (lower); and 2. The assessment of the condition of the land was not reasonable.

National Insurance Services

Notes to the Financial Statement
For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

13. Property and Equipment

Cost

	Land \$	Freehold Buildings \$	Furniture and Equipment \$	Office Equipment \$	Building related Equipment \$	Computer Equipment \$	Motor Vehicles \$	Total \$
Balance at January 1, 2023	13,671,100	19,824,417	2,391,787	609,842	3,189,148	2,104,345	354,379	42,145,018
Additions	-	-	18,542	-	-	46,017	-	64,559
Disposals	-	-	(166,329)	(34,886)	(4,346)	(737,741)	-	(943,302)
Balance at December 31, 2023	13,671,100	19,824,417	2,244,000	574,956	3,184,802	1,412,621	354,379	41,266,275
Balance at January 1, 2024	13,671,100	19,824,417	2,244,000	574,956	3,184,802	1,412,621	354,379	41,266,275
Additions	-	-	81,674	36,030	-	66,779	-	184,483
Disposals	-	-	(28,046)	(9,825)	(17,311)	(156,740)	-	(211,922)
Balance at December 31, 2024	13,671,100	19,824,417	2,297,628	601,161	3,167,491	1,322,660	354,379	41,238,836

Accumulated Depreciation

Balance at January 1, 2023	-	11,194,602	2,194,916	553,552	1,583,810	1,768,204	220,216	17,515,300
Depreciation for the year	-	39,429	81,766	17,504	214,486	126,204	38,791	518,180
Disposals	-	-	(162,634)	(33,922)	(3,781)	(737,647)	-	(937,984)
Balance at December 31, 2023	-	11,234,031	2,114,048	537,134	1,794,515	1,156,761	259,007	17,095,496
Balance at January 1, 2024	-	11,234,031	2,114,048	537,134	1,794,515	1,156,761	259,007	17,095,496
Depreciation for the year	-	39,429	82,732	17,499	171,544	118,485	38,793	468,482
Disposals	-	-	(27,065)	(9,825)	(14,214)	(148,611)	-	(199,715)
Balance at December 31, 2024	-	11,273,460	2,169,715	544,808	1,951,845	1,126,635	297,800	17,364,263

Carrying Amounts

At December 31, 2023	13,671,100	8,590,386	129,952	37,822	1,390,287	255,860	95,372	24,170,779
At December 31, 2024	13,671,100	8,550,957	127,913	56,353	1,215,646	196,025	56,579	23,874,573

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

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14. Intangible Assets

	Software Development \$	Computer Software \$	Total \$
Cost			
Balance at January 1, 2023	826,336	2,399,106	3,225,442
Additions	791,517	-	791,517
Balance at December 31, 2023	1,617,853	2,399,106	4,016,959
Balance at January 1, 2024	1,617,853	2,399,106	4,016,959
Transfers	(1,617,853)	1,617,853	-
Balance at December 31, 2024	-	4,016,959	4,016,959
Accumulated Amortization			
Balance at January 1, 2023	-	2,216,232	2,216,232
Amortization for the year	-	74,547	74,547
Balance at December 31, 2023	-	2,290,779	2,290,779
Balance at January 1, 2024	-	2,290,779	2,290,779
Amortization for the year	-	381,228	381,228
Balance at December 31, 2024	-	2,672,007	2,672,007
Carrying Amounts			
At December 31, 2023	1,617,853	108,327	1,726,180
At December 31, 2024	-	1,344,952	1,344,952

15. Benefits Payable

The following summarizes the benefits payable for each service branch:

	Short-term Benefit		Long-term Benefit		Employment Injury Benefit		Total	
	2024 \$	2023 \$	2024 \$	2023 \$	2024 \$	2023 \$	2024 \$	2023 \$
Benefits payable	284,599	1,360,949	5,877,901	4,564,574	7,560	54,346	6,170,060	5,979,869
Total	284,599	1,360,949	5,877,901	4,564,574	7,560	54,346	6,170,060	5,979,869

16. Accounts Payable and Accrued Liabilities

	2024 \$	2023 \$
Due to BVI Social Security	506,496	139,894
Contributions paid in advance	463,196	478,539
Accounts payable and accruals	1,189,441	1,456,812
Other payables	34,924	59,596
	2,194,057	2,134,841

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

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17. Reserves

(a) Benefit Reserves

Pursuant to section 20 of the National Insurance Act CAP 296 of the revised laws of St. Vincent and the Grenadines, the excess of income over expenses of each service branch shall be credited to a reserve fund to finance the approved benefits. The accumulated benefit reserves are not liabilities; but an appropriation of the reserves on a ratio stipulated by the NIS' regulations.

Apportionment of Contribution Income

In accordance with section 18 of the National Insurance Services (Financial and Accounting) Regulations of 1996, the contribution income was apportioned to the benefit branches, as recommended in the 9th actuarial valuation by the approved actuary, as follows:

	2024 %	2023 %
Long-term benefit	85.45	85.45
Short-term benefit	8.25	8.25
Employment injury benefit	6.30	6.30
	100.00	100.00

The report of the 12th actuarial valuation review of the National Insurance Fund has been conducted as of December 31, 2022. It covers the 3-year period 2020 to 2022 with projections up to 75 years. The review report dated December 22, 2023, was issued by Telus Health, the appointed actuaries. The report states that: -

the NIS is not financially sustainable over the medium and long terms at the current benefit provisions and contribution rate. By design, the NIS is partially funded, and the current contribution rate and accumulated reserves are expected to be adequate to meet all obligations for approximately 15 to 20 years. Key assumptions in arriving at these projections are:

- Average contribution rate – 9.85%
- Long term yield on reserves – 4.0%

Principal demographic and economic assumptions made by the actuary include:

- Long-term inflation – 4.6% in 2023, 2.0% thereafter
- Real increase in wages- 0.5%
- Real GDP Growth Rates
 - Short Term: 6.0%, 4.8%, 3.5%, 2.7%, 2.7%
 - Medium Term: 1.5% from 2028 to 2034
 - Long Term: 0.5%

Following the recommendation of the 12th Actuarial Valuation, the NIS, with the approval of the Ministry of Finance, has undertaken a series of reform measures to improve the medium and long term sustainability of the Fund. These measures address financial sustainability, benefit adequacy, and coverage extension.

