

Social Security Board

*Financial Statements for the Years
Ended December 31, 2016 and 2015 and
Independent Auditors' Report*

SOCIAL SECURITY BOARD

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SOCIAL SECURITY BOARD

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

<u>ASSETS</u>	<u>Notes</u>	<u>2016</u>	<u>As Restated</u> <u>2015</u>	<u>As Restated</u> <u>2014</u>
Current assets:				
Cash and cash equivalents	2g, 2h, 4	\$ 29,345,288	\$ 18,343,369	\$ 24,516,052
Short term investments	2g, 2i, 5	80,269,005	127,262,662	114,794,553
Investment income receivable	2g, 6	10,145,635	9,564,239	8,297,294
Office supplies	2j	248,526	165,247	222,263
Accounts receivable	2g, 2k, 7	4,013,378	1,381,327	1,399,747
Prepayments	2l	335,924	394,334	352,180
Current portion loans receivables		<u>12,065,148</u>	<u>9,496,031</u>	<u>11,640,890</u>
Total current assets		<u>136,422,904</u>	<u>166,607,209</u>	<u>161,222,979</u>
Non-current assets:				
Advances to employees	2g	1,325,725	1,188,924	1,171,888
Pension asset	2m, 8	-	64,129	1,041,569
Investment in associates	2g, 2n, 9	155,215,809	153,977,387	162,696,772
Long term investments	2g, 10	189,928,618	139,379,432	110,894,796
Held for sale	11	11,278,013	11,287,013	11,287,013
Other assets	12	1,082,400	1,111,200	1,125,600
Intangible asset	2o, 13	1,586,157	1,540,689	1,548,759
Fixed assets	2p, 14	<u>25,557,486</u>	<u>26,136,459</u>	<u>26,741,850</u>
Total non-current assets		<u>385,974,208</u>	<u>334,685,233</u>	<u>316,508,247</u>
TOTAL ASSETS		<u>\$522,397,112</u>	<u>\$501,292,442</u>	<u>\$477,731,226</u>
<u>LIABILITIES AND RESERVES</u>				
Current liabilities:				
Accounts payable and accruals	2g, 15	\$ 7,784,489	\$ 9,005,602	\$ 7,896,629
Severance liability current portion	2g, 16	<u>204,337</u>	<u>101,378</u>	<u>-</u>
Total current liabilities		<u>7,988,826</u>	<u>9,106,980</u>	<u>7,896,629</u>
Long term liabilities:				
Pension liability	2m, 8	488,766	-	-
Severance liability	2g, 16	<u>1,157,909</u>	<u>574,207</u>	<u>-</u>
Total long term liabilities		<u>1,646,675</u>	<u>574,207</u>	<u>-</u>
Reserves:				
Short term benefits branch		16,353,476	16,767,297	17,939,714
Long term benefits branch		428,314,688	341,940,762	331,577,235
Employment injury benefits reserve		49,933,115	112,738,407	97,340,071
Disablement and death benefits reserves		15,594,510	16,142,342	16,101,176
National health insurance fund		1,960,171	1,888,631	3,557,995
Natural disaster fund		1,051,076	1,801,076	1,551,076
Social development fund		43,342	268,611	725,761
Pension reserve	2m, 8	<u>(488,767)</u>	<u>64,129</u>	<u>1,041,569</u>
Total reserves		<u>512,761,611</u>	<u>491,611,255</u>	<u>469,834,597</u>
TOTAL LIABILITIES AND RESERVES		<u>\$522,397,112</u>	<u>\$501,292,442</u>	<u>\$477,731,226</u>

The financial statements on pages 3 to 8 were approved and authorized for issue by the Board of Directors on July 27, 2017 and are signed on its behalf by:

Chairman

Director

* See Note 23 for Prior Period Adjustment.

The notes on pages 9 to 38 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENTS OF PROFIT YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
INCOME	2q		
Contributions:			
Employers and employed persons		\$ <u>80,091,685</u>	\$ <u>77,377,011</u>
Other income:			
Net investment income	17	26,208,522	24,791,972
Other income – net	18	614,799	1,082,892
GOB contribution to NHI Fund	2r	<u>17,000,004</u>	<u>17,025,004</u>
Total other income		<u>43,823,325</u>	<u>42,899,868</u>
TOTAL INCOME		<u>123,915,010</u>	<u>120,276,879</u>
EXPENDITURES			
Benefits:	2t		
Short term benefits branch		12,843,089	13,195,481
Long term benefits branch		45,082,437	39,686,805
Employment injury benefits branch		3,813,426	4,283,748
Disablement and death benefits		2,106,544	2,089,371
National health insurance benefits		<u>16,141,065</u>	<u>17,936,941</u>
Total benefits		<u>79,986,561</u>	<u>77,192,346</u>
Operating expenses:			
Administration	19	19,278,335	18,853,531
Establishment	20	1,113,256	1,090,947
Financial		<u>134,373</u>	<u>137,902</u>
Total operating expenses		<u>20,525,964</u>	<u>20,082,380</u>
TOTAL EXPENDITURES		<u>100,512,525</u>	<u>97,274,726</u>
Excess of income over expenditures		\$ <u>23,402,485</u>	\$ <u>23,002,153</u>

The notes on pages 9 to 38 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENTS OF OTHER COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	<u>2016</u>	<u>2015</u>
EXCESS OF INCOME OVER EXPENDITURES	\$23,402,485	\$23,002,153
OTHER COMPREHENSIVE INCOME:		
	2u	
APV disablement benefits	665,902	722,083
APV death benefits	<u>25,139</u>	<u>543,257</u>
	691,041	1,265,340
Actuarial loss on defined benefits plan	<u>(552,895)</u>	<u>(977,440)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$23,540,631</u>	<u>\$23,290,053</u>

The notes on pages 9 to 38 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENTS OF CHANGES IN RESERVES YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	Short term Benefits Branch	Long term Benefits Branch	Employment Injury Benefits Branch	Disablement and Death Benefits Reserve	National Health Insurance Fund	Natural Disaster Fund	Social Development Assistance Account	Pension Reserve	Total
Balance, December 31, 2015	\$16,767,297	\$341,940,762	\$ 112,738,407	\$16,142,342	\$1,888,631	\$1,801,076	\$ 268,611	\$ 64,129	\$491,611,255
Transfer to Social Development Account and Assistance Fund	-	-	(1,415,005)	-	-	250,000	1,165,005	-	-
Transfer to Short Term Benefit Branch	-	80,000,000	(80,000,000)	-	-	-	-	-	-
Natural Disaster Fund Expenditure	-	-	-	-	-	-	-	-	-
Social Development Account and Assistance Fund Expenditures	-	-	-	-	-	(1,000,000)	(1,390,274)	-	(2,390,274)
Excess of (expenditures over income) income over expenditures	(413,821)	6,373,926	18,609,713	(1,238,873)	71,540	-	-	-	23,402,485
Other Comprehensive Income				691,041				(552,896)	138,145
Balance, December 31, 2016	16,353,476	428,314,688	49,933,115	15,594,510	1,960,171	1,051,076	43,342	(488,767)	512,761,611

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SOCIAL SECURITY BOARD

STATEMENTS OF CHANGES IN RESERVES (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	Short term Benefits Branch	Long term Benefits Branch	Employment Injury Benefits Branch	Disablement and Death Benefits Reserve	National Health Insurance Fund	Natural Disaster Fund	Social Development Assistance Account	Pension Reserve	Total
Balance, December 31, 2014 as previously stated	\$18,109,235	\$338,333,175	\$ 99,002,403	\$16,468,982	\$3,557,995	\$1,551,076	\$ 725,761	\$1,041,569	\$478,790,196
Restatement (see note 23)	(169,521)	(6,755,940)	(1,662,332)	(367,806)	-	-	-	-	(8,955,599)
Balance, December 31, 2014 as restated	17,939,714	331,577,235	97,340,071	16,101,176	3,557,995	1,551,076	725,761	1,041,569	469,834,597
Transfer to Social Development Account and Assistance Fund	-	-	(1,306,245)	-	-	250,000	1,056,245	-	-
Transfer to Short Term Benefit Branch	-	-	-	-	-	-	-	-	-
Natural Disaster Fund Expenditure	-	-	-	-	-	-	-	-	-
Social Development Account and Assistance Fund Expenditures	-	-	-	-	-	-	(1,513,395)	-	(1,513,395)
Excess of (expenditures over income) income over expenditures	(1,172,417)	10,363,527	16,704,581	(1,224,174)	(1,669,364)	-	-	-	23,002,153
Other Comprehensive Income	-	-	-	1,265,340	-	-	-	(977,440)	287,900
Balance, December 31, 2015	\$16,767,297	\$341,940,762	\$ 112,738,407	\$16,142,342	\$1,888,631	\$1,801,076	\$ 268,611	\$ 64,129	\$491,611,255

