



UNAUDITED FINANCIAL STATEMENTS

**(NINE MONTHS)
30 SEPTEMBER 2021**



UNAUDITED FINANCIAL REPORT TO THE SHAREHOLDERS

The Board of Directors is pleased to present its financial results for Caribbean Assurance Brokers (CAB) for the nine months ended September 30, 2021. CAB reports unaudited net profit of \$78.9 million for the period, an increase of \$159 million from the prior year reflecting the company's commendable performance as consumer activities recover from the downturn caused by the pandemic. Our focus for the remainder of the year is managing our operating expenses while executing our strategic initiatives.

Company Performance

Review of 3rd Quarter

The three months ended September 30, 2021 saw the company earning net profit of \$100.26m or 1108% over the prior period. Total income increased by approximately \$146m or 185% while total expenses increased by \$35m or 41% over the corresponding period.

The 185% increase in revenue was mainly attributable to the International Insurance Division which earned \$131.15m. Employee Benefits Division earned a 20% or \$5m increase and General Insurance Division a 22% or \$2.3m increase over the prior year comparative period. All divisions experienced growth in commission when compared to the prior year comparative period.

There was an increase of \$133,471 (11%) in finance charge when compared to the comparative period. Taxation increased by \$212,716 or 20%, directly attributable to deferred tax charges on additions to property, plant and equipment during the period under review.

Total Assets as at September 30, 2021, amounted to \$1.123 billion compared to \$706.4 million for the corresponding period ended September 30, 2020, reflecting a \$417m or 59% increase. The increase in assets was primarily due to a \$422 million or 146% increase in cash and investments. There was a \$20 million (13%) reduction in receivables 13% over the corresponding period. The reduction in receivables was due to improved collection efforts implemented over the period.

Total Liabilities as at September 30, 2021 were \$712 million, an increase of \$283.5 million or 66% over the 2020 corresponding period; driven mainly by an increase in payables of approximately \$296m or 88% netted off against a reduction in long-term loans of \$22.8m or 28%.

The increase in the company's total equity of \$133.89m was directly related to the increase in profits over the comparative period.

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Raymond H. Walker, B.Sc., CLU, MBA (Chairman & CEO); Tania Waldron-Gooden, MBA, B.Sc. (Deputy CEO), Rion B. Hall, JP, MBA; Janice P. Holness; Norman Minott LLB (Hons), Jennifer Rajpat, B.Sc., ACII, FLMI, AIAA, ACS; Barrington Whyte, B.A., MBA; Carlton Barclay, FCCA, MBA

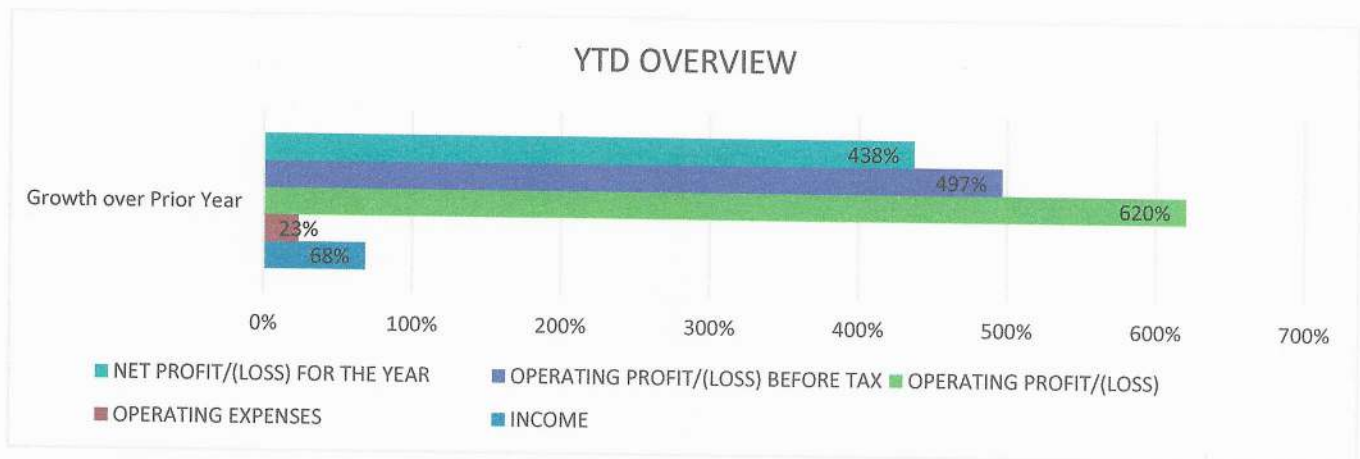
International Insurance | Employee Benefits | General Insurance | Local Individual Insurance