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

17. ReservesCont'd

(a) Benefit Reserves

Implemented Measures

- I. As of March 1, 2024, minimum pension increased from \$70 to \$80 per week
- II. As of June 1, 2024:
 - i. Total contribution rate increased from 10% to 12%, (6.5% employer, 5.5% employee).
 - ii. Early pensions are only payable to individuals who have fully retired and are at least 60 years old, but below the official pensionable age.
 - iii. Early retirement pensions are reduced by 0.67% per month (8% per year), up from 0.5% (6% per year).
 - iv. The reference period used to calculate pensions has increased from the best 5 years to the best 7 years of contributions.
 - v. Insurable wages increased from \$1,000/week (\$4,333/month) to \$1,200/week (\$5,200/month).

Measures Scheduled for Implementation

- I. **Future Contribution Rate Increases:**
 - January 1, 2025: 13% (7% employer, 6% employee)
 - January 1, 2026: 14% (7.5% employer, 6.5% employee)
 - January 1, 2027: 15% (8% employer, 7% employee)

The actuary projects that these changes are expected to extend the Fund exhaustion period to 2060.

(b) National Provident Fund

The National Provident Fund (NPF) includes legacy contributors under the NIS.

(c) Foreign Exchange Reserve

Foreign exchange reserve comprises all foreign currency differences arising on translation of debt and equity securities classified at FVOCI.

(d) Fair Value Reserve

The fair value reserve comprises of:

- (i) the cumulative net change in the fair value of equity securities designated at FVOCI;
- (ii) the cumulative net change in the fair value of debt securities at FVOCI until the assets are derecognized or reclassified. This amount is reduced by the amount of loss allowance; and
- (iii) revaluation reserves relating to revaluation of investment properties.

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

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18. Accumulated Other Comprehensive Income

	2024	2023
	\$	\$
Unrealized foreign exchange losses	(237,490)	(202,215)
Appreciation (depreciation) in fair value of investment securities	3,324,835	(2,995,247)
	3,087,345	(3,197,462)

The following summarises the movements in the components of other comprehensive income:

	2024	2023
	\$	\$
Unrealized Foreign Exchange Loss on Investment Securities		
Beginning of year	(202,215)	(56,078)
Exchange loss during year	(35,275)	(146,137)
End of year	(237,490)	(202,215)
Appreciation (Diminution) in Fair Value of Investment Securities		
Beginning of year	(2,995,247)	(4,045,051)
Appreciation of equities	6,287,184	222,885
Appreciation of debt securities	21,009	63,402
Share of associates – OCI (Note 11)	11,889	763,517
End of year	3,324,835	(2,995,247)
	3,087,345	(3,197,462)

19. Contribution Income

	2024	2023
	\$	\$
Employers' contributions	52,110,380	40,951,236
Insured persons contributions	43,650,711	33,462,134
Self employed contributions	1,170,523	1,181,408
Voluntary contributions	412,225	456,448
	97,343,839	76,051,226

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

20. Net Investment Income

	2024	2023
	\$	\$
Interest on loans and advances	1,088,500	1,504,017
Interest income on investments securities	10,041,121	7,880,264
Dividend income	2,781,369	2,775,468
Rental income from investment properties	532,753	751,378
Gain on sales of investments securities	5,802,947	3,244,061
Gain on sale of investment properties	490,700	90,264
Investment management expenses and custodial fees	(1,302,725)	(1,173,434)
Net Investment Income Realized	19,434,665	15,072,018
Net foreign exchange gain (loss) on investments	118,627	(121,585)
Decline in fair value in investments securities	(599,309)	1,435,829
Credit impairment on loans (Note 8)	(134,362)	(973,250)
Credit appreciation on investment securities	50,757	93,025
Other (Loss) Gain	(564,287)	434,019
Net Investment Income recognized in Profit or Loss	18,870,378	15,506,037

Investment management expenses are costs associated with receiving external portfolio management advice, safekeeping financial instruments, and maintaining our brokerage accounts.

21. Other Income, Net

	2024	2023
	\$	\$
Rental income	584,184	614,611
(Impairment) Recovery of other assets (Note 7)	(313,289)	1,068,808
Loss on disposal of property, plant and equipment	(12,207)	(5,318)
Loss on realization of other assets	-	(80,075)
Surcharges and other fees	336,966	534,066
	595,654	2,132,093

National Insurance Services

Notes to the Financial Statement
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22. Classification of Benefits

The following summarizes the benefits expense by each service branch:

	Short-term Benefit		Long-term Benefit		Employment Injury Benefit		National Provident Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sickness benefit	2,801,884	2,458,448	-	-	-	-	-	-	2,801,884	2,458,448
Maternity benefit	1,243,549	988,408	-	-	-	-	-	-	1,243,549	988,408
Maternity grant	267,960	255,674	-	-	-	-	-	-	267,960	255,674
Funeral grant	-	-	2,408,884	2,294,564	-	-	-	-	2,408,884	2,294,564
Invalidity benefit	-	-	1,427,947	1,296,543	-	-	12,783	6,055	1,440,730	1,302,598
Survivor's benefit	-	-	7,624,190	7,200,808	-	-	33,942	22,911	7,658,132	7,223,719
Age benefit	-	-	77,704,972	71,452,844	-	-	1,265,416	1,490,499	78,970,388	72,943,343
Age grant	-	-	1,785,597	1,814,681	-	-	-	-	1,785,597	1,814,681
NIS employment injury medical	-	-	-	-	4,015	9,575	-	-	4,015	9,575
NIS employment injury	-	-	-	-	168,321	138,224	-	-	168,321	138,224
NIS employment disablement	-	-	-	-	134,579	91,887	-	-	134,579	91,887
NIS employment death	-	-	-	-	80,915	51,048	-	-	80,915	51,048
Non-contributory assistance age pension	-	-	306,166	378,880	-	-	-	-	306,166	378,880
Elderly assistance benefit	-	-	197,875	229,651	-	-	-	-	197,875	229,651
Total Expenditure	4,313,393	3,702,530	91,455,631	84,667,971	387,830	290,734	1,312,141	1,519,465	97,468,995	90,180,700

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

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23. General and Administrative Expenses

	2024	2023
	\$	\$
Accommodation and travel expenses	107,774	129,856
Advertising and promotion	124,451	115,802
Amortization expense (Note 14)	381,228	74,547
Annual awards dinner and anniversary celebrations	-	5,652
Audit fees	131,956	108,700
Bank charges	113,028	93,852
Cleaning expense	121,268	111,892
Depreciation expense (Note 13)	468,482	518,180
Directors' fees and expenses	152,018	152,504
Donations, community and education projects	538,528	552,159
Insurance	248,794	203,272
Legal fees	594	1,080
Miscellaneous expenses	12,981	26,616
Office expenses	33,769	39,854
Postage and stationery	64,018	87,885
Post office charges	32,000	48,000
Professional fees	348,748	702,538
Repairs and maintenance	157,121	364,665
Staff costs (Note 24)	5,938,175	5,820,200
Subscriptions	531,651	712,636
Security	229,229	173,977
Utilities	602,293	649,206
	10,338,106	10,693,073

24. Staff Costs

	2024	2023
	\$	\$
Salaries and wages	5,057,152	5,017,440
National Insurance contributions	215,375	188,213
Retirement benefit plan contributions (Note 26)	244,265	253,469
Staff training	68,906	75,307
Uniforms and medical insurance	352,477	285,771
	5,938,175	5,820,200
Number of employees at December 31	86	82

25. Income Tax

The National Insurance Services is exempt from the payment of income tax under the Income Tax Act, 1979.