The notes on pages 9 to 38 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Excess of income over expenditures	\$23,402,485	\$23,002,153
Adjustments to reconcile excess of income over expenditures to net cash provided by operating activities:		
Amortization – intangible asset	249,373	219,980
Depreciation	1,194,844	1,199,242
Interest income	(26,208,522)	(24,791,972)
Loss on sale of fixed asset	<u>568,987</u>	<u>13,171</u>
Operating loss before working capital changes	(792,833)	(357,426)
Changes in current assets and liabilities:		
(Increase) decrease in office supplies	(83,279)	57,016
(Increase) decrease in accounts receivable	(2,632,051)	18,420
Decrease (increase) in prepayments	58,410	(42,154)
Decrease in advances to employees	(136,801)	(17,036)
Decrease in held for sale	9,000	-
Decrease in other asset	28,800	14,400
(Decrease) increase in accounts payable and accruals	(1,221,114)	1,108,974
Increase severance liability	<u>686,661</u>	<u>675,585</u>
Cash (used in) provided by operating activities	(4,083,207)	1,457,779
Interest received	<u>25,627,126</u>	<u>23,525,027</u>
Net cash provided by operating activities	<u>21,543,919</u>	<u>24,982,806</u>
Cash flows from investing activities:		
Investment in associates	(1,238,422)	8,719,385
Long and short term investments	(6,124,646)	(38,807,886)
Additions to fixed assets	(1,186,461)	(610,020)
Increase in intangible asset	(294,841)	(211,910)
Proceeds from sale of fixed assets	<u>1,603</u>	<u>2,997</u>
Net cash used in investing activities	<u>(8,842,767)</u>	<u>(30,907,434)</u>
Cash flows from financing activities:		
Change in death and disablement reserve	691,041	1,265,340
Change in social development fund	(1,390,274)	(1,513,395)
Change in natural disaster fund	<u>(1,000,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(1,699,233)</u>	<u>(248,055)</u>
Net increase (decrease) in cash and cash equivalents	11,001,919	(6,172,683)
Cash and cash equivalents, January 1	<u>18,343,369</u>	<u>24,516,052</u>
Cash and cash equivalents, December 31	<u>\$29,345,288</u>	<u>\$18,343,369</u>

The notes on pages 9 to 38 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

1. STATUS

Status – Social Security Board (Board/SSB) is a statutory body which came into existence with the enactment of the Social Security Act, Chapter 44, Laws of Belize 1980. Social Security Board was established to provide various financial benefits to insured persons residing in Belize. Funding of these benefits is provided through contributions from employers and employees and self-employed persons. The corporate headquarters is located at Bliss Parade, Belmopan, Belize.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance – The financial statements of Social Security Board have been prepared from the records maintained in the financial accounting system of the Board, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), while the form and content are specified in the Social Security Act, and requirements of the Financial and Accounting Regulations, Chapter 44, Revised Edition 2000 – 2003.
- b. Basis of presentation – The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.
- c. Functional and presentation currency – The financial statements are presented in Belize dollars, which is also the functional currency of the Social Security Board.
- d. Use of estimates and judgments – The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Board's accounting policies.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Board based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Board. Such changes are reflected in the assumptions when they occur.

The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All valuations are made by an actuary.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- e. Change in accounting policies – The accounting policies adopted are consistent with those used in the previous financial year except that the Board has adopted the following standards, amendments and interpretations which did not have a significant effect on the financial performance or position of the Board. Some, however, give rise to additional disclosures or changes to the presentation of the financial statements.

Standards/ Amendments	Pronouncement	When effective	Response
Disclosure Initiative (Amendments to IAS 1)	Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports.	January 1, 2016	The amendment was adopted, but has no current impact on the financial statements.

<i>Annual Improvements 2012-2014 Cycle makes amendments to the following standards for periods beginning on or after July 1, 2016.</i>	Response
IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.	The improvement was adopted but is not expected to impact the financial statements.

Standards/ Amendments	Pronouncement	When effective	Response
IFRS 9	<p>IFRS 9, as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015.</p> <p>The release of IFRS 9 (2014) on July 24, 2014 moved the mandatory effective date of IFRS 9 to January 1, 2018. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015.</p>	January 1, 2018	The standard will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Changes in accounting policies (continued)

Standards/ Amendments	Pronouncement	When effective	Response
IFRS 15 Revenue from Contracts with Customers	IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. These include identifying the contract, performance obligations, and transaction price as well as allocating transaction price to the performance obligations and recognizing revenue when these are satisfied.	January 1, 2018	The standard will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.
IFRS 16 Leases	IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	January 1, 2019	The standard will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture. The amendment is applicable on a prospective basis to a sale or contribution of assets.	Effective date deferred indefinitely	The amendment will not be adopted.
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	Amends IAS 12 Income Taxes to clarify the following aspects: Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.	January 1, 2017	The amendment will not be adopted.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Changes in accounting policies (continued)

Standards/ Amendments	Pronouncement	When effective	Response
Disclosure Initiative (Amendments to IAS 7)	Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017	The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.
Clarification to IFRS 15 'Revenue from Contracts with Customers'	Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	January 1, 2018	The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.	January 1, 2018	The amendment will not be adopted.
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4: (1) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; (2) an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.	January 1, 2018	The amendment will not be adopted.
Transfers of Investment Property (Amendments to IAS 40)	The amendments to IAS 40 Investment Property: - Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. - The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.	January 1, 2018	The amendment will not be adopted.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Changes in accounting policies (continued)

Standards/ Amendments	Pronouncement	When effective	Response
IFRIC 22 Foreign Currency Transactions and Advance Consideration	<p>The interpretation addresses foreign currency transactions or parts of transactions where:</p> <ul style="list-style-type: none"> - there is consideration that is denominated or priced in a foreign currency; and - the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; - the prepayment asset or deferred income liability is non-monetary. <p>The Interpretations Committee came to the following conclusion:</p> <ul style="list-style-type: none"> - The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. - If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. 	January 1, 2018	The interpretation will not be adopted.

<i>Annual Improvements 2014-2016 Cycle - Makes amendments to the following standards:</i>	When effective	Response
IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.	January 1, 2018	The improvement will not be applicable.
IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.	January 1, 2017	The improvement will not be applicable.
IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.	January 1, 2018	The improvement will not be applicable.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- f. Foreign currency transactions and balances – Transactions in foreign currencies are initially recorded by the Board at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss.

- g. Financial instruments – A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of the financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Board initially recognizes, accounts receivables, deposits, and debt instruments on the date at which they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on the trade date at which the Board becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’ (FVTPL), ‘held-to-maturity’ investments, ‘available-for-sale’ (AFS) financial assets and ‘loans and receivables.’ The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Note 20 outlines the categories of the Board’s financial assets.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial instruments (continued)

Loans and receivables

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Board's financial assets classified as loans and receivable are outlined in Note 20. Due to their short term nature some financial assets are held on an undiscounted basis.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probably that the borrower will enter bankruptcy or financial re-organisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Board's past experience of collections, an increase in number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial instruments (continued)

Derecognition of financial assets

The Board derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Board neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Board recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If the Board retains substantially all the risks and rewards of ownership of a transferred financial asset, the Board continues to recognize the financial asset and also recognizes a collateralized borrowing for proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in the other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Board retains an option to repurchase part of the transferred asset), the Board allocates the previous carrying amount of the financial asset between the part it continues to recognize under the continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount and part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities at amortized cost'.

Note 20 outlines the categories of the Board's financial liabilities.

Other financial liabilities at amortized cost

Interest-bearing loans and borrowings are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument, and are subsequently recognized at amortized costs. Financial liabilities included in trade and other payables are recognized initially at fair value and subsequently at amortized cost using the effective interest method.

The Board classifies its financial liabilities as measured at amortized cost or fair value through profit or loss. The Board's financial liabilities are outlined in Note 20. Due to their short term nature some financial liabilities are held on an undiscounted basis.

Derecognition of financial liabilities

The Board derecognizes financial liabilities when and only when, the Board's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and is payable is recognized in profit or loss.

- h. Cash and cash equivalents – Cash and cash equivalents represent cash on hand, bank deposits and short term highly liquid investments with original maturity of three months or less.
- i. Short term investments – Short term investments represent term deposits, Government of Belize Treasury notes and any other investment with original maturity dates of more than three months but less than one year.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- j. Office supplies – Office supplies are stated at the lower of cost and net realizable value, cost being determined on the actual cost of the supplies.
- k. Accounts receivables – includes assessments of contributions, dividends receivable and other miscellaneous receivables recorded on the accrual basis. The receivables are initially recorded at fair value and subsequently measured at amortized cost, net of estimates of potential losses. The estimated losses from doubtful accounts are provided in an amount considered sufficient to cover potential losses. The value of the loss estimated for doubtful debts is made based on experience of defaults that occurred in the past.
- l. Prepayments – Prepayments represents insurance, license, property tax and other cost paid in advance of their intended use or coverage. Prepayments are expensed in the period the service is received.
- m. Pension fund – The Board, as of January 1, 1991, operates a pension scheme which is separately administered by a Board of Trustees. The scheme, which is a defined benefit plan, is funded by contributions from the Board in amounts recommended by the actuaries, and from employees at the rate of 2.8% of annual pensionable salaries. The Board's contributions of 4.3% of pensionable salaries are charged against income in the year they become payable.

Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods.

- n. Investments in Associates – Associates are investments in entities where the Board has the power to exercise a significant influence, but they do not have control or joint control through participation in the financial and operational decisions of the entity.

Usually the stockholding is 20% to 50% of the voting rights. Investments in associated entities are accounted for under the equity method and include goodwill identified on acquisition, net of any accumulated impairment loss.

Under the equity method, the investment in the associate is carried on the statement of financial position at cost plus post acquisition changes in the Board's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the Board's share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Board recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Board and the associate are eliminated to the extent of the interest in the associate.