UNAUDITED FINANCIAL REPORT TO THE SHAREHOLDERS CONT'D

Year-to-date Review

For the nine months ended 30 September 2021, Profit Before Tax increased by \$100.6 million when compared to a loss of \$8.9 million over the prior period.



The company earned total income of \$392 million compared to \$233 million in September 2020; an increase of \$159 million (68%). The increase was as a result of an increase of \$130 million in commission income across three of the company's four divisions. The net increases were from the International Insurance Division, General Insurance Division and Employee Benefits Division.

Operating expenses of \$307.7 million for the nine months ended September 2021 was a result of an increase of \$58.4 million or 23% when compared to September 2020 YTD. Areas that contributed to the increases in expenses included staff costs, product development initiatives, repairs and maintenance, registration fees arising from increased license and regulatory fees and depreciation on additions to property, plant and equipment.

Finance charges for the nine months ended September 2021 increased by \$399,245 (10%) which was directly attributable interest on a mortgage denominated in foreign currency.

The Company had a tax charge of \$1.4 million reflecting a \$1.7million reduction over the comparative period.

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International Insurance | Employee Benefits | General Insurance | Local Individual Insurance



UNAUDITED FINANCIAL REPORT TO THE SHAREHOLDERS CONT'D



The total asset of the Company increased to \$1.123 million from \$592 million for 2020-year end; an increase of \$531 million or 89.7%. This increase was mainly attributed to an increase in cash and cash equivalents.

Total Liabilities increased by \$452.8 million or 174% due to an increase in payables which was directly linked to an increase in premiums booked for the 3rd quarter.

The Company's total Equity had increased to \$411 million as at 30 September 2021, from \$332.4 million for 2020-year end; this represents an increase in net profits of \$78.94 million or 23.75%.

Corporate Social Responsibility (CSR)

CAB is committed to engaging in activities that support the communities within which we operate through corporate social responsibility led by our adoption of Reddy's Place of Safety. We have also sponsored several initiatives including the Association of Surgeons in Jamaica's Annual Clinical Conference. A loyalty programme was also designed to reward clients with discounts and savings from over 200 loyalty partners.

We thank our staff for their dedication and wish to thank our customers for their continued support of our business. **We want you to love doing business with us!**

Raymond Walker
 Chairman/Chief Executive Officer

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Caribbean Assurance Brokers Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Nine Months Ended 30-September 2021

| | 3 months to 30/09/2021 \$' | 9 months to 30/09/2021 \$' | 3 months to 30/09/2020 \$' | 9 months to 30/09/2020 \$' | Audited 12 month ended 31/12/2020 \$' |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---|
| INCOME | | | | | |
| Revenue | 205,450,245 | 356,740,180 | 74,055,158 | 213,669,572 | 370,639,035.00 |
| Other Operating Income | 18,949,950 | 35,702,326 | 4,725,593 | 19,266,981 | 26,283,204.00 |
| | 224,400,195 | 392,442,506 | 78,780,751 | 232,936,553 | 396,922,239.00 |
| OPERATING EXPENSES | | | | | |
| Administrative and other expenses | (66,105,937) | (193,017,212) | (55,164,301) | (166,863,656) | (232,816,203.00) |
| Selling expenses | (55,386,750) | (114,705,859) | (31,261,030) | (82,360,778) | (121,233,919.00) |
| | (121,492,687) | (307,723,071) | (86,425,331) | (249,224,434) | (354,050,122.00) |
| OPERATING PROFIT/(LOSS) | 102,907,508 | 84,719,435 | (7,644,580) | (16,287,881) | 42,872,117.00 |
| Finance costs | (1,388,713) | (4,371,669) | (1,255,242) | (3,972,424) | (5,284,490.00) |
| OPERATING PROFIT/(LOSS) BEFORE TAX | 101,518,795 | 80,347,766 | (8,899,822) | (20,260,305) | 37,587,627.00 |
| TAXATION (CHARGE)/CREDIT | (1,256,173) | (1,403,246) | (1,043,448) | (3,130,345) | (6,035,089.00) |
| NET PROFIT/(LOSS) FOR THE YEAR | 100,262,622 | 78,944,520 | (9,943,270) | (23,390,650) | 31,552,538.00 |
| Earnings Per Stock Unit | 0.41 | 0.33 | (0.04) | (0.10) | 0.13 |