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

26. Retirement Benefit Plan

The National Insurance Services provides retirement benefits under a defined contribution plan, which was administered by Colonial Life Insurance Company (Trinidad) Limited (CLICO), currently under judicial management, for its permanent employees. Under the plan's provisions, the National Insurance Services and its permanent employees are required to contribute 6% and 3% respectively, of the employees' basic monthly salary to the plan. During the year, the National Insurance Services' contributions to the pension plan, which amount to \$244,265 (2023: \$253,469), were charged to profit or loss. Since October 2010, the NIS suspended payment directly to CLICO and commenced making the contributions into a deposit account at the Bank of St. Vincent and the Grenadines Ltd. for the benefit of staff. The pension fund's assets are not included in these financial statements.

27. Classification of Financial Assets and Financial Liabilities

The table below provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Amortized Cost \$	Fair Value through Other Comprehensive Income \$	Financial Asset at Fair Value through Profit or Loss \$	Total \$
December 31, 2024				
Assets				
Cash and cash equivalents	58,686,883	-	-	58,686,883
Contributions receivable	4,069,426	-	-	4,069,426
Other assets	3,912,249	-	-	3,912,249
Loans and advances	21,027,444	-	-	21,027,444
Investment securities and deposits	203,345,262	40,464,065	45,557,501	289,366,828
Total Financial Assets	291,041,264	40,464,065	45,557,501	377,062,830
Liabilities				
Benefits payable	6,170,060	-	-	6,170,060
Accounts payable and accrued liabilities	2,194,057	-	-	2,194,057
Total Financial Liabilities	8,364,117	-	-	8,364,117

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

27. Classification of Financial Assets and Financial LiabilitiesCont'd

	Amortized Cost \$	Fair Value through Other Comprehensive Income \$	Financial Asset at Fair Value through Profit or Loss \$	Total \$
December 31, 2023				
Assets				
Cash and cash equivalents	66,123,559	-	-	66,123,559
Contributions receivable	3,207,529	-	-	3,207,529
Other assets	333,502	-	-	333,502
Loans and advances	26,344,350	-	-	26,344,350
Investment securities and deposits	186,076,774	34,337,811	41,132,270	261,546,855
Total Financial Assets	282,085,714	34,337,811	41,132,270	357,555,795
Liabilities				
Benefits payable	5,979,869	-	-	5,979,869
Accounts payable and accrued liabilities	2,134,841	-	-	2,134,841
Total Financial Liabilities	8,114,710	-	-	8,114,710

28. Financial Risk Review

(a) Introduction and Overview

The NIS has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the NIS' exposure to each of the above risks, the NIS' objectives, policies and processes for measuring and managing risks, and the NIS' management of reserves.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the NIS' risk management framework.

The NIS' risk management policies are established to identify, assess, manage, monitor and report the risks faced by the NIS. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and services offered. The NIS, through its training and management standards and procedures, aims to develop a disciplined and constructive environment, in which all employees understand their roles and obligations.

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk Review*Cont'd*

(a) Introduction and Overview*Cont'd*

Risk Management Framework*Cont'd*

The NIS' Audit and Risk Committees are responsible for monitoring compliance with the NIS' risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the NIS. The Audit Committee and the Risk Management Committee are assisted in these functions by the Internal Audit Department and Internal Risk Management Unit. Both internal units perform both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee and Risk Management Committee.

(b) Credit Risk

Credit risk is the risk of financial loss to the NIS if a contributor or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from contributions receivable, loans and investment securities and deposits.

Exposure to Credit Risk

The carrying amount of the financial assets represents the maximum credit exposure.

Management of Credit Risk

The Board of Directors has responsibility for the management of credit risk, and this includes:

- Formulating credit policies covering collateral requirements, credit assessment, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval of investment and loans.
- Reviewing and assessing credit risk including assessing all credit exposures in excess of designated limits, prior to funds being committed to new investments. Loans are subject to the same review process.

Impaired loans and securities are loans and securities for which the NIS determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/security agreements.

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(b) Credit RiskCont'd

(i) Credit Quality Analysis IFRS 9

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
December 31, 2024				
Debt Securities Measured at Amortized Cost				
Investment grade	106,942,473	-	-	106,942,473
Non-investment grade	77,339,216	17,162,969	19,612,467	114,114,652
Credit impaired	-	-	-	-
Gross Carrying Amount	184,281,689	17,162,969	19,612,467	221,057,125
Less: loss allowance	(509,537)	(335,605)	(16,866,721)	(17,711,863)
Carrying Amount	183,772,152	17,498,574	2,745,746	203,345,262
Debt Securities Measured at FVOCI				
Investment grade	2,710,943	-	-	2,710,943
Non-investment grade	-	-	-	-
Credit impaired	-	-	-	-
Gross Carrying Amount	2,710,943	-	-	2,710,943
Loss allowance	(257)	-	-	(257)
Carrying Amount	2,672,193	-	-	2,672,193
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
December 31, 2024				
Loans to Corporations and Public Sector Measured at Amortized Cost				
Investment grade	-	-	-	-
Non-investment grade	5,551,091	-	23,101,169	28,652,260
Credit impaired	-	-	-	-
Gross Carrying Amount	5,551,091	-	23,101,169	28,652,260
Less: loss allowance	(49,735)	-	(12,140,170)	(12,189,905)
Carrying Amount	5,501,356	-	10,960,999	16,462,355
Loans to Employees Measured at Amortized Cost				
Performing	4,387,821	-	-	4,387,821
Past due but not credit impaired	-	-	-	-
Credit impaired	-	-	271,328	271,328
Gross Carrying Amount	4,387,821	-	271,328	4,659,149
Less: loss allowance	(20,919)	-	(73,140)	(94,059)
Carrying Amount	4,366,902	-	198,188	4,565,090
	9,868,258	-	11,159,187	21,027,445

