

**KEY INSURANCE COMPANY LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**



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KEY INSURANCE COMPANY LIMITED
Interim Report to Stockholders
For the Third Quarter Ended 30 September 2022

Key Insurance Company Limited (KEY) presents its unaudited financial results for the quarter and nine months ended 30 September 2022.

Main Highlights	Q3 2022	Q3 2021
	\$Millions	\$Millions
Gross Premium Written	584.1	514.9
Net Premiums Earned	384.1	313.0
Profit before tax	22.3	16.4
Total Assets	4,815.8	5,194.3
Total Shareholders' Equity	1,062.5	947.3

Financial Performance

The Company continues to deliver robust financial results with a strong 2022 third-quarter performance. These results reflect management's keen attention to effectively delivering the four key strategic drivers of: sustained growth and innovation, consumer centricity, improved business processes for greater efficiency and a performance-driven culture, underpinned by strong change management principles.

Net profit attributable to stockholders increased by 115.5% from \$12.8 million in the nine months ended 30 September 2021 to \$27.5 million in the nine months ended 30 September 2022. Additionally, earnings per stock unit for the period increased by 104.2% when compared to the comparative period.

KEY significantly improved its gross premium written by 18% from \$1.43 billion for the nine months ended 30 September 2021 to \$1.69 billion for comparative period in 2022. Similarly, gross premium written grew by 13.5% from \$514.9 million in the quarter ended 30 September 2021 to \$584.1 million in 2022.

Investment income continues to grow as management's focus on investment income is reaping positive results. The Company's investment income increased from \$37.7 million to \$93.9 million in the nine-month period under review. Other income was 28% less than the prior year as it included the one-off gain from the sale of the investment property amounting to \$22.6 million.

Outlook

KEY remains positive in its outlook, with strong results yielded from its sound turnaround strategy. The macroeconomic ramifications of the Ukraine and Russia conflict require constant monitoring and assessment. Responsively, the Company is further advancing its risk management processes and will continue to update projections in keeping with market conditions as well as maintain vigilance in pursuing the current path of growth and profitability. The Company remains true to its mission to safeguard shareholders' equity and stakeholder interests and will seek to seize opportunities as they arise.

The Board and Management express gratitude to our valued customers for their business and trust; our dedicated and resilient team members for their hard work and; our shareholders for their continued support and encouragement.

KEY INSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED 30 SEPTEMBER 2022
(Expressed in Jamaican Dollars unless otherwise indicated)


		Unaudited	Unaudited	Unaudited	Unaudited
		Three Months	Three Months	Nine Months	Nine Months
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
	Note	\$'000	\$'000	\$'000	\$'000
Gross Premiums Written	5	584,142	514,859	1,687,996	1,430,368
Reinsurance Ceded		(181,941)	(184,187)	(526,258)	(434,574)
Net Premiums Written		402,201	330,672	1,161,738	995,794
Change in unearned premium		(18,141)	(17,664)	(71,054)	(134,601)
Net Premiums Earned		384,060	313,008	1,090,684	861,193
Commission on reinsurance ceded		31,282	26,752	91,388	71,578
Commission on premiums written		(53,243)	(42,385)	(152,721)	(115,192)
Claims expense		(266,358)	(189,193)	(690,480)	(527,388)
Administration and other expenses		(140,914)	(120,326)	(429,426)	(360,132)
Underwriting loss		(45,173)	(12,144)	(90,555)	(69,941)
Investment income		45,977	14,933	93,911	37,691
Other income		21,482	13,619	36,617	51,375
Profit before taxation		22,286	16,408	39,973	19,125
Taxation		(7,059)	(5,469)	(12,498)	(6,375)
Profit after taxation		15,227	10,939	27,475	12,750
Other Comprehensive Income:					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Net gain/(loss) on revaluation of investment securities		(2,549)	5,642	(39,662)	7,507
		(2,549)	5,642	(39,662)	7,507
Total Comprehensive Income for		12,678	16,581	(12,187)	20,257
Earnings per stock unit	6	\$0.027	\$0.020	\$0.049	\$0.024


The notes on pages 7 to 8 are an integral part of these condensed interim financial statements.