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International Insurance | Employee Benefits | General Insurance | Local Individual Insurance



Caribbean Assurance Brokers Limited
 Statement of Financial Position
 As at 30-Sep -2021

| | UNAUDITED | | AUDITED |
|-------------------------------------|-----------------------------|---------------------------|---------------------------|
| | Sep-2021 | Sep-2020 | Dec - 2020 |
| | \$ | \$ | \$ |
| ASSETS | | | |
| NON-CURRENT ASSETS: | | | |
| Property, plant and equipment | 247,388,071 | 239,696,307 | 255,732,243 |
| Deferred tax asset | 10,758,976 | 12,778,226 | 12,162,221 |
| Right of use asset | 16,663,194 | 6,509,725 | 21,517,847 |
| | <u>274,810,241</u> | <u>258,984,258</u> | <u>289,412,311</u> |
| CURRENT ASSETS: | | | |
| Receivables | 134,204,592 | 154,211,193 | 144,085,587 |
| Taxation recoverable | 3,154,742 | 3,985,819 | 2,733,163 |
| Cash and cash equivalents | 711,601,445 | 289,227,116 | 155,791,576 |
| | <u>848,960,779</u> | <u>447,424,128</u> | <u>302,610,326</u> |
| TOTAL ASSETS | <u>1,123,771,020</u> | <u>706,408,386</u> | <u>592,022,637</u> |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES: | | | |
| Long term loans | 58,967,760 | 81,767,102 | 75,198,594 |
| Lease liability | 15,767,035 | 6,296,122 | 15,767,035 |
| | <u>74,734,795</u> | <u>88,063,224</u> | <u>90,965,629</u> |
| CURRENT LIABILITIES: | | | |
| Payables | 634,508,847 | 338,343,665 | 155,580,912 |
| Bank overdraft | - | - | - |
| Short term loan | 1,592,118 | 2,136,469 | - |
| Current portion of long term loan | - | - | 6,881,813 |
| Current portion of lease liability | 1,588,847 | 406,324 | 6,192,391 |
| | <u>637,689,812</u> | <u>340,886,458</u> | <u>168,655,116</u> |
| TOTAL LIABILITIES | <u>712,424,607</u> | <u>428,949,682</u> | <u>259,620,745</u> |
| EQUITY | | | |
| Share capital | 137,589,247 | 137,589,247 | 137,589,247 |
| Accumulated Surplus | 225,332,795 | 91,445,087 | 146,388,275 |
| Capital reserve | 48,424,370 | 48,424,370 | 48,424,370 |
| | <u>411,346,412</u> | <u>277,458,704</u> | <u>332,401,892</u> |
| TOTAL EQUITY | <u>411,346,412</u> | <u>277,458,704</u> | <u>332,401,892</u> |
| TOTAL LIABILITIES AND EQUITY | <u>1,123,771,020</u> | <u>706,408,386</u> | <u>592,022,637</u> |

Approved for issue by the Board of Directors on 4 November 2021 and signed on its behalf by:

Raymond Walker - Chairman & CEO

Barrington White - Director

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Caribbean Assurance Brokers Limited
 Unaudited Statement of Changes in Equity
 As at 30-Sep 2021

