

THIRD QUARTER

INTERIM REPORT

2 0 2 4

MANAGING DIRECTOR'S REVIEW

Fall officially arrived this year on September 22, with the usual parade of Halloween advertisements on TV and images of green forests turning gold and orange thanks to falling temperatures.

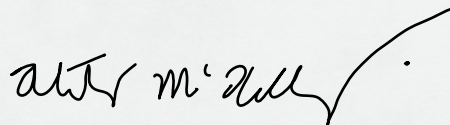
I'm also happy to report on our financial performance for the quarter continues to be steady as we count down the remaining days of hurricane season and pray for no late-season surprises.

Consolidated net income rose by 34% compared to last year (\$6.1M to \$8.1M) encouraged by results from our Underwriting segment, which saw a 24% jump in Insurance revenue (from \$51.5M to \$64.M) compared to a more modest 19.7% rise in Net expense from reinsurance contracts held (from \$42.2M to \$50.5M). Overall earnings per share gained 26% (from \$0.73 to \$0.92). However, total expenses also increased 18.1% (from \$62.6M to \$73.9M), with a 31% increase in Insurance service expense from \$7.1M to \$9.4M.

Our Agency segment, in the meantime, posted a 17.7% increase in Net income (from \$6M to \$7M) for the period, with Interest income more than doubling since last year via short term investments.

As usual, I want to thank our Board, shareholders and staff. Your support and ongoing effort encourage us to make our slogan—Peace of Mind—a reality for our customers every day.

And what could be better than that on these brisk Fall days here in the tropics?



Alister I. McKellar, FCII
Managing Director



J.S. JOHNSON
PEACE OF MIND
INSURANCE AGENTS & BROKERS

PEACE OF MIND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2024 (amounts expressed in Bahamian dollars)

	September 2024	December 2023
ASSETS		
Cash and bank balances	\$ 35,862,701	25,794,251
Term deposits	12,319,400	12,145,433
Accounts receivable	30,737,104	13,251,654
Due from insurance carriers	32,960	516,626
Investments in securities		
- fair value through profit or loss	14,597,420	11,371,383
- Amortized costs	20,272,000	20,120,592
Prepayments and other assets	696,147	448,795
Reinsurance Contract Assets	36,190,755	29,754,343
Right of use asset	580,276	726,823
Investment properties	536,916	536,916
Property, plant and equipment	7,788,974	7,614,604
Total assets	\$ 159,614,652	122,281,418
LIABILITIES		
Insurance Contract Liabilities:		
Liability for Remaining Coverage	\$ 56,848,642	46,569,577
Liability for Claims Incurred	7,875,199	4,189,469
	<u>64,723,841</u>	<u>50,759,046</u>
Other liabilities:		
Due to related parties	-	709,037
Accounts payable	30,328,800	8,756,756
Lease Liability	570,065	727,587
Accrued expenses and other liabilities	4,835,985	3,916,093
Total liabilities	100,458,691	64,868,519
EQUITY		
Share capital		
Authorized ordinary shares - 40,000,000 of \$0.01 each	\$ 400,000	400,000
Unissued ordinary shares - 32,000,000 of \$0.01 each	(320,000)	(320,000)
Issued and fully paid ordinary shares-8,000,000 of \$0.01 each	80,000	80,000
Retained earnings	38,148,004	35,862,047
Interest in own shares	(84,600)	(84,600)
	<u>38,143,404</u>	<u>35,857,447</u>
Non-controlling interest	21,012,557	21,555,452
Total equity	59,155,961	57,412,899
Total liabilities and equity	\$ 159,614,652	122,281,418

(unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months to September 30, 2024 *(amounts expressed in Bahamian dollars)*

	September 2024	September 2023
INCOME		
Insurance Revenue	\$ 64,015,316	51,542,210
Net revenue from contracts with customers	16,137,948	15,579,918
Reinsurance Finance Income	1,691,586	1,280,791
Change in net unrealised gain on investments in securities	226,036	268,823
Total income	\$ 82,070,885	68,671,742
EXPENSES		
Net expense from Reinsurance contracts held	\$ 50,539,505	42,224,524
Salaries and employees benefits	9,375,051	8,864,765
Insurance service expense	9,350,690	7,128,914
Depreciation and amortization	541,336	519,103
Other operating expenses	4,125,727	3,869,429
Total expenses	\$ 73,932,310	62,606,735
Net income	\$ 8,138,575	6,065,007
Total comprehensive income	\$ 8,138,575	6,065,007
Equity holders of the Company	\$ 7,318,398	5,855,729
Non-controlling interests	820,177	209,278
	\$ 8,138,575	6,065,007
Earnings per share for the profit attributable to the equity holders of the Company	\$ 0.92	0.73

(unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months to September 30, 2024 (amounts expressed in Bahamian dollars)