The Board's share of profit of an associate is included in the income statement as Investment income. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates of the Board are prepared for the same reporting period as the Board. When necessary, adjustments are made to bring the accounting policies in line with those of the Board. After application of the equity method, the Board determines whether it is necessary to recognize an additional impairment loss on its investment in its associates.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Investments in Associates (continued)

The Board determines at each reporting date, whether there is any objective evidence that the investment in each associate is impaired. If this is the case, the Board calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Board measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

- o. Intangible assets – Intangible assets comprise basically the contractual rights and expenses incurred on specific projects with future economic value, are valued at cost, less accumulated amortization and losses by reducing the recoverable amount where applicable. Intangible assets are recognized only if it is likely that they will generate economic benefits to the Board, are controllable under the Board's control and their respective value can be measured reliably.

Intangible assets that have finite useful lives are amortized over their effective use or a method that reflects their economic benefits, while those with indefinite useful lives are not amortized; consequently, these assets are tested at least annually as to their recovery (impairment test).

The estimated useful life and amortization methods are reviewed at the end of each financial year and the effect of any changes in estimates are recorded in a prospective manner.

Internally generated intangible assets, during the research phase, have their expenditure recorded in expenses of the period when incurred. Expenditure on development activities (or stage of development of an internal project) is recorded as intangible assets if and only if it meets all of the requirements of the standard. Initial recognition of this asset corresponds to the sum of the expenditures incurred from when the intangible asset has passed to meet the recognition criteria required by the standard.

Intangible assets generated internally, are recorded at cost value less amortization and loss on the accumulated impairment. The Board's intangible assets comprise mainly of acquired software licenses. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

- p. Fixed assets – Fixed assets are recorded at cost and, other than land, are depreciated using the straight line method over the estimated useful life of the assets as follows:

Buildings	50 years
Furniture, fixtures and equipment	10 years
Computers and accessories, hardware and software	5 years
Motor vehicles	4 years

Repairs and maintenance are charged against income. Improvements which extend the useful life of the assets are capitalized. When fixed assets are disposed of by sale or are scrapped, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- q. Income recognition – Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Board, and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Board assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Board has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

- i. Investment income – is accounted for on the accrual basis, except for dividends, which are recognized when received. Income from associates is accounted for by the equity method.
- ii. Interest income – For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in Investment Income and Other income in the income statement.
- iii. Dividends – Revenue is recognized when the Board’s right to receive the payment is established.
- iv. Rental income – Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue due to its operating nature.

Basis of apportionment of income –

- (i) Contributions
Section 14(1) of the Financial and Accounting Regulations, 1980 provides that all contributions shall be distributed among the Benefits Branches in the following proportions:

(1)	Short term Benefits Branch	19.25%
(2)	Long term Benefits Branch	56.25%
(3)	Employment Injury Benefits Branch	24.50%

- (ii) Other income
Section 14(2) of the Financial and Accounting Regulation, 1980 provides that income from investment of the Reserves is allocated to each branch on the basis of their respective reserves at the end of the previous financial year.

Section 14(3) of the Financial and Accounting Regulations, 1980 provides that all other income to the fund which cannot be identified with any specific branch shall be distributed among the three benefit branches in equal parts.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- r. Government contributions – Government contributions and support are accounted for when the Board complies with reasonable security conditions set by the government related to contributions, and assistance received. The Board records via the statement of income, as reducing spending according to the nature of the item, and through the distribution of results on statement of income, or earnings in reserve accounts.

When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Board receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. When loans or similar assistance are provided by government or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grants.

- s. Taxes –

Income tax, property tax and stamp duty

Section 64 (2) of the Social Security Act, Chapter 44, Revised Edition 2003 exempts the Board from income tax, property tax and stamp duty.

General sales tax

General Sales Tax of 12.5% is a tax on consumer spending that is collected at the point of sale of a business' good or service. SSB pays General Sales Tax as a regular consumer.

- t. Benefit payments –

- i. SSB recognizes costs associated with payments in the period the beneficiary or recipient is entitled to receive the payment.
- ii. Liabilities are accrued on benefits for past periods that have not completed processing by the close of the fiscal year, such as benefit payments due but not paid pending receipt of pertinent information.

- u. Disablement and death benefit reserves – The Disablement and Death Benefits Reserve is made up as provided by Section 16(3) of the Financial and Accounting Regulations, 1980 by transferring thereto at the end of each financial year the balance outstanding in the current account after the actuarial present value of the periodically payable disablement and death benefits awarded in that year have been charged against income for that year in the Income and Expenditure Account of the Employment Injury Benefit Branch and credited to a current account, which is also credited with the income from the investment of the said reserve, and debited with actual payment of the current periodical disablement and death benefit effected during that year.

- v. Basis of apportionment of expenditure

- i. Section 15(1) of the Financial and Accounting Regulation, 1980 states that the expenditures of each benefit branch shall be ascribed to that Branch under which the benefit is grouped, namely: Short Term Benefits Branch, Long Term Benefits Branch and Employment Injury Benefits Branch.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v. Basis of apportionment of expenditure (continued)

- ii. Section 15(2) of these regulations states that the administrative expenditures of the Board shall be distributed among the three benefit branches in such a manner that the proportion allocated to a particular branch shall be equal to the proportion which the sum of the contribution income and benefit expenditure shown in the Income and Expenditure Account of that branch bears to the sum of the contribution income and benefit expenditure of the Board as a whole.
- iii. Administrative expenses are taken to mean all expenses properly incurred in the administration of the Board.

All other expenditures that are not attributable to any specific branch are distributed among the three benefit branches in equal parts.

3. FINANCIAL RISKS

Financial risk factors

The Board's activities expose it to a variety of risks in relation to financial instruments: market risk (interest rate risk and price risk), credit risk and liquidity risk.

The Board's overall risk management program seeks to maximize the returns derived for the level of risk to which the Board is exposed and seeks to minimize potential adverse effects on the Board's financial performance. The Board's policy allows it to use financial instruments to both moderate and create certain risk exposures.

All securities investments present a risk of loss of capital. The maximum loss of capital on purchased long term equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the investment manager under policies approved by the Investment Committee and Board of Directors and the General Manager of Finance. The Board has specific limits on these financial instruments to manage the overall potential exposure.

In accordance with IFRS 7, an entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date.

The Board uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below:

Market risk

a. Price risk

The Board's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Social Security Act (Chapter 44) of the Substantive Laws of Belize, the Investment Committee and the Board of Directors.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (Continued)

A summary analysis of investments by asset class at December 31, 2016 is presented below:

Investment Mix	% of Total Investment
Bonds	3
Debentures	2
Treasury notes	9
Mortgages	2
Private sector loans	43
Shares	6
Term deposits	<u>35</u>
Total	<u>100%</u>

The Act also limits a single investment to be no more than 20% of the total amount of the Reserves, including economically targeted investments. The Board's policy requires that the overall market position is monitored on a weekly basis by the Board's Investment Manager and is reviewed on a quarterly basis by the Investment Committee and Board of Directors. Compliance with the Board's investment policies are reported to the Investment Committee on a monthly basis.

b. Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Board holds fixed interest securities to maturity that expose the Board minimally to fair value interest rate risk. The Board also holds cash and cash equivalents that expose the Board to cash flow interest rate risk. The Board's policy requires the General Manager of Finance to manage this risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities.

The Board has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Board invests.

In accordance with the Board's policy, the Investment Manager monitors the Board's overall interest sensitivity on a weekly basis; the Investment Committee reviews it on a monthly basis.

c. Credit risk

The Board is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. The main concentration to which the Board is exposed arises from the Board's investments in debt securities. The Board is also exposed to counterparty credit risk on cash and cash equivalents, amounts receivable from associates, debtors and other receivable balances.

The Board manages credit risk by holding funds with reputable financial institutions and also setting limits on the amount loaned. They ensure the loan is properly collateralized, considering the borrower's leverage and the seasonality of the business by including restrictions in the loan agreements.

In accordance with the Board's policy, the Investment Manager monitors the Board's credit position on a daily basis, and the Investment Committee reviews it on a monthly basis.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (Continued)

d. Credit risk (continued)

Collateral

Collateral is held to mitigate credit risk exposures and risk mitigation policies determine the eligibility of collateral types. The Board defines collateral as the assets or rights provided to the Board by the borrower or a third party in order to secure a credit facility. The Board would have the rights of secured creditor in respect of the assets/contracts offered as security for the obligations of the borrower/obligor.

The Board ensures that the underlying documentation for the collateral provides the Board appropriate rights over the collateral or other forms of credit enhancement including the right to liquidate, retain or take legal possession of it in a timely manner in the event of default by the counterparty. The Board also endeavors to keep the assets provided as security to the Board under adequate insurance during the tenor of the Board's exposure. The collateral value is monitored periodically.

Types of collateral taken by the Board

Collateral types that are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as land, plant and machinery; marketable securities; third party guarantees; and letters of credit.

Types of collateral taken by the Board (continued)

The Board determines the appropriate collateral for each facility based on the type of product and risk profile of the counterparty. In case of corporate and small and medium enterprises financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance. For project finance, security of the assets of the borrower and assignment of the underlying project contracts is generally taken. In addition, in some cases, additional security such as pledge of shares, cash collateral, charge on receivables with an escrow arrangement and guarantees is also taken.

For personal loans, the security to be taken is defined in the investment policy for the respective types of loans. Housing loans and automobile loans are secured by the security of the property/automobile being financed. The valuation of the properties is carried out by an empaneled appraiser at the time of sanctioning the loan.

The Board extends unsecured facilities to clients for certain products such as derivatives, credit cards and personal loans. The limits with respect to unsecured facilities have been approved by the Board of Directors. The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorization approved by the Board of Directors. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

For certain types of lending – typically mortgages, asset financing – the right to take charge over physical assets is significant in terms of determining appropriate pricing and recoverability in the event of default.