| | Share Capital \$' | Capital Reserve \$' | Accumulated Surplus \$' | Total \$' |
|--|----------------------|------------------------|-------------------------------|--------------------|
| Balance at 1 January 2020 | 48,765,008 | 48,424,370 | 114,835,737 | 212,025,115 |
| Transaction with Owners | - | - | - | - |
| Dividend paid | - | - | - | - |
| Total Comprehensive Income | - | - | - | - |
| Net Loss | - | - | (23,390,650) | (23,390,650) |
| Issue of shares, net transaction cost | 88,824,239 | - | - | 88,824,239 |
| Balance at September 30, 2020 | 137,589,247 | 48,424,370 | 91,445,087 | 277,458,704 |
| Balance at January 1, 2021 | 137,589,247 | 48,424,370 | 146,388,275 | 332,401,892 |
| Total comprehensive income for the year | - | - | 78,944,520 | 78,944,520 |
| Net Profit | - | - | - | - |
| Realized gains / (losses) on fair value instruments transferred to retained earnings | - | - | - | - |
| Balance at September 30, 2021 | 137,589,247 | 48,424,370 | 225,332,795 | 411,346,412 |

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International Insurance | Employee Benefits | General Insurance | Local Individual Insurance



Caribbean Assurance Brokers Limited
 Statement of Cash Flow
 As at 30-Sep -2021

| | Unaudited | | Audited |
|--|--------------|--------------|--------------|
| | Sep-2021 | Sep-2020 | Dec - 2020 |
| | \$' | \$' | \$' |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net profit/(loss) | 78,944,520 | (23,390,650) | 31,552,538 |
| Adjustments for: | | | |
| Exchange (gain)/loss on foreign balances | (13,229,934) | (11,983,034) | (9,248,696) |
| Amortization of right of use asset | 4,854,653 | 3,405,406 | 4,487,285 |
| Depreciation | 9,090,403 | 5,000,740 | 8,676,828 |
| (Gain)/ Loss on disposal of property,plant and equipment | (14,998) | 59,230 | 52,386 |
| Interest income | (2,833,315) | (2,342,423) | (3,766,171) |
| Interest expense | 3,647,155 | 3,478,312 | 4,625,319 |
| Interest on right of use asset | 724,514 | 494,113 | 659,171 |
| Taxation expense | 1,403,246 | 3,130,345 | 6,035,089 |
| Operating cash flows before movements in working capital | 82,586,244 | (22,147,961) | 43,073,749 |
| Changes in operating assets and liabilities: | | | |
| (Increase)/decrease in receivables | 12,896,689 | (12,293,304) | (2,406,725) |
| Increase/(decrease) in payables | 487,883,915 | 182,782,144 | 173,418 |
| | 583,366,848 | 148,340,879 | 40,840,442 |
| Taxation paid | (421,580) | (7,192,832) | (8,228,915) |
| Net cash provided by/(Used in) operating activities | 582,945,268 | 141,148,047 | 32,611,527 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest received | 2,833,315 | 2,342,423 | 3,766,171 |
| Proceed from Sale of Fixed Asset | 15,000 | 150,639 | 410,703 |
| Purchase of property,plant and equipment | (746,232) | (10,776,533) | (30,741,777) |
| Net cash (used in)/provided by in investing activities | 2,102,083 | (8,283,471) | (26,564,903) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | | |
| Interest paid on right of use asset | (724,514) | (494,113) | (659,171) |
| Net proceeds from the issue of shares | - | 88,824,239 | 88,824,239 |
| Interest paid | (3,647,155) | (3,478,312) | (4,625,319) |
| Loan proceeds | 5,845,048 | 7,176,714 | 7,176,714 |
| Principal paid on right of use asset | (4,603,544) | (3,552,233) | (4,385,254) |
| Loan repayment | (27,365,577) | (13,082,012) | (14,905,176) |
| Net cash (used in)/provided by financing activities | (30,495,742) | 75,394,283 | 71,426,033 |
| NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS | 554,551,609 | 208,258,859 | 77,472,657 |
| Effect of exchange rate translation on cash and cash equivalents | 1,258,260 | 6,589,996 | 3,940,658 |
| Cash and cash equivalents at beginning of period/year | 155,791,576 | 74,378,261 | 74,378,261 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD/ YEAR | 711,601,445 | 289,227,116 | 155,791,576 |

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International Insurance | Employee Benefits | General Insurance | Local Individual Insurance