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(b) Credit RiskCont'd

(i) Credit Quality Analysis IFRS 9Cont'd

	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
December 31, 2023				
Debt Securities Measured at Amortized Cost				
Investment grade	84,286,404	-	-	84,286,404
Non-investment grade	87,750,159	12,190,364	-	99,940,523
Credit impaired	-	-	19,612,467	19,612,467
Gross Carrying Amount	172,036,563	12,190,364	19,612,467	203,839,394
Less: loss allowance	(512,897)	(383,002)	(16,866,721)	(17,762,620)
Carrying Amount	171,523,666	11,807,362	2,745,746	186,076,774
Debt Securities Measured at FVOCI				
Investment grade	3,009,848	-	-	3,009,848
Non-investment grade	-	-	-	-
Credit impaired	-	-	-	-
Gross Carrying Amount	3,009,848	-	-	3,009,848
Loss allowance	(246)	-	-	(246)
Carrying Amount	2,973,110	-	-	2,973,110
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
December 31, 2023				
Loans to Corporations and Public Sector Measured at Amortized Cost				
Investment grade	-	-	-	-
Non-investment grade	9,518,517	-	-	9,518,517
Credit impaired	-	-	23,467,886	23,467,886
Gross Carrying Amount	9,518,517	-	23,467,886	32,986,403
Less: loss allowance	(42,754)	-	(11,972,046)	(12,014,800)
Carrying Amount	9,475,763	-	11,495,840	20,971,603
Loans to Employees Measured at Amortized Cost				
Performing	5,236,413	-	271,136	5,507,549
Past due but not credit impaired	-	-	-	-
Credit impaired	-	-	-	-
Gross Carrying Amount	5,236,413	-	271,136	5,507,549
Less: loss allowance	(52,668)	-	(82,134)	(134,802)
Carrying Amount	5,183,745	-	189,002	5,372,747
	14,659,508	-	11,684,842	26,344,350

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(b) Credit RiskCont'd

(i) Credit Quality Analysis IFRS 9Cont'd

	2024 \$	2023 \$
Contributions Receivable Measured at Amortized Cost		
Current	1,863,865	800,945
Past due 0 – 30	134,578	164,013
Past due 31 – 60	20,478	41,693
Past due 61 -90	29,244	39,338
Non-performing	11,476,247	10,119,210
Gross carrying amount	13,524,412	11,165,199
Less: loss allowance (Note 6)	(9,454,986)	(7,957,670)
Carrying amount	4,069,426	3,207,529
	2024 \$	2023 \$
Rent Receivables Measured at Amortized Cost		
Current	(8,286)	(6,984)
Past due 0 – 30	600	200
Past due 31 – 60	13,458	1,680
Past due 61 -90	6,960	1,540
Non-performing	611,941	314,304
Gross carrying amount	624,673	310,740
Less: loss allowance	(497,584)	(250,171)
Carrying amount	127,089	60,569

(ii) Expected Credit Loss Measurement

The NIS recognizes loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- contributions receivable;
- rent receivables; and
- loan commitments issued.

No impairment loss is recognized on equity investments.

Expected credit losses are the probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive);
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the NIS if the commitment is drawn down and the cash flows that the NIS expects to receive;

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(b) Credit RiskCont'd

(ii) Expected Credit Loss MeasurementCont'd

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

General Approach

Loss allowance under IFRS 9 for investment securities and the staff loan portfolio are estimated under the requirements of the general approach. The following outlines the requirements of IFRS 9 general approach for impairment provisions, which is based on changes in credit quality since initial recognition:

Stage 1 – A debt instrument is categorized in stage 1 if there is no significant increase in credit risk. Expected credit losses are estimated based on default events that are possible in the next 12 months.

Stage 2 – If the debt instrument is not credit impaired but there is a significant increase in credit risk (see below), the debt instrument is transferred to stage 2. Expected credit losses at stage 2 are estimated based on all possible events over the life of an asset. Interest revenue is recorded on the carrying amount: gross of expected credit losses.

Stage 3 – If a debt instrument is credit impaired it is categorized as stage 3. Like stage 2 instruments, lifetime expected losses are estimated. Interest revenue is recorded on the carrying amount, net of expected credit losses.

Simplified Approach

The NIS estimated expected credit losses for contributions receivable and rent receivables by applying the simplified approach. Under this approach, expected credit losses are recognized on a lifetime basis, utilizing a provision matrix or ageing analysis to calculate default rates.

Significant Increase in Credit Risk

For debt securities, the NIS assesses significant increase in credit risk based on credit risk migration or backstop criteria. Credit risk migration criteria is reliant on the IFRS 9 low credit risk exemption, which assumes no significant increase in credit risk for investment grade instruments. On the other hand, the backstop criteria are utilized when there is insufficient information to determine credit risk rating.

As far as available and practical, public external ratings in the source of credit ratings. In instances where securities are unrated, the ratings are determined internally by applying Moody's Methodology for the sector to which the investment security is assigned. As a matter of policy, if there is insufficient information available to conduct an internal rating, then significant increase in credit risk may be determined by qualitative and quantitative credit risk factors. In these situations, the NIS must exercise clear and sound judgement in credit risk rating. Credit risk factors include inter alia:

- Significant adverse changes in business, financial or economic risk associated with the borrower
- Expected forbearance or restructuring
- Indications of significant adverse operating results
- Significant reduction in collateral value for secured obligations
- Early signs of liquidity problems

National Insurance Services

Notes to the Financial Statement

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28. Financial Risk ReviewCont'd

(b) Credit RiskCont'd

(ii) Expected Credit Loss MeasurementCont'd

Default and Credit Impaired

The NIS defines a financial instrument as “in default” or credit impaired based on the following:

- Quantitative Criteria:
 - More than 90 days past due on its contractual payments
- Qualitative Criteria:
 - The issuer is in long-term forbearance
 - The issuer is insolvent
 - The issuer is in breach of financial covenants
 - The issuer is expected to enter into bankruptcy

Credit Risk Curing

Debt instruments classified as stage 3 and stage 2 are reclassified if the following conditions are satisfied:

- Stage 3 debt instruments are reclassified to stage 2 or 1 if the instrument is no longer deemed to be credit impaired. The quantitative and qualitative criteria for both stages 2 and 1 will determine the stage to which the instrument is categorized.
- An instrument classified as stage 2 will be classified as stage 1 when the credit risk is deemed to be low based on the quantitative factors.

Expected Credit Loss Model

The components of the expected credit loss model are the probability of default (PD), the exposure at default (EAD), the loss given default (LGD) and the effective interest rate.

Debt Securities

The expected credit loss for contribution and rent receivable is the product of the Probability of Default, Loss Given Default and Exposure at Default, discounted to the report date using the effective interest rate.

Contribution and Rent Receivables

The expected credit loss for contribution and rent receivable is the product of the default rate and carrying value discounted to the report date using the NIS actuarial hurdle rate.