KEY INSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022
(Expressed in Jamaican Dollars unless otherwise indicated)

	Note	Unaudited 30 September 2022 \$'000	Unaudited 30 September 2021 \$'000	Audited 31 December 2021 \$'000
ASSETS				
Cash and deposits		1,141,006	1,198,805	1,474,237
Investment securities		1,305,761	952,782	780,049
Due from policyholders, brokers and agents		319,912	365,421	258,833
Due from reinsurers		1,091,267	1,694,207	1,059,554
Deferred policy acquisition costs		93,816	82,340	82,957
Taxation recoverable		239,124	232,013	202,549
Other receivables		8,135	1,775	1,394
Right-of-use asset		10,354	11,761	10,124
Intangible assets		1,826	2,580	3,016
Property, plant and equipment		224,592	230,827	227,529
Deferred taxation		380,047	421,784	380,047
		<u>4,815,840</u>	<u>5,194,295</u>	<u>4,480,289</u>
LIABILITIES				
Liabilities				
Other payables		242,989	195,285	213,205
Lease liability		13,258	9,913	10,982
Due to reinsurers		972,417	1,509,868	800,420
Insurance reserves		2,524,645	2,531,977	2,380,964
		<u>3,753,309</u>	<u>4,247,043</u>	<u>3,405,571</u>
Equity				
Share capital	4	903,300	903,300	903,300
Capital reserve		57,371	57,371	57,371
Fair value reserves		22,443	487,443	62,105
Retained earnings		79,417	(500,862)	51,942
		<u>1,062,531</u>	<u>947,252</u>	<u>1,074,718</u>
		<u>4,815,840</u>	<u>5,194,295</u>	<u>4,480,289</u>

Approved for issue on behalf of the Board of Directors on 09 November 2022, and signed on its behalf by:


Donald Wehby Chairman


Linval Freeman Director

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KEY INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
NINE MONTHS ENDED 30 SEPTEMBER 2022
(Expressed in Jamaican Dollars unless otherwise indicated)

	Share Capital \$'000	Capital Reserves \$'000	Fair Value Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 01 January 2021	235,282	57,371	479,936	(513,612)	258,977
Issue of shares	668,018	-	-	-	668,018
Total comprehensive income for the period	-	-	7,507	12,750	20,257
Balance as at 30 September 2021	903,300	57,371	487,443	(500,862)	947,252
Balance as at 01 January 2022	903,300	57,371	62,105	51,942	1,074,718
Total comprehensive income for the period	-	-	(39,662)	27,475	(12,187)
Balance as at 30 September 2022	903,300	57,371	22,443	79,417	1,062,531

The notes on pages 7 and 8 are an integral part of these condensed interim financial statements.

KEY INSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
NINE MONTHS ENDED 30 SEPTEMBER 2022
(Expressed in Jamaican Dollars unless otherwise indicated)

	Unaudited Nine Months 30 September 2022 \$'000	Unaudited Nine Months 30 September 2021 \$'000
Cash Flows from Operating Activities		
Profit after taxation	27,475	12,750
Adjustment for items not affecting cash:		
Amortisation and depreciation	11,117	14,497
Gain on sale of investment properties	-	(22,643)
Gain on sale of property, plant and equipment	-	(773)
Gain on foreign exchange	(9,230)	(14,541)
Gain on sale of investments	(3,826)	-
Dividend income	-	(167)
Interest expense	647	958
Interest income	(93,911)	(36,577)
Provision for expected credit loss	2,880	2,472
Taxation	12,498	12,750
	<u>(52,350)</u>	<u>(37,649)</u>
Changes in operating assets and liabilities		
Due from policyholders, brokers and agents	(58,199)	(174,491)
Deferred policy acquisition costs	(10,859)	(19,718)
Insurance reserves	143,681	182,526
Due from reinsurers	(31,713)	(1,330,261)
Due to reinsurers	171,997	1,357,931
Other assets	(6,741)	28,081
Other liabilities	29,784	59,006
	<u>185,600</u>	<u>65,425</u>
Taxation paid	<u>(36,575)</u>	<u>(11,243)</u>
Net cash provided by operating activities	<u>149,025</u>	<u>54,182</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(5,990)	(12,166)
Acquisition of intangible asset	-	(894)
Proceeds from disposal of property, plant and equipment	-	773
Proceeds from disposal of investment securities	658,826	212,023
Proceeds from disposal of investment properties	-	249,554
Purchase of investment securities	(1,184,538)	(754,727)
Interest and dividend received	76,378	24,853
Net cash used in investing activities	<u>(487,683)</u>	<u>(280,584)</u>
Cash Flows from Financing Activities		
Proceeds from rights issue of ordinary shares	-	668,018
IFRS 16 Lease payments	(3,803)	(2,535)
Net cash (used in)/provided by financing activities	<u>(3,803)</u>	<u>665,483</u>
Net (decrease)/increase in cash and cash equivalents	(342,461)	439,081
Effect of changes in exchange rate on cash and cash equivalents	9,230	14,541
Cash and cash equivalents at the beginning of the period	1,474,237	745,183
Cash and cash equivalents at the end of the period	<u>1,141,006</u>	<u>1,198,805</u>

