

FOURTH QUARTER

INTERIM REPORT

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MANAGING DIRECTOR'S REVIEW

Winston Churchill once famously said, "I am an optimist. It does not seem too much use being anything else." After two-plus years of Covid-related issues, concerns, and worries, it finally feels like time to be cautiously optimistic again. And our financial results for the fourth quarter of 2021 seem to support the change.

The combination of an easing of Covid restrictions, a quiet hurricane season, and Bahamians just simply wanting to get on with life, led to renewed activity in both our business segments for Q4 2021. Stalled construction projects began to restart in earnest and people seemed to re-establish many of their normal pre-pandemic activities. Both our Underwriting and Agency divisions reflected these developments by registering double-digit gains and boosting total net income by 37% over the previous year.

The nation's tourism industry began to show signs of renewal in the last quarter of 2021 as well. According to Central Bank figures, inbound visitors to our shores shot up from 13,381 in Nov 2020 to 383,706 for the same period in 2021. Another key indicator of our tourism health—total room nights sold—also experienced an uptick in December, posting a more than two-fold increase over the previous year (50,000 to 124,000).

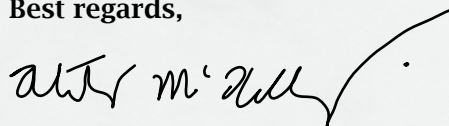
Even outbound traffic from the country to the US increased by 419% (83,115 in 2021 vs 16,009 the previous year) as Bahamians once again ventured from our shores after a long hiatus.

Although we witnessed a 10% increase in other operating expenses from \$4,538,297 to \$4,994,540 due to ongoing Covid measures, this was offset largely by a 33% decrease in claims incurred from \$1,839,199 to \$1,224,823 resulting in a slight decrease in total expenses. This coupled with a 9% increase in total income yielded the increase in profitability.

I again want to thank all of our stakeholders and Board of Directors. Your support and guidance throughout these modern challenges sustains our confidence and bouys our optimism as we continue to provide Peace of Mind to all our customers.

Here's to an even better 2022 for us all.

Best regards,



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 December 31, 2021 *(amounts expressed in Bahamian dollars)*

	December 2021	December 2020
ASSETS		
Cash and bank balances	\$ 19,986,684	32,605,631
Term deposits	10,783,122	7,188,678
Accounts receivable	12,140,440	12,798,548
Due from insurance carriers	1,202	334,715
Investments in securities		
- fair value through profit or loss	9,338,409	8,246,055
-Amortized costs	10,731,219	11,015,510
Prepayments and other assets	735,396	1,102,055
Prepaid reinsurance premiums	23,063,154	21,682,877
Reinsurance recoveries	10,472,692	20,909,905
Right of use assets	191,678	412,798
Investment properties	536,916	787,772
Property, plant and equipment	7,843,126	8,003,843
Total assets	\$ 105,824,038	125,088,387
LIABILITIES		
General insurance funds:		
Unearned premium reserve	\$ 26,733,994	25,314,896
Outstanding claims	11,601,562	21,050,996
	38,335,556	46,365,892
Other liabilities:		
Accounts payable	5,863,777	15,050,985
Due to reinsurers	3,135,102	9,015,906
Lease liability	195,534	419,696
Accrued expenses and other liabilities	4,464,171	4,688,460
Unearned commission reserve	5,586,956	5,431,639
Total liabilities	57,581,096	80,972,578
EQUITY		
Share capital		
Authorized, issued and fully paid:-		
8,000,000 ordinary shares of \$0.01 each	\$ 80,000	80,000
Retained earnings	29,758,679	27,364,731
Interest in own shares	(84,600)	(84,600)
	29,754,079	27,360,131
Non-controlling interest	18,488,863	16,755,678
Total equity	\$ 48,242,942	44,115,809
Total liabilities and equity	105,824,038	125,088,387

(unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months to December 31, 2021 (amounts expressed in Bahamian dollars)

	December 2021	December 2020
INCOME		
Net revenue from contracts with customers	20,892,947	18,499,709
Net premiums earned	4,319,334	4,128,483
Investment income	1,743,311	1,821,580
Change in net unrealized gain on investments in securities	223,254	-
Reversal of provision for tax assessment	-	378,802
Total income	27,178,846	24,828,574
EXPENSES		
Salaries and employees benefits	11,064,873	10,445,903
Net claims incurred	1,224,823	1,839,199
Depreciation and amortization	714,161	745,656
Provision for tax assessment	181,730	146,608
Change in net unrealised loss on investments in securities	-	532,729
Other operating expenses	4,994,540	4,538,297
Total expenses	18,180,127	18,248,392
Net income	8,998,719	6,580,182
Total comprehensive income	8,998,719	6,580,182
Equity holders of the Company	\$ 6,867,228	5,223,126
Non-controlling interests	2,131,491	1,357,056
	8,998,719	6,580,182
Earnings per share for the profit attributable to the equity holders of the Company	\$ 0.86	\$ 0.66

(unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months to December 31, 2021 *(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, 2019	80,000	26,774,645	(84,600)	26,770,045	15,428,622	42,198,667
Total comprehensive income for the year:						
Net income	-	5,223,126	-	5,223,126	1,357,056	6,580,182
Unrealised gain on available for sale securities	-		-	-	-	-
Distributions to owners:						
Dividends	-	(4,633,040)	-	(4,633,040)	(30,000)	(4,663,040)
Balance at December 31, 2020	80,000	27,364,731	(84,600)	27,360,131	16,755,678	44,115,809
Balance at December 31, 2020	80,000	27,364,731	(84,600)	27,360,131	16,755,678	44,115,809
Total comprehensive income for the year:						
Net income	-	6,867,228	-	6,867,228	2,131,491	8,998,719
Unrealised loss on available for sale securities	-	-	-	-	-	-
Distributions to owners:						
Dividends	-	(4,473,280)	-	(4,473,280)	(398,306)	(4,871,586)
Balance at December 31, 2021	80,000	29,758,679	(84,600)	29,754,079	18,488,863	48,242,942

(unaudited)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the twelve months to December 31, 2021 *(amounts expressed in Bahamian dollars)*

	December 2021	December 2020
Cash flows from operating activities:		
Net income for the period	8,998,719	6,580,182
Adjustments for:		
Unearned premium reserve	(418,094)	311,373
Depreciation and amortization	714,161	745,656
Provision for tax assessment	-	146,608
Interest expense	-	14,582
Revaluation for tax assessment		
Change in net unrealized losses on investments in securities	-	532,729
Interest income	(657,862)	(871,849)
Dividend income	(411,696)	(288,649)
Bad debts	48,000	48,000
Cash from operations before changes in assets and liabilities	8,273,228	7,218,632
(Increase)/decrease in assets:		
Accounts receivable	610,108	2,209,080
Due from insurance carriers	333,513	593,438
Prepayments and other assets	366,660	1,008,048
Prepaid reinsurance premiums	(1,380,277)	(327,456)
Reinsurance recoveries	10,437,213	128,667,419
Increase/(decrease) in liabilities:		
Unearned premium reserve	1,837,192	(295,289)
Outstanding claims	(9,449,434)	(125,238,259)
Due to related parties	-	(2,545,350)
Accounts payable, accrued expenses and other liabilities	(9,411,497)	(18,728,549)
Due to reinsurers	(5,880,806)	(31,108,293)
Unearned commission reserve	155,318	(293,849)
Net cash used in operating activities	(4,108,782)	(38,840,428)
Cash flows from investing activities:		
Net placement of term deposits	(3,590,363)	(69,567)
Proceeds from sale of investment property	-	119,596
Purchase of property, plant and equipment	(81,468)	(341,891)
Sale of investments in securities	(809,638)	545,788
Interest received	655,356	834,261
Dividends received	411,696	288,649
Net cash provided by investing activities	(3,414,417)	1,376,836
Cash flows from financing activities:		
Dividends paid to shareholders	(4,473,280)	(4,633,040)
Principal payment of lease liability	(224,162)	(193,531)
Interest payment of lease liability	-	(14,582)
Dividends paid to non-controlling interest	(398,306)	(30,000)
Net cash used in financing activities	(5,095,748)	(4,871,153)
Net decrease in cash and cash equivalents	(12,618,947)	(42,334,745)
Cash and cash equivalents at beginning of period	32,605,631	74,940,376
Cash and cash equivalents at end of period	19,986,684	32,605,631

(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, 2021.

2. SEGMENT INFORMATION

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

The segment results for the period ended December 31, 2021 are as follows:

		AGENTS & BROKERS	UNDERWRITING	TOTAL
Net revenue from contracts with customers	\$	20,730,861	162,086	20,892,947
Net premiums earned		-	4,319,334	4,319,334
Interest income		54,518	603,345	657,863
Dividend income		310,115	333,785	643,900
Other income		(157,084)	598,632	441,548
Change in net unrealized loss on investments in securities		-	223,254	223,254
	\$	20,938,410	6,240,436	27,178,846
Insurance expenses	\$	-	1,224,823	1,224,823
Depreciation and amortization		667,893	46,268	714,161
Provision for tax assessment		-	181,730	181,730
Other expenses		14,776,801	1,282,612	16,059,413
	\$	15,444,694	2,735,433	18,180,127
Net income	\$	5,493,716	3,505,003	8,998,719

The segment results for the period ended December 31, 2020 are as follows:

		AGENTS & BROKERS	UNDERWRITING	TOTAL
Net revenue from contracts with customers	\$	18,560,456	(60,747)	18,499,709
Net premiums earned		-	4,128,483	4,128,483
Interest income		178,587	693,262	871,849
Dividend income		-	288,649	288,649
Other income		121,172	539,910	661,082
Profit on sale of property, plant & equipment		-	378,802	378,802
Revaluation gain on investment properties		-	-	-
	\$	18,860,215	5,968,359	24,828,574
Insurance expenses	\$	-	1,839,199	1,839,199
Depreciation and amortization		696,211	49,445	745,656
Change in net unrealized gain on investments in securities		-	532,729	532,729
Provision for expected credit loss		-	146,608	146,608
Other expenses		13,811,433	1,172,767	14,984,200
	\$	14,507,644	3,740,748	18,248,392
Net income	\$	4,352,571	2,227,611	6,580,182

The segment assets and liabilities as at December 31, 2021 are as follows:

		AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$	37,742,932	68,081,106	105,824,038
Total liabilities		18,952,478	38,628,618	57,581,096

The segment assets and liabilities as at December 31, 2020 are as follows:

		AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$	48,459,221	76,629,166	125,088,387
Total liabilities		31,934,687	49,037,891	80,972,578

(unaudited)