Probability of Default

The probability of default (PD) represents likelihood of default over the next 12 months or over the remaining lifetime of the financial asset.

For debt securities exclusive of staff loans, cumulative PDs published in Moody's rating agency Default Study are integrated into the expected credit loss model on the basis of credit rating or credit quality.

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(b) Credit RiskCont'd

(ii) Expected Credit Loss MeasurementCont'd

Expected Credit Loss ModelCont'd

Probability of DefaultCont'd

Due to insufficient historical data and supportable information, staff loan default rate is approximated by a variable with a universal scope. In this regard, the NIS incorporates non-performing loans (NPL) ratios for the banking sector of St. Vincent and the Grenadines, published by the Eastern Caribbean Central Bank. To convert the observed NPL ratios into cumulative or lifetime default rates, the NIS uses an exponential transformation function.

Default rates for contribution and rent receivables comprise the following:

- Calculation of marginal default rates or roll rates from historical ageing analysis; and
- Exponential transformation of average roll rate to establish a default rate term structure of cumulative or lifetime measures

Exposure at Default

Exposure at default (EAD) include amounts the NIS estimates to be outstanding at the time of default, over the next 12 months or over the remaining lifetime. Estimates take account for contractual cash flows of financial instruments to establish a point in time measure of the EAD.

Loss given Default

Loss given default provides an estimate of the expectation of the extent of loss on a defaulted exposure. The LGD takes the form of the percentage loss per unit of exposure, which is residual of any recoverable value. Therefore, the LGD model is applied as one minus the recovery rate of the security (1-r) with the recoverable amount calculated based on the following considerations:

- The value of collateral for secured financial assets;
- Risk neutral credit spreads;
- Cash flows from debt exchange/workout;
- Moody's recovery rates as per priority ranking;
- The prospect of regulatory or home authority support for regulated financial institutions; and
- The application of adequate management overlay where estimates of the recoverable value are irrelevant.

The table below shows techniques for estimating the LGD:

Approach	Description	Scope
Asset pricing model LGD	This approach assumes that the spread above risk free rate reflects the recovery rate once the PD is estimated	Sovereign bonds Treasury bills
Work-out LGD	Present value of estimated cash flows resulting from work-out or recovery process	Loans Fixed deposits
Market-based LGD	Estimates of LGD are derived from recovery rates published by external rating agency	Corporate bonds

National Insurance Services

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28. Financial Risk Review*Cont'd*

(b) Credit Risk*Cont'd*

(ii) Expected Credit Loss Measurement*Cont'd*

Expected Credit Loss Model*Cont'd*

Forward-looking Information

To incorporate forward-looking information into the estimate of the ECL, the NIS:

- Considers macroeconomic forecasts for indicators, such as, unemployment rate, GDP, inflation, debts to GDP, interest rates and credit spreads from reputable sources to form expectations for input into forecasting model;
- Selects an appropriate stochastic process to produce forecasts of macroeconomic variables over a five-year period; and
- Incorporates multiple scenarios by:
 - Examining historical experience;
 - Applying an appropriate simulation technique to generate a large number of alternative economic scenarios;
 - Selecting economic scenarios that correspond to a 10.0 per cent downside (10th percentile), a base case (50th percentile), and 10.0 percent upside (90th percentile), respectively;
 - Calculating the likelihood or probability weight of each selected scenarios based on the statistical properties from the distribution of the scenarios;
 - Transforming through the cycle PDs with an appropriate credit risk model; and
 - Applying judgemental overlay or through the cycle PDs when economic forecasts are unreliable or there is an absence of reasonable or supportable input data.

National Insurance Services

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(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(b) Credit RiskCont'd

(ii) Expected Credit Loss MeasurementCont'd

Amounts arising from ECLs

	2024			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Debt Securities Measured at Amortized Cost				
Balance at January 1	512,897	383,002	16,866,721	17,762,620
Transfer to stage 1	14,127	(14,127)	-	-
Transfer to stage 2	(14,731)	14,731	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	33,104	(47,465)	-	(14,361)
Net assets originated or purchased	51,043	-	-	51,043
Assets derecognized or repaid	(86,903)	(536)	-	(87,439)
Write-offs	-	-	-	-
Balance at December 31	509,537	335,605	16,866,721	17,711,863
Debt Securities Measured at FVOCI				
Balance at January 1	246	-	-	246
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	10	-	-	10
Net assets originated or purchased	-	-	-	-
Assets derecognized or repaid	-	-	-	-
Write-offs	-	-	-	-
Balance at December 31	256	-	-	256
	509,793	335,605	16,866,721	17,712,119

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(b) Credit RiskCont'd

(ii) Expected Credit Loss MeasurementCont'd

Amounts arising from ECLs

	2024			
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Loans to Corporations and Public Sector Measured at Amortized Cost				
Balance at January 1	42,754	-	11,972,046	12,014,800
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	6,981	-	168,124	175,105
Net assets originated or purchased	-	-	-	-
Assets derecognized or repaid	-	-	-	-
Write-offs	-	-	-	-
Balance at December 31	49,735	-	12,140,170	12,189,905
Loans to Employees Measured at Amortized Cost				
Balance at January 1	52,668	-	82,134	134,802
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	(74)	-	74	-
Net measurement of loss allowance	(24,958)	-	(9,068)	(34,026)
Net assets originated or purchased	751	-	-	751
Assets derecognized or repaid	(7,468)	-	-	(7,468)
Write-offs	-	-	-	-
Balance at December 31	20,919	-	73,140	94,059

	2024					
	Current	0-30	31-60	61 – 90	Over 90	Total
	\$	\$	\$	\$	\$	\$
Contributions Receivable						
Balance at January 1	393,917	115,821	30,149	28,502	7,389,281	7,957,670
Net remeasurement of loss allowance	549,994	(21,055)	(15,345)	(7,316)	991,038	1,497,316
Balance at December 31	943,911	94,766	14,804	21,186	8,380,319	9,454,986
Rent Receivable						
Balance at January 1	-	150	1,181	1,117	247,723	250,171
Net remeasurement of loss allowance	-	293	8,575	3,949	234,596	247,413
Balance at December 31	-	443	9,756	5,066	482,319	497,584