	Share Capital	Retained Earnings	Interest in own Shares	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
Balance at December 31, 2022	80,000	32,917,812	(84,600)	32,913,212	20,167,075	53,080,287
Total comprehensive income for the year:						
Net income	-	5,855,729	-	5,855,729	209,278	6,065,007
Unrealised gain on available for sale securities	-	-	-	-	-	-
Distributions to owners:						
Dividends	-	(4,075,410)	-	(4,075,410)	(751,585)	(4,826,995)
Balance at September 30, 2023	80,000	34,698,131	(84,600)	34,693,531	19,624,768	54,318,299
Balance at December 31, 2023	80,000	35,862,047	(84,600)	35,857,447	21,555,452	57,412,899
Total comprehensive income for the year:						
Net income	-	7,318,398	-	7,318,398	820,177	8,138,575
Unrealised loss on available for sale securities	-	-	-	-	-	-
Distributions to owners:						
Dividends	-	(5,032,440)	-	(5,032,440)	(1,363,076)	(6,395,516)
Balance at September 30, 2024	80,000	38,148,004	(84,600)	38,143,404	21,012,557	59,155,961

(unaudited)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months to September 30, 2024 (amounts expressed in Bahamian dollars)

	September 2024	September 2023
Cash flows from operating activities:		
Net income for the period	8,138,575	6,065,007
Adjustments for:		
Unearned premium reserve	(5,863,200)	(5,976,270)
Depreciation and amortization	541,336	519,103
Change in net unrealized losses on investments in securities	226,036	-
Interest income	(800,757)	(644,431)
Dividend income	(345,502)	(329,320)
Bad debts	36,000	36,000
Cash from operations before changes in assets and liabilities	1,932,488	(329,911)
(Increase)/decrease in assets:		
Accounts receivable	(17,521,450)	(15,902,449)
Due from insurance carriers	483,666	(1,912,159)
Prepayments and other assets	(247,352)	(190,699)
Reinsurance contract assets	(6,436,410)	3,390,614
Reinsurance recoveries		
Increase/(decrease) in liabilities:		
Unearned premium reserve	16,142,265	16,777,626
Liability for remaining coverage	3,685,730	448,722
Due to related parties	(709,037)	(492,901)
Accounts payable, accrued expenses and other liabilities	22,491,935	14,117,006
Reinsurance contract liabilities	-	(674,531)
Net cash provided by operating activities	19,821,835	15,231,319
Cash flows from investing activities:		
Net placement of term deposits	29,345	131,723
Purchase of property, plant and equipment	(569,159)	(320,918)
Purchase of investment securities	(3,637,776)	(4,813,246)
Interest received	631,740	460,616
Dividends received	345,502	329,320
Net cash used by investing activities	(3,200,347)	(4,212,505)
Cash flows from financing activities:		
Dividends paid to shareholders	(5,032,440)	(4,075,410)
Principal payment of lease liability	(157,523)	(132,575)
Dividends paid to non-controlling interest	(1,363,076)	(751,585)
Net cash used in financing activities	(6,533,038)	(4,959,570)
Net increase in cash and cash equivalents	10,068,450	6,059,244
Cash and cash equivalents at beginning of period	25,794,251	20,557,403
Cash and cash equivalents at end of period	35,862,701	26,616,648

(unaudited)

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

These consolidated interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year December 31, 2023.

2. SEGMENT INFORMATION

The Group is organized into two business segments; Insurance Agents & Brokers and General Insurance.

The segment results for the period ended September 30, 2024 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Insurance Revenue	-	64,015,316	64,015,316
Net revenue from contracts with customers	\$ 19,465,129	(3,327,181)	16,137,948
Interest income	237,858	562,898	800,756
Change in net unrealized gain on investments in securities	-	226,038	226,038
Dividend income	134,085	309,569	443,654
Other income	-	447,175	447,175
	\$ 19,837,072	62,233,815	82,070,885
Net expense from Reinsurance contracts held	-	50,539,505	50,539,505
Insurance service expense	-	9,350,693	9,350,693
Depreciation and amortization	486,044	55,292	541,336
Other expenses	12,320,865	1,179,912	13,500,777
	\$ 12,806,909	61,125,402	73,932,310
Net income	\$ 7,030,162	1,108,413	8,138,575

The segment results for the period ended September 30, 2023 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Insurance revenue	-	51,542,210	51,542,210
Net revenue from contracts with customers	\$ 17,919,151	(2,339,233)	15,579,918
Interest income	108,558	535,872	644,430
Dividend income	-	268,823	268,823
Change in net unrealized gain on investments in securities	83,443	284,368	367,811
	\$ 18,111,152	50,560,590	68,671,742
Net expense from Reinsurance contracts held	-	42,224,524	42,224,524
Insurance service expense	\$ -	7,128,914	7,128,914
Depreciation and amortization	465,179	53,924	519,103
Other expenses	11,672,768	1,061,426	12,734,194
	\$ 12,137,947	50,468,788	62,606,735
Net income	\$ 5,973,205	91,802	6,065,007

The segment assets and liabilities as at September 30, 2024 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 66,391,045	93,223,607	159,614,652
Total liabilities	48,688,745	51,769,946	100,458,691

The segment assets and liabilities as at September 30, 2023 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 58,330,580	77,861,165	136,191,745
Total liabilities	42,350,551	39,522,895	81,873,446