The notes on pages 7 and 8 are an integral part of these condensed interim financial statements.

KEY INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED 30 SEPTEMBER 2022
(Expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

- (a) Key Insurance Company Limited (the Company) is registered and domiciled in Jamaica. Its registered office is located at 6c Half Way Tree Road, Kingston 5, Jamaica.
- (b) The Company is licenced to operate as a general insurer in Jamaica, under the Insurance Act 2001. Its principal activity is the underwriting of motor, commercial and personal property and casualty insurance.
- (c) The Company is a public company listed on the Jamaica Stock Exchange.

2. Significant Accounting Policies

Basis of Preparation

These interim financial statements have been prepared in accordance with International Accounting Standards 34 - Interim Financial Reporting and have been prepared under the historical cost convention as modified by the revaluation of investment securities, investment properties and certain property, plant and equipment.

These financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements as at and for the year ended 31 December 2021. The accounting policies adopted are consistent with those followed in the preparation of the audited financial statements for the year ended 31 December 2021.

The Company has not early adopted any standard interpretations or amendments that had been issued and is not yet effective.

3. Share Capital

	2022 \$'000	2021 \$'000
Authorised - 700,000,000 ordinary shares		
Issued and fully paid - 559,323,101 (2021: 559,323,101) ordinary shares at no par value	903,300	903,300

4. Segment Information

Management has determined the operating segments based on the reports reviewed by the General Manager that are used to make strategic decisions.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The operating segments are Motor and Non-Motor classes of insurance premium written.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before income tax, not including non-recurring gains and losses. Income and expenses that are directly related to segments are reported within those segments.

KEY INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED 30 SEPTEMBER 2022
(Expressed in Jamaican dollars unless otherwise indicated)

4. Segment Information (Continued)

Head office income and expenses are allocated to segments based on gross premium written.

	2022		
	Motor \$'000	Non-Motor \$'000	Total \$'000
Gross premiums written	1,202,141	485,855	1,687,996
Reinsurance ceded	(73,380)	(452,878)	(526,258)
Net premiums written	1,128,761	32,977	1,161,738
Change in insurance reserve, net	(78,045)	6,991	(71,054)
Net premiums earned	1,050,716	39,968	1,090,684
Underwriting (expenses)/income	(1,076,924)	(104,315)	(1,181,239)
Underwriting loss	(26,208)	(64,347)	(90,555)
Other Income			130,528
Segment results			<u>39,973</u>

	2021		
	Motor \$'000	Non-Motor \$'000	Total \$'000
Gross premium written	1,013,830	416,538	1,430,368
Reinsurance ceded	(55,140)	(379,434)	(434,574)
Net premiums written	958,690	37,104	995,794
Change in insurance reserve, net	(122,652)	(11,949)	(134,601)
Net premiums earned	836,038	25,155	861,193
Underwriting expenses	(845,695)	(85,439)	(931,134)
Underwriting loss	(9,657)	(60,284)	(69,941)
Other Income			89,066
Segment results			<u>19,125</u>

5. Earnings per stock unit

	2022	2021
Net profit from operations (\$'000)	27,475	12,750
Weighted average number of ordinary stock unit outstanding ('000)	559,323	530,659
Earnings per stock unit	\$0.027	\$0.024