Collateral is reported in accordance with our risk mitigation policy, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Where appropriate collateral values are adjusted to reflect current market conditions, its probability of recovery and the period of time to realize the collateral in the event of possession. The collateral values reported are also adjusted for the effects of over-collateralization.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (Continued)

d. Credit risk (continued)

Loans and advances

The requirement for collateral is not a substitute for the ability to pay, which is the primary consideration for any lending decisions. In determining the financial effect of collateral held against loans neither past due nor impaired, we have assessed the significance of the collateral held in relation to the type of lending. For loans and advances to Board's employees and customers (including those held at fair value through profit or loss), the Board held the following amounts of collateral, adjusted where appropriate as indicated above.

		CONSUMER LOANS			COMMERCIAL LOANS			TOTAL	
Value	Total	Not Individually Impaired Loans	Individually Impaired Loans	Total	Not Individually Impaired Loans	Individually Impaired Loans	Total	Not Individually Impaired Loans	Individually Impaired Loans
December 31, 2016									
Collateral	7,804,087	6,870,137	933,950	123,412,432	120,296,188	3,116,244	131,216,519	127,166,325	4,050,194
Loans	7,675,683	7,068,577	607,106	123,050,156	123,768,405	1,281,751	131,383,825	127,166,325	4,217,500
December 31, 2015									
Collateral	6,954,037	5,458,553	1,459,484	114,790,873	113,528,934	1,261,939	121,708,910	118,987,487	2,721,423
Loans	6,983,465	5,458,553	1,524,912	114,790,873	113,528,934	1,261,939	121,774,338	118,987,487	2,786,851

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (Continued)

e. Liquidity risk

Liquidity risk is the risk that the Board may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

As a result, the Board may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The Board manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form with staggered maturity dates, separating short term investments and long-term investments. The Board's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30 to 90 day periods at a minimum. At December 31, 2016, current financial assets exceeded current financial liabilities by \$127,849,628 (2015 - \$156,940,648).

In accordance with the Board's policy, the General Manager of Finance monitors the Board's liquidity position on a weekly basis, and the Investment Manager reviews it on a daily basis.

The table below analyses only the current financial assets and current financial liabilities of the Board into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date.

Net liquidity gap, December 31, 2016

	Within 1 month \$	1 to 3 months \$	3 months to 1 year \$	Total \$
Current Assets				
Cash and cash equivalent	29,345,288	-	-	29,345,288
Short term investments	-	20,965,465	59,303,540	80,269,005
Investment income receivable	304,339	836,898	9,004,398	10,145,635
Accounts receivable	3,069,546	403,446	540,386	4,013,378
Current portion loans receivable	1,005,429	2,010,858	9,048,861	12,065,148
Total current assets	33,724,602	24,216,667	77,897,185	135,838,454
Current Liabilities				
Accounts payables and accruals	2,072,664	357,731	5,354,094	7,784,489
Severance current portion	-	-	204,337	204,337
Total current liabilities	2,072,664	357,731	5,558,431	7,988,826
Net liquidity gap, December 31, 2016	31,651,938	23,858,936	72,338,754	127,849,628

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (Continued)

e. Liquidity risk (continued)

Net liquidity gap, December 31, 2015

	Within 1 month \$	1 to 3 months \$	3 months to 1 year \$	Total \$
Current Assets				
Cash and cash equivalent	18,343,369	-	-	18,343,369
Short term investments	13,145,599	36,461,485	77,655,578	127,262,662
Investment income receivable	3,050,603	6,513,636	-	9,564,239
Accounts receivable	-	1,381,327	-	1,381,327
Current portion loans receivable	791,336	1,582,672	7,122,023	9,496,031
Total current assets	35,330,907	45,939,120	84,777,601	166,047,628
Current Liabilities				
Accounts payables and accruals	3,989,795	5,015,807	-	9,005,602
Severance payable current portion	-	-	101,378	101,378
Total current liabilities	3,989,795	5,015,807	101,378	9,106,980
Net liquidity gap, December 31, 2015	31,341,112	40,923,313	84,676,223	156,940,648

f. Operational risk

The Board is exposed to operational risk which can lead to financial losses through error, fraud or inefficiencies. The Board mitigates this risk by periodically revisiting its internal controls, adhering to its operational policies and procedures, and reliance on the internal audit function.

4. CASH AND CASH EQUIVALENTS

	<u>2016</u>	<u>2015</u>
Cash on hand	\$ 7,030	\$ 7,342
Cash at local banks	<u>29,338,258</u>	<u>18,336,027</u>
	<u>\$29,345,288</u>	<u>\$18,343,369</u>

5. SHORT TERM INVESTMENTS

	<u>2016</u>	<u>2015</u>
Government of Belize treasury notes	\$16,000,000	\$ 10,500,000
Term deposits	<u>64,269,005</u>	<u>116,762,662</u>
	<u>\$80,269,005</u>	<u>\$127,262,662</u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

6. INVESTMENT INCOME RECEIVABLE

	<u>2016</u>	<u>2015</u>
Sunshine Holdings Limited	\$ 7,718,280	\$6,513,636
Other loans and mortgage portfolios	1,192,472	1,018,169
Certificate of deposits	<u>1,234,883</u>	<u>2,032,434</u>
	<u>\$10,145,635</u>	<u>\$9,564,239</u>

Under the terms of the loan note between Sunshine Holdings Limited and SSB issued September 19, 2005, interest earned up to July 31, 2010 was capitalized.

7. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Accounts receivable	\$3,010,225	\$ 281,080
Assessment of contributions	<u>2,070,796</u>	<u>2,227,110</u>
Total receivable	5,081,021	2,508,190
Less: Provision for credit losses	<u>(1,067,643)</u>	<u>(1,126,863)</u>
	<u>\$4,013,378</u>	<u>\$1,381,327</u>
Provision for credit losses is comprised of:		
Beginning balance as at January 1	\$ (1,126,863)	\$ (1,214,975)
Provisions for loss on uncollectible assessments	16,213	(44,257)
Less waiver on interest assessment	44,779	103,841
provisions for loss on accounts receivable	<u>(1,772)</u>	<u>28,528</u>
Ending balance as at December 31	<u>\$ (1,067,643)</u>	<u>\$ (1,126,863)</u>

8. PENSION ASSET/ PENSION LIABILITY

The Board sponsors a defined benefit pension scheme in accordance with a Trust Deed signed by the Board and the Trustees on April 24, 1996, but deemed to have been established under irrevocable trust with effect from January 1, 1991. The scheme is contributory (funded on a bipartite basis by the SSB and the employees. The Board pays fixed contributions into the separate trust which is managed by a Board of Trustees nominated by the employer. These contributions are expensed in the period in which they are accrued.

The terms of the defined benefit pension scheme define the amount that employees will receive on retirement. These amounts are dependent on factors such as age, years of service and compensation, and are determined independently of the contributions payable or the investments of the scheme.), and past services are recognized as from January 1, 1991.

An asset or liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Management estimates the DBO annually with the assistance of an independent actuary. Actuarial gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income.

The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of long-term government bonds that are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating the terms of the related liability. Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives. On a going concern basis and taking into consideration projected salaries as retirement rather than static salaries, the funded status is as follows, as at December 31, 2016:

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

8. PENSION ASSET / PENSION LIABILITY (Continued)

Projected Benefit Obligation and Funded Status

Funded Status	2016	2015
Accumulated benefit obligation	\$(7,596,531)	\$(6,614,274)
Projected benefit obligation ^{a/}	(9,609,041)	(8,685,618)
Net assets	9,120,275	8,749,747
(Unfunded liability) Pre-paid Surplus	\$ (488,766)	\$ 64,129

Changes in Benefit Obligations and Net Assets

The changes in benefit obligations are as follows:

Change in Projected Obligations	2016	2015
Projected benefit obligation at January 1	\$8,685,618	\$7,375,513
Service cost	541,631	549,365
Interest cost	430,723	358,694
Benefits and expenses	(142,304)	(367,277)
Actuarial (gain) loss – obligations	93,373	769,323
Projected benefit obligation at December 31	\$9,609,041	\$8,685,618
Change in Plan Assets		
Assets at January 1	\$8,671,281	\$8,399,082
Expected return on assets	430,900	414,680
Contributions	268,160	261,807
Benefit payments	(142,304)	(367,277)
Actuarial (loss) gain – assets	(107,262)	41,455
Assets at December 31	9,120,775	8,749,747
Consolidated (loss) gain	\$ (488,766)	\$ 64,129

9. INVESTMENT IN ASSOCIATES

	2016	2015
Belize Electricity Limited (26.92% ownership)		
Balance, beginning of year	\$ 95,672,867	\$101,770,252
Redemption of shares	-	(10,000,000)
Income from associate	7,432,011	6,689,619
Dividend received from associate	(7,432,011)	(2,787,004)
Balance, end of year	\$ 95,672,867	\$ 95,672,867
Belize Telecommunications Limited (20.18% ownership)		
Balance, beginning of year	\$ 58,304,520	\$ 60,926,520
Income from associate	4,038,422	4,528,000
Dividend received from associate	(2,800,000)	(7,150,000)
Balance, end of year	\$ 59,542,942	\$ 58,304,520
Total investment in associate, end of year	\$155,215,809	\$153,977,387