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(b) Credit RiskCont'd

(ii) Expected Credit Loss MeasurementCont'd

Amounts arising from ECLs

	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Debt Securities Measured at Amortized Cost				
Balance at January 1	536,636	452,288	16,866,721	17,855,645
Transfer to stage 1	19,649	(19,649)	-	-
Transfer to stage 2	(547)	547	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	(69,570)	(50,184)	-	(119,754)
Net assets originated or purchased	127,447	-	-	127,447
Assets derecognized or repaid	(100,718)	-	-	(100,718)
Write-offs	-	-	-	-
Balance at December 31	512,897	383,002	16,866,721	17,762,620
Debt Securities Measured at FVOCI				
Balance at January 1	436	-	-	436
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	(6)	-	-	(6)
Net assets originated or purchased	-	-	-	-
Assets derecognized or repaid	(184)	-	-	(184)
Write-offs	-	-	-	-
Balance at December 31	246	-	-	246
	513,143	383,002	16,866,721	17,762,866

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(b) Credit RiskCont'd

(ii) Expected Credit Loss MeasurementCont'd

Amounts arising from ECLs

	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Loans to Corporations and Public Sector Measured at Amortized Cost				
Balance at January 1	63,742	-	10,964,035	11,027,777
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	(20,988)	-	1,008,011	987,023
Net assets originated or purchased	-	-	-	-
Assets derecognized or repaid	-	-	-	-
Write-offs	-	-	-	-
Balance at December 31	42,754	-	11,972,046	12,014,800
Loans to Employees Measured at Amortized Cost				
Balance at January 1	66,441	-	82,134	148,575
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	(23,963)	-	-	(23,963)
Net assets originated or purchased	11,423	-	-	11,423
Assets derecognized or repaid	(1,233)	-	-	(1,233)
Write-offs	-	-	-	-
Balance at December 31	52,668	-	82,134	134,802

	2023					
	Current	0-30	31-60	61 – 90	Over 90	Total
	\$	\$	\$	\$	\$	\$
Contributions Receivable						
Balance at January 1	224,132	579,130	68,674	44,812	9,120,144	10,036,892
Net remeasurement of loss allowance	169,785	(463,309)	(38,525)	(16,310)	(1,730,863)	(2,079,222)
Balance at December 31	393,917	115,821	30,149	28,502	7,389,281	7,957,670
Rent Receivable						
Balance at January 1	-	587	2,284	-	181,521	184,392
Net remeasurement of loss allowance	-	(437)	(1,103)	1,117	66,202	65,779
Balance at December 31	-	150	1,181	1,117	247,723	250,171

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(b) Credit RiskCont'd

(iii) Collateral held and Other Credit Enhancements

The NIS holds collateral against certain of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure:

	Percentage of Exposure that is Subject to Collateral Requirements		Principal Type of Collateral Held		
	2024 %	2023 %			
Loans and Advances					
Loans to Government of St. Vincent and the Grenadines	100	100	Property guarantees	and	Government
Loans to other statutory bodies	100	100	Property guarantees	and	Government
Staff loans	99	99	Property and bills of sale		
Other	100	100	Property and Government guarantees		
Investment Debt Securities					
Government bonds	-	-	None		
Corporate bonds	-	-	None		
Contributions receivable	-	-	None		

National Insurance Services

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For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(b) Credit RiskCont'd (iv) Concentration of Credit Risk

The maximum exposure of credit risk by geographic region was:

	Contributions Receivable	Other Assets	Loans and Advances	Investment Securities and Deposits	Total
	\$	\$	\$	\$	\$
December 31, 2024					
Domestic	4,069,426	3,912,249	21,027,444	68,715,768	97,724,887
OECS	-	-	-	21,919,776	21,919,776
Other Caribbean	-	-	-	42,464,458	42,464,458
Other	-	-	-	156,266,826	156,266,826
Carrying Amount	4,069,426	3,912,249	21,027,444	289,366,828	318,375,947

	Contributions Receivable	Other Assets	Loans and Advances	Investment Securities and Deposits	Total
	\$	\$	\$	\$	\$
December 31, 2023					
Domestic	3,207,529	333,502	26,344,350	74,960,542	104,845,923
OECS	-	-	-	14,787,945	14,787,945
Other Caribbean	-	-	-	47,378,537	47,378,537
Other	-	-	-	124,419,831	124,419,831
Carrying Amount	3,207,529	333,502	26,344,350	261,546,855	291,432,236

National Insurance Services

Notes to the Financial Statement
For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(b) Credit RiskCont'd

(v) Concentration of Credit Risk

The maximum exposure of credit risk by sector was:

	Other Assets \$	Loans and Advances \$	Investment Securities and Deposits \$	Total \$
December 31, 2024				
Local government and other related entities	3,912,249	16,368,151	45,168,599	65,448,999
Other governments	-	-	56,570,620	56,570,620
Corporate	-	94,203	187,627,609	187,721,812
Employees	-	4,565,090	-	4,565,090
Carrying Amount	3,912,249	21,027,444	289,366,828	314,306,521

	Other Assets \$	Loans and Advances \$	Investment Securities and Deposits \$	Total \$
December 31, 2023				
Local government and other related entities	333,502	19,358,179	50,350,538	70,042,219
Other governments	-	-	43,553,105	43,553,105
Corporate	-	1,613,424	167,643,212	169,256,636
Employees	-	5,372,747	-	5,372,747
Carrying Amount	333,502	26,344,350	261,546,855	288,224,707

National Insurance Services

Notes to the Financial Statement
For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(c) Liquidity Risk

Liquidity risk is the risk that the NIS will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The NIS' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the NIS' reputation.

The following were contractual maturities of financial assets and liabilities at the reporting date:

	Carrying Amount \$	Contractual Cash Flows \$	Under 1 Year \$	1 – 5 Years \$	6 – 10 Years \$	Over 10 Years \$
December 31, 2024						
Non-Derivative Financial Assets						
Cash and cash equivalents	58,686,883	58,686,883	58,686,883	-	-	-
Contributions receivable	4,069,426	4,069,426	4,069,426	-	-	-
Other assets	3,912,249	3,912,249	3,912,249	-	-	-
Loans and advances	21,027,444	35,219,678	9,708,636	1,112,206	24,398,836	-
Investment securities and deposits	289,366,828	333,981,398	58,061,244	85,793,253	51,664,356	138,462,545
	377,062,830	435,869,634	134,438,438	86,905,459	76,063,192	138,462,545
Non-Derivative Financial Liabilities						
Benefits payable	6,170,060	6,170,060	6,170,060	-	-	-
Accounts payable and accrued liabilities	2,194,057	2,194,057	2,194,057	-	-	-
	8,364,117	8,364,117	8,364,117	-	-	-
Net Liquidity Gap	368,698,713	427,505,517	126,074,321	86,905,459	76,063,192	138,462,545

National Insurance Services

Notes to the Financial Statement
For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(c) Liquidity RiskCont'd

December 31, 2023

Non-Derivative Financial Assets

Cash and cash equivalents	66,123,559	66,123,559	-	-	-
Contributions receivable	3,207,529	3,207,529	-	-	-
Other assets	333,502	333,502	-	-	-
Loans and advances	26,344,350	48,806,378	6,723,175	32,466,354	-
Investment securities and deposits	261,546,855	301,501,873	55,088,801	78,186,187	113,566,778
	357,555,795	419,972,841	84,909,362	87,126,461	113,566,778

Non-Derivative Financial Liabilities

Benefits payable	5,979,869	5,979,869	-	-	-
Accounts payable and accrued liabilities	2,134,841	2,134,841	-	-	-
Deferred income	-	-	-	-	-
	8,114,710	8,114,710	-	-	-
	349,441,085	411,858,131	84,909,362	87,126,461	113,566,778

Net Liquidity Gap

Exposure to Liquidity Risk

The key metric used by the NIS for measuring liquidity requirements is the ratio of budgeted contributions income to benefits payable.

