

SECOND QUARTER

INTERIM REPORT

2 0 2 4

MANAGING DIRECTOR'S REVIEW

It's that time of year again when the Weather Underground tropical storm tracking maps begin to look like strings of multi-coloured pearls stretched out across the Caribbean and southeastern US. We know the drill, but keep our fingers crossed that those paths stay well south or east of our archipelago, especially during peak season.

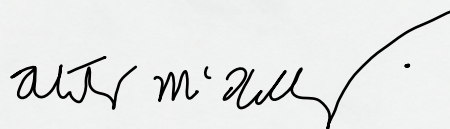
Global developments such as military conflict, shifting diplomatic relations, and newly-forged economic alliances have led some to suggest that a change to our world order is currently underway. In the meantime, the Bahamian economy continues to benefit from a surge in visitors, the opening of a new cruise port, and a resulting increase in the country's Treasury accounts through taxes. According to a recent Central Bank report, VAT alone now accounts for more than 48% of all government revenue.

For the quarter, both segments of our business remained steady, despite challenging market rate increases and supply shortages. Our Agency division posted an 11% increase in net revenue from contracts with customers over last year together with only a moderate increase in other expenses (\$389k, or 5.16%) for an overall gain of 26.28% in net income for the segment over the period.

Our Underwriting division followed suit for the quarter by posting \$1.33M in Net income on the back of an \$8.08M (24%) increase in Insurance revenue. These results, together with continued close monitoring of expenses and accounts receivable, boosted the company's earnings per share to \$0.64 from \$0.48 for the same period last year, a 33% increase.

We don't expect global reinsurers to increase their exposure to our region any time soon—which likely means continued elevated rates—but we're always searching for alternative avenues of capacity, especially for storm coverage. In the meantime, let's hope a hurricane is not one of the visitors we welcome to our shores this season!

Thank you as always to our customers, partners and shareholders. Your support and patronage is the key to our continued success.



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 June 30, 2024 (amounts expressed in Bahamian dollars)

	June 2024	December 2023
ASSETS		
Cash and bank balances	\$ 28,098,848	25,794,251
Term deposits	12,264,315	12,145,433
Accounts receivable	24,418,910	13,251,654
Due from insurance carriers	242,601	516,626
Investments in securities		
- fair value through profit or loss	7,830,655	11,371,383
- Amortized costs	25,348,108	20,120,592
Prepayments and other assets	951,497	448,795
Reinsurance Contract Assets	31,482,790	29,754,343
Right of use asset	629,125	726,823
Investment properties	536,916	536,916
Property, plant and equipment	7,599,532	7,614,604
Total assets	\$ 139,403,297	122,281,418
LIABILITIES		
Insurance Contract Liabilities:		
Liability for Remaining Coverage	\$ 50,095,894	46,569,577
Liability for Claims Incurred	9,211,815	4,189,469
	<u>59,307,709</u>	<u>50,759,046</u>
Other liabilities:		
Due to related parties	-	709,037
Accounts payable	17,356,528	8,756,756
Lease Liability	622,572	727,587
Accrued expenses and other liabilities	3,656,763	3,916,093
Total liabilities	80,943,572	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	37,287,865	35,862,047
Interest in own shares	(84,600)	(84,600)
	<u>37,283,265</u>	<u>35,857,447</u>
Non-controlling interest	21,176,460	21,555,452
Total equity	58,459,725	57,412,899
Total liabilities and equity	\$ 139,403,297	122,281,418

(unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months to June 30, 2024 (amounts expressed in Bahamian dollars)

	June 2024	June 2023
INCOME		
Insurance Revenue	\$ 41,251,017	33,162,913
Net revenue from contracts with customers	11,152,376	10,804,689
Reinsurance Finance Income	962,886	907,626
Change in net unrealised gain on investments in securities	136,048	-
Total income	\$ 53,502,327	44,875,227
EXPENSES		
Net expense from Reinsurance contracts held	\$ 33,168,370	27,377,171
Salaries and employees benefits	6,046,578	5,749,906
Insurance service expense	5,130,895	4,761,841
Depreciation and amortization	345,027	353,453
Change in net unrealised loss on investments in securities	-	54,932
Other operating expenses	2,727,077	2,307,722
Total expenses	\$ 47,417,945	40,605,025
Net income	\$ 6,084,382	4,270,202
Total comprehensive income	\$ 6,084,382	4,270,202
Equity holders of the Company	\$ 5,100,298	3,804,557
Non-controlling interests	984,084	465,645
	\$ 6,084,382	4,270,202
Earnings per share for the profit attributable to the equity holders of the Company	\$ 0.64	0.48

(unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months to June 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	-	3,804,557	-	3,804,557	465,645	4,270,202
Unrealised gain on available for sale securities	-	-	-	-	-	-
Distributions to owners:						
Dividends	-	(2,718,470)	-	(2,718,470)	(751,585)	(3,470,055)
Balance at June 30, 2023	80,000	34,003,899	(84,600)	33,999,299	19,881,135	53,880,434
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	-	5,100,298	-	5,100,298	984,084	6,084,382
Unrealised loss on available for sale securities	-	-	-	-	-	-
Distributions to owners:						
Dividends	-	(3,674,480)	-	(3,674,480)	(1,363,076)	(5,037,556)
Balance at June 30, 2024	80,000	37,287,865	(84,600)	37,283,265	21,176,460	58,459,725

(unaudited)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months to June 30, 2024 (amounts expressed in Bahamian dollars)

	June 2024	June 2023
Cash flows from operating activities:		
Net income for the period	6,084,382	4,270,202
Adjustments for:		
Unearned premium reserve	(4,883,765)	(3,141,377)
Depreciation and amortization	345,027	353,453
Change in net unrealized losses on investments in securities	136,048	-
Interest income	(541,151)	(455,314)
Dividend income	(189,494)	(241,441)
Bad debts	24,000	24,000
Cash from operations before changes in assets and liabilities	975,047	809,523
(Increase)/decrease in assets:		
Accounts receivable	(11,191,256)	(8,242,935)
Due from insurance carriers	274,025	(85,041)
Prepayments and other assets	(502,702)	(1,460,317)
Reinsurance contract assets	(1,728,446)	(114,343)
Reinsurance recoveries		
Increase/(decrease) in liabilities:		
Unearned premium reserve	8,410,082	4,564,872
Liability for remaining coverage	5,022,346	239,319
Due to related parties	(709,037)	(492,901)
Accounts payable, accrued expenses and other liabilities	8,340,440	5,667,117
Reinsurance contract liabilities	-	1,650,868
Net cash provided by operating activities	8,890,499	2,536,162
Cash flows from investing activities:		
Net placement of term deposits	151,182	131,723
(Purchase) of property, plant and equipment	(232,257)	(252,879)
(Purchase)/sale of investments in securities	(1,862,520)	(5,341,877)
Interest received	310,771	257,870
Dividends received	189,494	241,441
Net cash (used)/provided by investing activities	(1,443,330)	(4,963,722)
Cash flows from financing activities:		
Dividends paid to shareholders	(3,674,480)	(2,718,470)
Principal payment of lease liability	(105,015)	(96,201)
Dividends paid to non-controlling interest	(1,363,077)	(751,585)
Net cash used in financing activities	(5,142,572)	(3,566,256)
Net increase in cash and cash equivalents	2,304,597	(5,993,816)
Cash and cash equivalents at beginning of period	25,794,251	20,557,403
Cash and cash equivalents at end of period	28,098,848	14,563,587

(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 June 30, 2024 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Insurance Revenue	-	41,251,017	41,251,017
Net revenue from contracts with customers	\$ 12,743,746	(1,591,370)	11,152,376
Interest income	167,014	374,136	541,150
Change in net unrealized gain on investments in securities	-	136,048	136,048
Dividend income	80,165	165,538	245,703
Other income	-	176,033	176,033
	\$ 12,990,925	40,511,402	53,502,327
Net expense from Reinsurance contracts held	-	33,168,370	33,168,370
Insurance service expense	-	5,130,893	5,130,893
Depreciation and amortization	308,565	36,462	345,027
Other expenses	7,936,850	836,805	8,773,655
	\$ 8,245,415	39,172,530	47,417,945
Net income	\$ 4,745,510	1,383,872	6,084,382

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

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Insurance revenue	-	33,162,913	33,162,913
Net revenue from contracts with customers	\$ 11,471,407	(666,718)	10,804,689
Interest income	100,049	355,265	455,314
Dividend income	52,000	208,467	260,467
Other income	-	191,844	191,844
	\$ 11,623,456	33,251,771	44,875,227
Net expense from Reinsurance contracts held	-	27,377,171	27,377,171
Insurance service expense	\$ -	4,761,840	4,761,840
Depreciation and amortization	317,741	35,712	353,453
Change in net unrealized loss on investments in securities	-	54,932	54,932
Other expenses	7,547,650	509,979	8,057,629
	\$ 7,865,391	32,739,634	40,605,025
Net income	\$ 3,758,065	512,137	4,270,202

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

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 52,745,642	86,657,654	139,403,296
Total liabilities	30,907,946	50,035,625	80,943,572

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

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 42,701,382	77,377,115	120,078,497
Total liabilities	26,628,739	39,569,324	66,198,063