By the Belize Telecommunications (Assumption of Control over Belize Telemedia Limited) Order, Statutory Instrument No. 104 of 2009, the Government of Belize (GOB) acquired for and on behalf of itself 46,845,513 ordinary shares in Belize Telemedia Limited (BTL). Thereafter GOB issued an Offer for Sale in respect of 22,069,687 of the above mentioned shares in BTL to the Belizean public at a price of \$5.00 per share. On November 23, 2010, a share purchase agreement was signed between GOB and the SSB to purchase 10,000,000 ordinary shares in the BTL.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

10. LONG TERM INVESTMENT

	<u>2016</u>	<u>2015</u>
Belize City Council Municipal Bonds	\$ 7,802,000	\$ 7,802,000
Debentures	6,200,000	6,200,000
Government of Belize treasury notes	9,500,000	-
Shares	15,499,813	15,499,813
Term deposits	<u>35,809,340</u>	<u>2,080,000</u>
Total other long term investments	<u>74,811,153</u>	<u>31,581,813</u>
Mortgages - Net	6,361,266	6,450,395
Private sector loans - Net	<u>108,756,199</u>	<u>101,347,224</u>
Total loans - Net	<u>115,117,465</u>	<u>107,797,619</u>
Total long term investment	<u>\$189,928,618</u>	<u>\$139,379,432</u>
 Reconciliation of total loans - Net		
Mortgages	\$ 7,987,680	\$ 8,257,404
Private Sector	<u>123,412,432</u>	<u>113,774,410</u>
Total Loans	131,400,112	122,031,814
Less: Provision for credit losses	<u>(4,217,499)</u>	<u>(4,738,164)</u>
Total Loans -Net	127,182,613	117,293,650
Less: Current Portion	<u>(12,065,148)</u>	<u>(9,496,031)</u>
Total long term loans - Net	<u>\$115,117,465</u>	<u>\$107,797,619</u>
 Provision for credit losses is comprised of:		
Beginning balance	\$ 4,738,164	\$ 5,022,500
Additional provision for bad debts	214,516	342,151
Reversal of previous provisions	(680,200)	-
Write off	<u>(54,981)</u>	<u>(626,487)</u>
Ending Balance	<u>\$ 4,217,499</u>	<u>\$ 4,738,164</u>

At December 31, 2016, non-performing investments amounted to 1.16% of total long and short term investments (December 31, 2015 – 0.61%).

Mortgages received from the Ministry of Housing at December 31, 2016 totaled \$445,674 (December 31, 2015 – \$488,650).

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

11. HELD FOR SALE

	<u>2016</u>	<u>2015</u>
Vista Del Mar Housing Project		
Remaining lots acquired from Vista Del Mar Development Company Ltd.	\$ 466,764	\$ 475,764
Rocky Point	175,015	175,015
San Pedro, Ambergris Caye		
3,491 acres land	<u>10,636,234</u>	<u>10,636,234</u>
	<u>\$11,278,013</u>	<u>\$11,287,013</u>

Land properties held in the name of Social Security Board that are held for sale. These properties are measured at the lower of carrying amount and fair value less costs to sell.

12. OTHER ASSETS

	<u>2016</u>	<u>2015</u>
Homeland Development Limited		
926 plots of land	<u>\$1,082,400</u>	<u>\$1,111,200</u>

An agreement was signed with Social Security Board and Homeland Development Limited dated May 7, 2002 for service that should be delivered to such person that are insured under the funeral scheme. As per agreement Homeland shall sell Social Security Board 1,000 plot licenses permitting the use by Social Security Board. The purchase price was BZ \$1,200,000.

13. INTANGIBLE ASSET

	<u>2016</u>	<u>2015</u>
Cost		
Brought forward, January 1	\$2,367,061	\$2,155,151
Cost capitalized during the year	<u>294,842</u>	<u>211,911</u>
Carried forward, December 31	<u>2,661,903</u>	<u>2,367,062</u>
Accumulated amortization		
Brought forward, January 1	826,372	606,392
Amortization	<u>249,374</u>	<u>219,981</u>
Carried forward, December 31	<u>1,075,746</u>	<u>826,373</u>
Total	<u>\$1,586,157</u>	<u>\$1,540,689</u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

14. FIXED ASSETS

Cost	Land	Buildings	Furniture and fixtures	Office equipment	Computers and accessories, hardware and software	Motor vehicles	Work in progress	Total
Brought forward, January 1, 2016	\$6,591,004	\$24,076,035	\$2,873,575	\$2,929,554	\$5,525,725	\$751,240	\$136,166	\$42,883,299
Additions	-	145,317	90,479	161,795	538,228	163,280	87,362	1,186,461
Disposals	-	(934,458)	-	-	(316,833)	-	-	(1,251,291)
Carried forward, December 31, 2016	<u>6,591,004</u>	<u>23,286,894</u>	<u>2,964,054</u>	<u>3,091,349</u>	<u>5,747,120</u>	<u>914,520</u>	<u>223,528</u>	<u>42,818,469</u>
Accumulated depreciation								
Brought forward, January 1, 2016	-	6,700,877	2,524,371	2,050,545	4,833,465	637,582	-	16,746,840
Additions	-	482,205	106,468	210,451	333,798	61,922	-	1,194,844
Disposals	-	(384,043)	-	-	(296,658)	-	-	(680,701)
Carried forward, December 31, 2016	-	<u>6,799,039</u>	<u>2,630,839</u>	<u>2,260,996</u>	<u>4,870,605</u>	<u>699,504</u>	-	<u>17,260,983</u>
Net book value								
December 31, 2016	<u>\$6,591,004</u>	<u>\$16,487,855</u>	<u>\$ 333,215</u>	<u>\$ 830,353</u>	<u>\$ 876,515</u>	<u>\$215,016</u>	<u>\$223,528</u>	<u>\$25,557,486</u>
December 31, 2015	<u>\$6,591,004</u>	<u>\$17,375,158</u>	<u>\$ 249,204</u>	<u>\$ 879,009</u>	<u>\$ 692,260</u>	<u>\$113,658</u>	<u>\$136,166</u>	<u>\$26,136,459</u>

15. ACCOUNTS PAYABLE AND ACCRUALS

	<u>2016</u>	<u>2015</u>
Mortgage securitization program	\$4,735,200	\$4,749,923
Benefits payable	536,821	1,518,528
Accrued expenses and other liabilities	2,512,468	<u>2,737,151</u>
	<u>\$7,784,489</u>	<u>\$9,005,602</u>

16. SEVERANCE PAYABLE

SSB recognizes a severance provision comprising of the present value of obligations to be settled directly with employees upon termination of services in accordance with the Belize Labour Law Act.

The movement in the provision is as follows:

	<u>2016</u>	<u>2015</u>
Beginning balance, January 1	\$ 675,585	\$ -
Addition	686,661	675,585
Benefit paid	<u>-</u>	<u>-</u>
Ending balance, December 31	1,362,246	675,585
Less: Current portion	(204,337)	<u>(101,378)</u>
Long term portion	<u>\$1,157,909</u>	<u>\$574,207</u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

17. NET INVESTMENT INCOME

	<u>2016</u>	<u>2015</u>
Long and short term investments income	\$14,295,225	\$14,058,620
Income from associates	11,470,433	11,217,619
Investment expenses	(21,780)	(142,116)
Loan losses bad debt	<u>464,644</u>	<u>(342,151)</u>
	<u>\$26,208,522</u>	<u>\$24,791,972</u>

18. OTHER INCOME – NET

	<u>2016</u>	<u>2015</u>
Interest on assessments	\$532,447	\$ 467,992
Interest on late contributions	334,811	309,987
Interest on staff advances	60,175	59,134
Rental income	3,250	10,076
Loss on disposal of fixed assets	(568,987)	(13,171)
Others	<u>253,103</u>	<u>248,874</u>
	<u>\$614,799</u>	<u>\$1,082,892</u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

19. ADMINISTRATION EXPENSES

	<u>2016</u>	<u>2015</u>
Actuarial expenses	\$ 120,480	\$ 117,229
Amortization (intangible asset)	249,373	219,981
Appeals Tribunal expenses	16,009	16,483
Audit cost	119,072	105,522
Bad debt expenses	-	3,511
Board expenses	319,115	297,434
Cleaning and sanitation	263,546	272,995
Committees expense	166,985	150,860
Compliance project	27,936	17,251
Depreciation	712,638	719,661
Donation	250	-
Insurance	69,705	70,126
Legal and professional fees	91,218	54,882
Medical and group health insurance	300,256	296,618
Motor vehicle expenses	91,109	85,951
Conference	80,495	22,459
Postage	39,921	40,956
Premises repairs and maintenance	562,537	581,216
Printing, stationery and supplies	629,252	690,590
Publicity and promotion	431,551	307,574
Recruitment	30,543	13,783
Registration expenses	197,937	157,848
Salaries	10,129,931	9,432,441
Security	716,195	932,043
Severance	686,661	675,585
Social security contributions	246,755	251,068
Subscriptions	53,837	52,829
Telephones and cables	550,962	556,547
Training	425,703	416,471
Transfer and other allowances	1,225,229	1,588,284
Traveling and subsistence	<u>723,134</u>	<u>705,333</u>
	<u>\$19,278,335</u>	<u>\$18,853,531</u>

20. ESTABLISHMENT EXPENSES

	<u>2016</u>	<u>2015</u>
Light, power and water	\$ 491,905	\$ 503,097
Depreciation	482,206	479,582
Rent	<u>139,145</u>	<u>108,268</u>
	<u>\$1,113,256</u>	<u>\$1,090,947</u>