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(d) Market Risk

Market risk is the risk that changes in the value market, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the NIS' income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The table below sets out the allocation of financial assets and financial liabilities subject to market risk between trading and non-trading portfolios.

	Market Risk Measure		
	Carrying Amount \$	Trading Portfolios \$	Non-Trading Portfolios \$
December 31, 2024			
Assets subject to Market Risk			
Cash and cash equivalents	58,686,883	-	58,686,883
Loans and advances	21,027,444	-	21,027,444
Investments securities and deposits	289,366,828	45,557,501	243,809,327
Total	369,081,155	45,557,501	323,523,654

	Market Risk Measure		
	Carrying Amount \$	Trading Portfolios \$	Non-Trading Portfolios \$
December 31, 2023			
Assets subject to Market Risk			
Cash and cash equivalents	66,123,559	-	66,123,559
Loans and advances	26,344,350	-	26,344,350
Investments securities and deposits	261,546,855	41,132,270	220,414,585
Total	354,014,764	41,132,270	312,882,494

National Insurance Services

Notes to the Financial Statement

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(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(d) Market RiskCont'd

Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The NIS is exposed to foreign currency risk on transactions that are denominated in a currency other than the functional currency, the EC dollar. There is no exposure to foreign currency risk in respect of the United States dollar because the EC is pegged at EC\$2.70 for USD\$1. However, there is exposure to foreign currency risk affecting the NIS' statement of profit or loss resulting from the fluctuations of other currencies like the Canadian dollar (CAD) and the Republic of Trinidad and Tobago dollar (TTD). The NIS also has foreign currency exposure affecting its equity.

The NIS' exposure to currency risk was as follows, based on notional amounts:

	December 31, 2024		
	CAD	TTD	Other
	\$	\$	\$
Investment securities and deposits	461,284	12,019,376	1,652,031
Total Exposure	461,284	12,019,376	1,652,031
	December 31, 2023		
	CAD	TTD	Other
	\$	\$	\$
Investment securities and deposits	482,380	11,928,577	1,677,796
Total Exposure	482,380	11,928,577	1,677,796

The following significant exchange rates have been applied during the year:

	2024	2023
	EC\$	EC\$
1 TTD	0.3853	0.3831
1 CAD	1.8683	2.0325

A reasonably possible strengthening (weakening) of the Eastern Caribbean dollar against all other relevant currencies at December 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected reserves and affected reserves and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2024		2023	
	EC\$	EC\$	EC\$	EC\$
	Strengthening	Weakening	Strengthening	Weakening
TTD (10% movement)	1,201,938	(1,201,938)	1,192,858	(1,192,858)
CAD (10% movement)	46,128	(46,128)	48,238	(48,238)

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

28. Financial Risk ReviewCont'd

(d) Market RiskCont'd

Interest Rate Risk

The NIS adopts a policy of ensuring that 55% of its exposure to changes in interest rates is on a fixed-rates basis, taking into account assets with exposure to changes in interest rates. The NIS does not enter into any interest rate swaps as hedges of the variability in cash flows attributable to interest rate risks.

At reporting date, the interest rate profile of the NIS' interest bearing financial instruments was:

Fixed Rate Instruments

	Carrying Amount	
	2024	2023
	\$	\$
Interest-earning financial assets	<u>226,798,054</u>	<u>215,083,491</u>

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The NIS does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

29. Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market price or dealer price quotations. For all other financial instruments, the NIS determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

When measuring the fair value of an asset or a liability, the NIS uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The NIS recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The NIS measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly or (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments values using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market date.

National Insurance Services

Notes to the Financial Statement

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29. Fair Value of Financial InstrumentsCont'd

- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect the differences between the instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

(a) Financial Assets Measured at Fair Value

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
December 31, 2024				
Debt securities	-	2,692,193	-	2,692,193
Equities	64,174,037	16,510,465	2,664,871	83,349,373
	64,174,037	19,202,658	2,664,871	86,041,566
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
December 31, 2023				
Debt securities	-	2,973,110	-	2,973,110
Equities	58,403,572	11,886,930	2,206,469	72,496,971
	58,403,572	14,860,040	2,206,469	75,470,081

Unobservable inputs used in measuring Level 3 fair values:

Valuation Technique	Significant Unobservable Inputs	Inter-Relationship between Key Unobservable Inputs and Fair Value Measurement
Asset based approach with discounts applied where prudent, with subsequent consideration of the NIS' shareholding	Net assets Shareholding percentage	The estimated fair value would increase (decrease) if: Net assets were higher (lower) Shareholding increases (decreases)

There are no movements between level 2 and level 3 investment securities.

(b) Financial Assets not Measured at Fair Value

For other financial instruments which include cash and cash equivalents, loans and advances, investment securities at amortized cost, interest receivable on loans and investment securities, contributions receivable and benefits payable, the carrying amount is a reasonable approximation of the fair value.

National Insurance Services

Notes to the Financial Statement

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(in Eastern Caribbean dollars)

30. Regulatory Reserves

The National Insurance (Financial and Accounting) Regulations 1996 sets the capital requirements for the NIS as a whole.

In implementing current reserve requirements, the regulation requires that the NIS transfer the excess of income over expenses for each branch to a separate reserve at the end of the year.

The NIS' regulatory reserves are analyzed into three categories:

- Short-term benefit reserve;
- Long-term benefit reserve; and
- Employment injury benefit reserve.

The NIS' policy is to maintain a strong reserve base so as to sustain future development of the NIS and finance approved benefits. The NIS recognizes the need to maintain a balance between the higher benefit payments that might be possible, and the advantages and security afforded by a sound reserve position.

There was no material change in the NIS' management of reserves during the period.