Notes to the Unaudited Financial Statements

30 September 2021

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Caribbean Assurance Brokers Limited is a limited liability company incorporated and domiciled in Jamaica and is regulated by the Financial Services Commission of Jamaica. The registered office of the company is 94d Old Hope Road, Kingston 6, St. Andrew, Jamaica.
- (b) The principal activity of the company is to search the insurance marketplace for a company in which to place the insured's business for the lowest cost to the insured.
- (c) The company became listed on the Junior Market of the Jamaica Stock Exchange on 9 March 2020. Consequently, the company is entitled to a remission of taxes for ten (10) years in proportions set out below, provided the shares remain listed for at least 15 years.

| | |
|------------|------|
| Years 1-5 | 100% |
| Years 6-10 | 50% |

2 REPORTING CURRENCY:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency.

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International Insurance | Employee Benefits | General Insurance | Local Individual Insurance



Notes to the Unaudited Financial Statements cont'd

30 September 2021

3 SIGNIFICANT ACCOUNTING POLICIES:

This interim financial report for the reporting period ended 30 September 2021 has been prepared in accordance with Accounting Standard IAS 34 'Interim Financial Reporting'. The accounting policies followed in these interim financial statements are consistent with those of the previous financial year and corresponding interim reporting period.

4 EARNINGS PER STOCK UNIT:

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at end of period.

5 SHARE CAPITAL:

| | <u>2021</u> | <u>2020</u> |
|--|--------------------|--------------------|
| | \$ | \$ |
| Authorised | | |
| Unlimited ordinary shares of no par value (2019-50,000,000) | | |
| Issued and fully paid | | |
| 262,500,000 ordinary shares of no par value (2020 - 262,500,000) (Net of transaction costs) | <u>137,589,247</u> | <u>137,589,247</u> |

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International Insurance | Employee Benefits | General Insurance | Local Individual Insurance



Notes to the Unaudited Financial Statements cont'd
 30 September 2021

6 TOP TEN SHAREHOLDERS:

| | <u>Shares Held</u> | <u>% of Issued Shares</u> |
|------------------------------------|-----------------------|-------------------------------|
| Raymond Walker | 107,100,000.00 | 40.80 |
| Rion Hall & Veviene Hall | 31,668,724.00 | 12.06 |
| C&WJ Co-op Credit Union Limited | 21,680,616.00 | 8.26 |
| Dr. Karen Rajpat | 18,899,952.00 | 7.20 |
| Mayberry Jamaican Equities Limited | 13,639,395.00 | 5.20 |
| Gail Minott | 13,402,600.00 | 5.11 |
| Dr. Paul L. Brown | 12,781,740.00 | 4.87 |
| Errol Duhaney | 6,985,412.00 | 2.66 |
| Sandra Kenny | 2,432,656.00 | 0.93 |
| Everton J. Smith | 2,856,411.00 | 1.09 |
| Total | <u>231,447,506.00</u> | <u>88.18</u> |
| Total Issued shares | <u>262,500,000.00</u> | <u>100.00</u> |

7 DIRECTORS & SENIOR OFFICERS:

| | <u>Shares Held</u> | <u>% of Issued Shares</u> |
|----------------------|-----------------------|-------------------------------|
| Directors: | | |
| Raymond Walker | 107,100,000.00 | 40.80 |
| Rion Hall | 31,668,724.00 | 12.06 |
| Barrington Whyte | 1,701,500.00 | 0.65 |
| Norman Minott | 1,701,500.00 | 0.65 |
| Tania Waldron-Gooden | 1,570,500.00 | 0.60 |
| | <u>143,742,224.00</u> | <u>54.76</u> |

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International Insurance | Employee Benefits | General Insurance | Local Individual Insurance



Notes to the Unaudited Financial Statements cont'd
30 September 2021

7 DIRECTORS & SENIOR OFFICERS CONT'D:

| | <u>Shares Held</u> | <u>% of Issued Shares</u> |
|------------------------|---------------------|-------------------------------|
| Senior Officers: | | |
| Donnisha Brooks | 959,962.00 | 0.37 |
| Carlton Raymond | 78,400.00 | 0.03 |
| Heather Muirhead-Brown | 78,000.00 | 0.03 |
| Michelle Harris | 67,900.00 | 0.02 |
| Krystal Gayle | 17,200.00 | 0.01 |
| Godfrey Heron | 1,759.00 | - |
| | <u>1,203,221.00</u> | <u>0.46</u> |

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