21. EMPLOYEE REMUNERATION

	<u>2016</u>	<u>2015</u>
Wages, salaries	\$10,129,931	\$9,432,441
Social Security costs	246,755	251,068
Pensions – defined plans	-	-
Total employee remuneration	<u>\$10,376,686</u>	<u>\$9,683,509</u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

22. CATEGORIES OF FINANCIAL INSTRUMENTS

Financial assets	Fair value through profit or loss		Loans and receivable	
	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$	\$	\$	\$
Cash and cash equivalents (undiscounted)	-	-	29,345,288	18,343,369
Short term investments	-	-	80,269,005	127,262,662
Investment income receivable	-	-	10,145,635	9,564,239
Accounts receivable (undiscounted)	-	-	4,013,378	1,381,327
Advances to employees	-	-	1,325,725	1,188,924
Long term investments	<u>15,499,813</u>	<u>15,499,813</u>	<u>186,493,953</u>	<u>133,375,650</u>
Total financial assets	<u>15,499,813</u>	<u>15,499,813</u>	<u>311,592,984</u>	<u>291,116,171</u>
Financial liabilities				
			Other financial liabilities at amortized cost	
			<u>December 31,</u>	<u>December 31,</u>
			<u>2016</u>	<u>2015</u>
			\$	\$
Accounts payable and accruals			7,784,489	9,005,602
Severance payable			<u>1,362,246</u>	<u>675,585</u>
Total (undiscounted) financial liabilities			<u>9,146,735</u>	<u>9,681,187</u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

23. PRIOR PERIOD ADJUSTMENT

Opening balances of the Statement of Financial Position of the Board as of January 1, 2016 were restated to correctly account for the overstatement of both property, plant and equipment and current trade and other receivables in an associate – Belize Telemedia Limited during the period 2011 to 2014. The net effect of the prior period adjustments was to restate the corresponding 2015 opening balance of the Investment in Associates line item in the Statement of Financial Position from \$171,652,371 as was previously stated to \$162,696,772. The Short term benefits branch, Long term benefits branch, Employment injury benefits branch and Disablement and Death benefits reserve were decreased by \$169,521, \$6,755,940, \$1,662,332 and \$367,806 respectively, over what was previously reported.

24. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

Social Security Board's capital management objectives are:

- to ensure its ability to continue as a going concern
- to obtain an adequate return on investments to maintain healthy reserves
- to meet its commitments to all insured persons

by managing and investing prudently the contribution received from employers and employees. This is balanced with the risk appetite of SSB.

Social Security Board monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

SSB's goal in capital management is to maintain a capital-to-overall financing ratio of 1:1 to 1:2.

Management assesses SSB's capital requirements in order to maintain an efficient overall financing structure. To date SSB has not had the need to obtain loans from other institutions (debt). SSB manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, SSB may adjust by selling assets or cashing in investments.

The amounts managed as capital by SSB for the reporting periods under review are summarized as follows:

	<u>2016</u>	<u>2015</u>
Total equity	\$512,761,611	\$491,611,255
Cash and cash equivalents - unrestricted	<u>(29,345,288)</u>	<u>(18,343,369)</u>
Capital	<u>\$483,416,323</u>	<u>\$473,267,886</u>
Total equity	\$512,761,611	\$491,611,255
Borrowings (debt)	<u>-</u>	<u>-</u>
Overall Financing	<u>\$512,761,611</u>	<u>\$491,611,255</u>
Capital-to-overall financing ratio	<u>0.94</u>	<u>0.96</u>

Social Security Board has adequate capital ratios and continues to monitor its benefit reserves.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

25. SEGMENT REPORTING

In accordance with IFRS 8 and for management purposes, the Board's activities are organized into three main operating segments prescribed in the Social Security Act, Chapter 44, Revised Edition 2003. These are as follows:

- a) *Short Term Benefits Branch:* Covers
 - **Maternity Benefits** which are paid to insured women who are on Maternity leave from work because of their pregnancy and confinement.
 - **Sickness Benefit** is paid for up to 26 weeks to an insured person under 65 years who is temporarily unable to work because of an illness and who is employed when he or she becomes ill.
- b) *Long-term Benefits Branch:* Covers
 - **Retirement Benefits** paid to insured persons who are 65 years of age (and older) or 60 to 64 and not employed.
 - **Invalidity Benefits** paid to insured persons under 60 years who are medically certified by Social Security Medical Board as permanently unable to do any type of work because of an illness.
 - **Survivors' Benefits** paid to the widow/widower, children or parents of a deceased insured person whose death was not caused by a work-related injury.
- c) *Employment Injury Benefits Branch:* This branch of benefits provides coverage for an insured person who suffers an employment injury, that is a personal injury or death by way of an accident at work or a disease caused by the type of work he or she does.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the financial statements. The result of operations for each Branch is disclosed in pages 45 to 49. Revenues and expenses are allocated based on formula prescribed by law (See note 2r and 2w).

26. COMMITMENTS AND CONTINGENCIES

i. Mortgage Securitization – Tranche A

On April 21, 1999, the Board entered into an agreement for the Assignment of Mortgages (Tranche A). The Board, the Development Finance Corporation (DFC), and the Government of Belize (GOB) signed the agreement with the Royal Merchant Bank and Finance Company of Trinidad and Tobago (RMB). Under the agreement, the Board assigned a total of \$18,906,359 worth of mortgages. The Board's commitment under this agreement is for \$293,640 monthly.

In October 2004, GOB, through a Fixed Rate Non-Callable Bond Issue refinanced the existing agreement with RMB. The Board did not participate in the refinancing agreement, however, under the new arrangement the Board is committed to continue making monthly payments of \$293,640 to GOB. The Board's responsibility under the new agreement expired on April 30, 2013. Commitments to GOB is expected to be settled in 2017.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

26. COMMITMENTS AND CONTINGENCIES (Continued)

Mortgage Securitization – Tranche B

On December 23, 1999, a second Assignment of Mortgages (Tranche B) agreement was signed between the Board, DFC and RMB. The total value of mortgages assigned by the Board in this transaction is \$15,473,754. The Board's commitment under this agreement is for \$175,200 monthly payable to DFC, for further payment to RMB, and shall remain in force until December 30, 2013.

In October 2004, GOB, through a Fixed Rate Non-Callable Bond Issue refinanced the existing agreement with RMB. The Board did not participate in the refinancing agreement, however, under the new arrangement the Board is committed to continue making monthly payments of \$175,200 to GOB. The Board's responsibility under the new agreement expired on December 30, 2013. Commitments to GOB is expected to be settled in 2017.

Mortgage Securitization – Tranche C and D

On March 21, 2000 and August 30, 2000, a third (Tranche C) and fourth (Tranche D) agreement was signed between the Board, DFC and RMB. Under these two agreements, the mortgages assigned by the Board came from the Saint James National Building Society (SJNBS), and totaled \$27,731,240. Under these agreements, the SJNBS pays the Board a total of \$1,221,720 on a quarterly basis. The Board then pays that amount to DFC for further payment to RMB. As signatory to these agreements the Board is responsible to ensure collections from SJNBS, this responsibility remained in force until March 21, 2009 for Tranche C, and August 30, 2010 for Tranche D. Under a default scenario the Board is responsible to effect payment to DFC. Commitments to GOB is expected to be settled in 2017.

ii. Claims

The Government of Belize gave notice of its acquisition of Belize Telemedia Limited (BTL) by order of the Belize Telecommunications (Assumption of Control Over Belize Telemedia Limited) Amendment Order, 2009, Statutory Instrument No. 130 of 2009. Subsequently, in a notice dated December 7, 2009, and Gazetted on December 12, 2009, the Government required all those who may have claims to compensation to submit their claims to the Financial Secretary. The Notice of Acquisition specifically included the shares of BTL held by Sunshine Holdings, as well as the outstanding shares of Sunshine Holdings itself.

As a consequence of the acquisition of Sunshine Holdings, and by letter dated October 13, 2009, the Social Security Board filed a claim with the Financial Secretary, Ministry of Finance, indicating that "Pursuant to Belize Gazette Notice 529, dated August 27, 2009, the Social Security Board (SSB) hereby makes a claim for payment of the sums evidence as to SSB by a Loan Note between Sunshine Holdings Ltd. and SSB dated September 19, 2005."

The Company has defaulted on principal and an interest payment, the first interest payment date was October 31, 2010. However, principal and interest accrued to date has been guaranteed by the Government of Belize.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

26. COMMITMENTS AND CONTINGENCIES (Continued)

i. Litigations

Pending proceedings before the Court of Appeal

Supreme Court Claim No. 341 of 2001 Social Security Board vs. Sunshine Holdings Ltd

This is a claim for breach of contract. By a written loan note dated September 19, 2005 the SSB extended an unsecured credit facility of \$14,000,000.00 to Sunshine Holdings Ltd. Sunshine Holdings Ltd. has defaulted in the loan note by failing to pay interest as agreed and the SSB commenced a claim dated May 30, 2011 for the full loan balance of \$15,221,766.27 (which it is entitled to do under the terms of the loan note). This figure includes interest and costs. The SSB obtained judgment on admission dated June 9, 2011 and is proceeding to enforce the judgment.