31. Related Parties

(a) Identification of Related Party

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

- (i) A person or a close member of that person's family is related to a reporting entity if that person:
 - has control or joint control of the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (ii) An entity is related to a reporting entity if any of the following conditions applies:
 - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - Both entities are joint ventures of the same third party.
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
 - The entity is controlled or jointly controlled by a person identified in (a).
 - A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

31. Related PartiesCont'd

(a) Identification of Related PartyCont'd

(ii) An entity is related to a reporting entity if any of the following conditions appliescont'd:

- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity (or a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- that person's children and spouse or domestic partner;
- children of that person's spouse or domestic partner; and
- dependents of that person or that person's spouse or domestic partner.

(b) Related Party Transactions and Balances

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(c) Transactions with Key Management Personnel

- Short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees.
- Post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care.
- Other long-term employee benefits, including long-services leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation.
- Termination benefits.

The NIS is controlled by the Government of St. Vincent and the Grenadines.

Government refers to government, government agencies and similar bodies whether local, national or international.

A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government.

National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

31. Related PartiesCont'd

Significant transactions with related parties during the year were as follows:

	Net Transaction Values for the Year Ended December 31		Balance as at December 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Loans and Advances				
National Lotteries Authority	(800,754)	(750,753)	854,086	1,654,840
Bank of St. Vincent and the Grenadines	(1,519,285)	(2,540,792)	98,005	1,617,289
Government of St. Vincent and the Grenadines	(2,312,976)	(2,511,426)	2,684,725	4,997,701
National Student Loan Company	(676,460)	-	20,279,400	20,955,860
Central Water and Sewerage Authority	703,927	(133,492)	1,881,599	1,177,672
Staff	(848,400)	110,709	4,659,149	5,507,549
Investments				
Government of St. Vincent and the Grenadines	(5,553,919)	7,556,007	45,445,081	50,999,000
Campden Park Container Port	-	(26,900)	100	100
Rent				
Government of St. Vincent and the Grenadines	225,529	55,341	401,753	176,224
Receivable				
COLS – Government of St. Vincent and the Grenadines	55,919	(4,198,873)	95,624	39,705
TUB – Government of St. Vincent and the Grenadines	-	(1,371,390)	-	-
NPL Loan Resolution due from Government of St. Vincent and the Grenadines	-	(2,005,455)	-	-
Gov't of St. Vincent and the Grenadines	3,500,192	-	3,500,192	-
Cont – Gov't of St. Vincent and the Grenadines	1,872,712	-	1,872,712	-
Contribution Income				
Government of St. Vincent and the Grenadines	4,720,110	2,255,555	32,959,294	28,239,184
Interest Receivable				
National Lotteries Authority	(2,313)	(2,169)	3,260	5,573
Bank of St. Vincent and the Grenadines	-	-	-	-
Government of St. Vincent and the Grenadines-Bonds	(47,297)	183,543	643,363	690,660
Government of St. Vincent and the Grenadines –Loans	(34,552)	(79,450)	34,601	69,153
National Student Loan Company	347,777	416,879	7,045,395	6,697,618
Staff	(3)	(287)	-	3
Investment in Associate				
Bank of St. Vincent and the Grenadines	4,704,756	5,106,943	38,026,895	33,322,139

National Insurance Services

Notes to the Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

31. Related PartiesCont'd

Key Management Personnel Compensation

Key management personnel compensation comprised the following:

	2024	2023
	\$	\$
Short-term employee benefits	556,945	516,868
Post-employment benefits	38,950	34,922
Directors	118,021	118,091
	713,916	669,881

32. Commitments

As of reporting date, the NIS had approved capital projects and had entered into contracts amounting to \$2,488,443 and \$2,233,326, respectively. Further, the NIS had undisbursed contractual commitments amounting to \$1,848,133.

Also, the NIS had undisbursed credit commitments amounting to \$2,057,129 (2023: \$7,397,740).

NATIONAL INSURANCE SERVICES

ADDITIONAL INFORMATION

TO THE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

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Additional Comments of Independent Auditors'

To
The Honourable Minister of Finance
Administrative Building
Kingstown
St. Vincent

The accompanying Schedule of Branch Operations is presented as supplementary information only. In this respect, it does not form part of the financial statements of the National Insurance Services for the year ended December 31, 2024, and hence is excluded from the opinion expressed in our report dated *****, 2025 to the Honourable Minister of Finance on such financial statements.

*****, 2025

National Insurance Services

Schedule of Branch Operations

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	Short-term Benefits		Long-term Benefits		Employment Injury Benefit		National Provident Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income										
Contributions	8,030,867	6,274,226	83,180,310	64,985,773	6,132,662	4,791,227	-	-	97,343,839	76,051,226
Net financing income	1,557,881	1,193,571	12,498,607	10,929,323	4,255,890	3,383,143	-	-	18,312,378	15,506,037
Interest on National Provident Fund	(5,909)	(8,392)	(47,408)	(76,841)	(16,143)	(23,786)	69,460	109,019	-	-
Other	664,912	561,538	6,886,879	5,816,170	507,751	428,811	-	-	8,059,542	6,806,519
Total Income	10,247,751	8,020,943	102,518,388	81,654,425	10,880,160	8,579,395	69,460	109,019	123,715,759	98,363,782
Expenditure										
Benefits	4,313,393	3,702,530	91,455,631	84,667,971	387,830	290,734	1,312,141	1,519,465	97,468,995	90,180,700
Bad debts expense	123,529	(171,536)	1,279,456	(1,776,695)	94,331	(130,991)	-	-	1,497,316	(2,079,222)
Administrative expenses	659,514	647,687	9,330,226	9,715,467	348,366	329,919	-	-	10,338,106	10,693,073
Total Expenditure	5,096,436	4,178,681	102,065,313	92,606,743	830,527	489,662	1,312,141	1,519,465	109,304,417	98,794,551
Net Surplus for the Year	5,151,315	3,842,262	453,075	(10,952,318)	10,049,633	8,089,733	(1,242,681)	(1,410,446)	14,411,342	(430,769)



The Cannonball Tree (*Couroupita guianensis*) commonly found in St. Vincent and the Grenadines.

NIS Benefits

We are dedicated and committed to providing a wide range of benefits.

**Maternity
Benefit**

**Sickness
Benefit**

**Invalidity
Benefit**

**Funeral
Grant**

**Survivors'
Benefit**

**Age
Benefit**

**Employment
Injury Benefit**





ANNUAL REPORT 2024

NIS Building
Upper Bay Street
Kingstown
St. Vincent and the Grenadines, WI.

Hotline: (784) 456-3010
Kingstown: (784) 456-1514
Union Island: (784) 485-8951
nis@nissvg.org
<https://www.nissvg.org>