Sunshine Holdings Ltd. owned shares in Belize Telemedia Limited. All shares in Sunshine Holdings Ltd. and all shares that Sunshine Holdings Ltd. owned in Belize Telemedia Limited were acquired by the Government of Belize pursuant to the Belize Telecommunications (Assumption of Control Over Belize Telemedia Limited) Order, Statutory Instrument No. 104 of 2009. The SSB sought to enforce the judgement obtained against Sunshine Holdings Ltd. against the proceeds to be paid to Sunshine Holdings Ltd as compensation for the acquisition of their share in Belize Telemedia Limited. However, pursuant to the Settlement Agreement dated September 11, 2015 between the Government of Belize and Dunkeld International Investment Ltd and the Trustees of the BTL Employees Trust, the Government acknowledges the outstanding balance on the loan owed to SSB and the liability for the loans. Government confirms that Sunshine Holdings Limited is and will continue to be wholly owned by Government in which case the liability for the payment of the Loan balance now becomes that of Government. However, it is expected that the outstanding balance will be drawn from the trust restricted amount to be determined by the Arbitration Tribunal. All other outstanding sums including interest is being paid by the Government.

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES – SHORT TERM BENEFITS BRANCH YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	<u>2016</u>	<u>2015</u>
INCOME		
Contributions:		
Employers and employed persons	<u>\$15,417,649</u>	<u>\$14,895,075</u>
Total contributions	<u>15,417,649</u>	<u>14,895,075</u>
Other income:		
Net investment income	<u>901,265</u>	<u>951,368</u>
Others	<u>204,933</u>	<u>360,964</u>
Total other income	<u>1,106,198</u>	<u>1,312,332</u>
TOTAL INCOME	<u>16,523,847</u>	<u>16,207,407</u>
EXPENDITURES		
Benefits:		
Maternity	<u>3,268,705</u>	<u>3,516,484</u>
Sickness	<u>8,619,821</u>	<u>8,674,700</u>
Maternity grants	<u>954,563</u>	<u>1,004,297</u>
Total benefits	<u>12,843,089</u>	<u>13,195,481</u>
Operating expenses:		
Administration	<u>3,692,984</u>	<u>3,784,004</u>
Establishment	<u>357,021</u>	<u>354,644</u>
Financial	<u>44,574</u>	<u>45,695</u>
Total operating expenses	<u>4,094,579</u>	<u>4,184,344</u>
TOTAL EXPENDITURE	<u>16,937,668</u>	<u>17,379,825</u>
EXCESS OF EXPENDITURES OVER INCOME	<u>\$ (413,821)</u>	<u>\$ (1,172,419)</u>

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES – LONG TERM BENEFITS BRANCH YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	<u>2016</u>	<u>2015</u>
INCOME		
Contributions:		
Employers and employed persons	\$45,051,573	\$43,524,569
Total contributions	45,051,573	43,524,569
Other income:		
Net investment income	18,379,753	17,774,320
Others	204,933	360,964
Total other income	18,584,686	18,135,284
TOTAL INCOME	<u>63,636,259</u>	<u>61,659,853</u>
EXPENDITURES		
Benefits:		
Retirement	31,085,207	26,607,593
Invalidity	3,448,671	3,509,176
Survivors	6,781,936	5,597,329
Funeral	1,261,720	1,218,468
Non-contributory pension	<u>2,504,903</u>	<u>2,754,239</u>
Total benefits	45,082,437	39,686,805
Operating expenses:		
Administration	11,778,301	11,209,182
Establishment	357,022	354,644
Financial	<u>44,573</u>	<u>45,695</u>
Total operating expenses	12,179,896	11,609,521
TOTAL EXPENDITURES	<u>57,262,333</u>	<u>51,296,326</u>
EXCESS OF INCOME OVER EXPENDITURES	<u>\$ 6,373,926</u>	<u>\$10,363,527</u>

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES – EMPLOYMENT INJURY BENEFITS BRANCH YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	<u>2016</u>	<u>2015</u>
INCOME		
Contributions:		
Employers and employed persons	<u>\$19,622,463</u>	<u>\$18,957,368</u>
Total contributions	<u>19,622,463</u>	<u>18,957,368</u>
Other income:		
Net investment income	<u>6,059,834</u>	<u>5,201,087</u>
Others	<u>204,933</u>	<u>360,964</u>
Total other income	<u>6,264,767</u>	<u>5,562,051</u>
TOTAL INCOME	<u>25,887,230</u>	<u>24,519,419</u>
EXPENDITURES		
Benefits:		
Disablement grants	<u>551,055</u>	<u>496,042</u>
APV disablement benefits	<u>665,902</u>	<u>722,083</u>
APV death benefits	<u>25,139</u>	<u>543,257</u>
Employment injury	<u>2,569,830</u>	<u>2,517,866</u>
Funeral grants	<u>1,500</u>	<u>4,500</u>
Total benefits	<u>3,813,426</u>	<u>4,283,748</u>
Operating expenses:		
Administration	<u>3,062,495</u>	<u>3,130,748</u>
Establishment	<u>357,023</u>	<u>354,645</u>
Financial	<u>44,573</u>	<u>45,696</u>
Total operating expenses	<u>3,464,091</u>	<u>3,531,088</u>
TOTAL EXPENDITURES	<u>7,277,517</u>	<u>7,619,297</u>
EXCESS OF INCOME OVER EXPENDITURES	<u>\$18,609,713</u>	<u>\$16,704,581</u>

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES – DISABLEMENT AND DEATH BENEFITS RESERVES YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	<u>2016</u>	<u>2015</u>
INCOME		
Contributions:		
APV disablement benefits	\$ 665,902	\$ 722,083
APV death benefits	<u>25,139</u>	<u>543,257</u>
Total contributions	691,041	1,265,340
Net investment income	<u>867,671</u>	<u>865,197</u>
TOTAL INCOME	<u>1,558,712</u>	<u>2,130,537</u>
EXPENDITURES		
Benefits:		
Disablement pension	1,442,445	1,356,724
Death benefits	<u>664,099</u>	<u>732,647</u>
TOTAL EXPENDITURES	<u>2,106,544</u>	<u>2,089,371</u>
EXCESS OF INCOME OVER EXPENDITURES (EXPENDITURES OVER INCOME)	\$ <u>(547,832)</u>	\$ <u>41,166</u>

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES – NATIONAL HEALTH INSURANCE FUND YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	<u>2016</u>	<u>2015</u>
INCOME		
Contributions:		
Government of Belize	<u>\$17,000,004</u>	<u>\$17,025,004</u>
Total contributions	<u>17,000,004</u>	<u>17,025,004</u>
 EXPENDITURES		
Benefits:		
National health insurance benefits	<u>16,141,065</u>	<u>17,936,941</u>
Total benefits	<u>16,141,065</u>	<u>17,936,941</u>
 Operating expenses:		
Administration	744,554	729,597
Establishment	42,190	27,014
Financial	<u>653</u>	<u>816</u>
Total operating expenses	<u>787,397</u>	<u>757,427</u>
 TOTAL EXPENDITURES	<u>16,928,462</u>	<u>18,694,368</u>
 EXCESS OF (EXPENDITURES OVER INCOME) INCOME OVER EXPENDITURES	<u>\$ 71,542</u>	<u>\$ (1,669,364)</u>

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS

YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

SHORT TERM INVESTMENTS	<u>2016</u>	<u>2015</u>
<u>Term deposits</u>		
Heritage Bank Limited:		
2% Maturing December 04, 2016	\$ -	\$ 2,832,643
2% Maturing December 05, 2016	-	4,949,936
2% Maturing December 09, 2016	-	2,605,732
2% Maturing December 18, 2016	-	4,759,239
3.5% Maturing March 13, 2016	-	2,362,719
3.5% Maturing March 13, 2016	-	4,105,078
2% Maturing July 14, 2016	-	1,359,794
2% Maturing July 14, 2016	-	1,719,774
2% Maturing July 15, 2016	-	1,000,000
2% Maturing July 24, 2016	-	3,066,342
2% Maturing August 02, 2016	-	1,607,620
2% Maturing August 06, 2016	-	2,008,477
2% Maturing August 23, 2016	-	3,186,085
2% Maturing September 27, 2016	-	2,000,000
2% Maturing December 04, 2017	2,889,296	-
2% Maturing December 05, 2017	5,048,935	-
2% Maturing December 09, 2017	2,657,846	-
2% Maturing December 18, 2017	4,854,424	-
2% Maturing July 15, 2017	1,000,000	-
2% Maturing July 24, 2017	3,127,669	-
2% Maturing August 02, 2017	1,639,772	-
2% Maturing August 06, 2017	2,048,647	-
2% Maturing August 23, 2017	3,249,807	-
2% Maturing September 27, 2017	2,040,000	-
Belize Bank Limited		
2% Maturing April 01, 2016	-	2,146,220
2% Maturing July 05, 2016	-	2,732,098
2% Maturing August 17, 2016	-	1,331,605
2% Maturing January 15, 2016	-	1,822,977
2% Maturing January 20, 2016	-	1,822,622
2% Maturing March 02, 2016	-	2,630,540
2% Maturing March 11, 2016	-	2,654,040
2% Maturing March 16, 2016	-	3,016,776
2% Maturing March 16, 2016	-	1,206,710
2% Maturing March 25, 2016	-	1,667,757
3.56% Maturing September 30, 2016	-	5,793,158
3.56% Maturing October 21, 2016	-	2,489,393
3.56% Maturing November 3, 2016	-	5,121,111

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED)

YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

<u>Term deposits (Continued)</u>	<u>2016</u>	<u>2015</u>
Atlantic Bank Limited		
3.85% Maturing February 18, 2016	\$ -	\$ 2,402,918
3.85% Maturing February 25, 2016	-	3,277,749
3.85% Maturing February 25, 2016	-	1,372,926
3.85% Maturing March 25, 2016	-	2,504,171
3.85% Maturing March 27, 2016	-	4,452,392
3.85% Maturing March 28, 2016	-	4,807,710
3.85% Maturing June 24, 2016	-	1,180,700
3.85% Maturing October 14, 2016	-	1,628,723
3.85% Maturing October 26, 2016	-	5,000,000
3.85% Maturing October 30, 2016	-	2,194,513
4.35% Maturing November 1, 2016.	-	1,500,000
4.35% Maturing November 1, 2016.	-	1,500,000
4.35% Maturing November 10, 2016.	-	3,345,505
4.35% Maturing November 10, 2016.	-	3,345,505
3.5% Maturing February 20, 2017	2,402,918	-
3.5% Maturing February 27, 2017	3,277,749	-
3.5% Maturing February 27, 2017	1,372,926	-
3.5% Maturing March 23, 2017	2,504,171	-
3.5% Maturing March 28, 2017	4,452,392	-
3.5% Maturing March 28, 2017	4,807,710	-
3.5% Maturing June 26, 2017	1,180,700	-
3.85% Maturing October 14, 2017	1,628,723	-
3.5% Maturing November 2, 2017	1,500,000	-
3.5% Maturing November 2, 2017	1,500,000	-
3.85% Maturing December 12, 2017	518,624	-
National Bank of Belize		
2.25% Maturing June 24, 2017	2,500,000	-
St. John's Credit Union Ltd.		
3.25% Maturing April 24, 2016	-	3,228,918
3.25% Maturing December 05, 2016	-	1,236,886
3.25% Maturing December 19, 2016	-	1,266,977
2% Maturing April 24, 2017	3,333,858	-
2% Maturing December 06, 2017	1,277,085	-
3.25% Maturing December 20, 2017	1,308,153	-
2% Maturing March 27, 2017	2,147,600	-
Total Term Deposits	64,269,005	116,762,662

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED)

YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	<u>2016</u>	<u>2015</u>
<u>Treasury notes</u>		
Government of Belize		
3.25% maturing October 12, 2017	\$ 1,000,000	\$ -
3.00% maturing September 14, 2017	7,850,000	-
3.25% maturing September 14, 2017	4,000,000	-
3.25% maturing December 31, 2017	3,150,000	-
7.5% maturing July 31, 2016	-	9,500,000
3.25% maturing December 10, 2017	-	1,000,000
Total Treasury Notes	16,000,000	10,500,000
TOTAL SHORT TERM INVESTMENTS	\$ 80,269,005	\$127,262,662
INVESTMENT IN ASSOCIATES		
Belize Electricity Limited		
18,580,028 ordinary shares, BZ\$ 2 par value	\$ 95,672,867	\$ 95,672,867
Belize Telemedia Limited		
10,000,000 ordinary shares, BZ\$ 1 par value	59,542,943	58,304,520
	\$155,215,810	\$153,977,387
LONG TERM INVESTMENTS		
<u>Municipal bonds</u>		
Belize City Council		
5 years bond @ 5.5%	\$ 319,800	\$ 319,800
10 years bond @8%	2,882,200	2,882,200
5 years bond @ 5.5%	1,000,000	1,000,000
10 years bond @8%	1,000,000	1,000,000
5 years bond @8%	1,000,000	1,000,000
10 years bond @8%	1,600,000	1,600,000
	7,802,000	7,802,000
<u>Debentures</u>		
Belize Electricity Limited		
7% debentures maturing December 31, 2024	5,500,000	5,500,000
6.5% debentures maturing December 31, 2030	700,000	700,000
	6,200,000	6,200,000
<u>Treasury notes</u>		
Government of Belize		
4.00% maturing January 1, 2021	9,500,000	-

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED)

YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	<u>2016</u>	<u>2015</u>
MORTGAGES AND HOUSING		
Housing/RECONDEV Mortgages		
10 to 20 years mortgages @ 8.5% interest	\$ 461,961	\$ 488,654
RECONDEV		
30 years loan @ 8% interest	355,972	395,655
Civil Service Credit Union Limited		
15 years loan @ 7.5% interest	1,281,751	1,261,939
BNBS Assigned Mortgages		
20 years loans @ 8.5% interest	814,357	872,202
Housing Mortgages – BNBS		
District and Secondary, 10 – 20 years loans @ 8.5% interest	261,465	282,712
Vista Del Mar Project		
Secondary mortgages, 20 years @ 8.5%	246,881	347,628
P.S.U. Housing Scheme		
Middle income, 20 years loans @ 8.5%	700,295	829,514
Housing, 20 years loans @ 8.5%	54,217	58,538
St. James National Building Society Ltd.		
Assigned mortgages, 5 – 20 years loan @ 8.5% interest	442,044	541,222
Staff Housing And Other Mortgage Loans		
10 – 20 years @ 8% interest	2,364,265	2,685,967
Previous Staff Housing Loans		
10 – 20 years @ 8% interest	907,015	992,909
Vista Del Mar - Other		
	97,457	103,191
	7,987,680	8,860,131
Less: provisions for loss on investment	(1,101,256)	(1,807,009)
	<u>6,886,424</u>	<u>7,053,122</u>

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED)

YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	<u>2016</u>	<u>2015</u>
PRIVATE SECTOR LOANS		
Development Finance Corporation		
12 months loan @ 3.5% interest	\$ 2,000,000	\$ -
6 years loan @ 7% interest	651,590	840,338
7.5 years loan @ 6% interest	833,333	1,666,667
14 years loan @ 5.5% interest	20,000,000	18,500,000
Belize Airport Authority		
16 years loan @ 6% interest	16,470,927	10,050,342
Sunshine Holdings Limited		
15 years loan @ 8.5% interest	14,133,562	14,133,562
Belize Water Services Limited		
21 years loan @ 6% interest	27,464,342	25,633,344
Belize Elementary School		
14 years loan @ 7% interest	467,127	498,620
Urbina Brothers		
5 ½ years loan @ 12% interest	-	29,428
Banana Growers Association		
10 years loan @ 6.5% interest	4,838,491	4,438,764
Citrus Company of Belize Limited		
7 years loan @ 7.5% interest	10,515,126	12,410,399
CGA - Citrus Growers Association		
5 years loan @ 5%	3,997,553	5,013,547
Marie Sharp Fine Foods		
10 years loan @ 7.5% interest	3,186,568	3,426,383
Royal Mayan Shrimp Farm		
8 years loan @ 7.5% interest	5,261,426	4,417,938
Border Management Agency		
12 years loan @ 7.5% interest	5,985,311	5,295,238

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED)

YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	<u>2016</u>	<u>2015</u>
PRIVATE SECTOR LOANS (Continued)		
Stann Creek- Ecumenical High School		
11 years loan @ 6%	\$ 443,528	\$ 487,570
Belmopan Comprehensive School		
4 years loan @ 6%	90,021	203,904
Independence High School		
5 years loan @ 6%	192,974	294,651
Mountain View Farms Ltd.		
7 years loan @ 6.5% interest	1,761,084	1,825,303
Hot Mama's Belize Ltd.		
7 years loan @ 7.5% interest	581,601	500,000
Diverse Development Limited		
1 Year Revolving loan @7.5% interest	221,341	221,341
Meridian Enterprise Ltd.		
1 Year Revolving loan @7.5% interest	30,525	30,525
Caribbean Homes & Export Limited		
6 years loan @ 7% interest	4,040,462	3,066,150
Belize City Council		
3 years loan @ 6% interest	245,540	-
Karl Heusner Memorial Hospital Authority		
2.5 years loan @ 6.00%	-	187,671
	<u>123,412,432</u>	<u>113,171,685</u>
Less: Provision for loss on investments	<u>(3,116,244)</u>	<u>(2,931,155)</u>
	<u>120,296,189</u>	<u>110,240,530</u>

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED)

YEARS ENDED DECEMBER 31, 2016 AND 2015 (IN BELIZE DOLLARS)

	<u>2016</u>	<u>2015</u>
SHARES		
Belize Water Services Limited		
4,000,000 shares, BZ\$1.50 par value	\$ 6,000,000	6,000,000
Atlantic Bank Limited		
786 shares, BZ\$165 par value	129,690	129,690
1,541 shares, BZ\$100 par value	151,400	151,400
	<u>281,090</u>	<u>281,090</u>
Citrus Products of Belize Limited		
7,947,175 shares, BZ\$1.16 par value	9,218,723	9,218,723
	<u>15,499,813</u>	<u>15,499,813</u>
TERM DEPOSITS		
Belize Bank Limited		
2.5% Maturing March 30, 2018	2,189,145	-
2.15% Maturing July 05, 2018	2,786,740	-
2.15% Maturing August 15, 2018	1,358,237	-
2.5% Maturing January 2, 2018	1,859,437	-
2.5% Maturing January 8, 2018	1,859,074	-
2.5% Maturing February 19, 2018	2,683,151	-
2.5% Maturing February 27, 2018	2,707,121	-
2.5% Maturing July 30, 2018	3,077,111	-
2% Maturing March 5, 2018	1,230,845	-
2.5% Maturing April 18, 2018	1,701,478	-
2.15% Maturing September 30, 2018	6,205,630	-
2.15% Maturing October 21, 2018	2,666,637	-
2.15% Maturing November 1, 2018	5,484,735	-
	<u>35,809,341</u>	
St. John's Credit Union Ltd.		
3.25% Maturing March 27, 2017	-	2,080,000
TOTAL LONG TERM INVESTMENT	<u>\$201,993,766</u>	<u>\$148,875,463</u>
