



AUDITED FINANCIAL REPORT TO THE SHAREHOLDERS

**YEAR ENDED
31 DECEMBER 2022**



AUDITED FINANCIAL REPORT TO THE SHAREHOLDERS

We hereby present financial results for Caribbean Assurance Brokers Limited (CAB) for the year ended December 31, 2022. CAB reports audited net profit of \$77.99 million for the financial year, an increase of \$21.9 million or 39% over the prior year. During the year, we focussed on streamlining key processes within our organisation. As we look to the beginning of a new financial year, we are expecting to reap the rewards of our investment in our operating systems as we aim to continue the trend of outperforming previous financial years. We aim to be innovative in an effort to exceed our clients' expectations. As such, customer experience and satisfaction are at the forefront of our operations.

Highlights of Q4 and Full-Year Performance

	Current Quarter			Year-to-Date		
	December 31, 2022 \$'000	December 31, 2021 \$'000	% Change	December 31, 2022 \$'000	December 31, 2021 \$'000	% Change
Revenue	73,622	70,611	4%	505,905	463,054	9%
Gross Profit/ (Loss)	(30,153)	(23,243)	30%	75,417	57,105	32%
Net Profit/ (Loss)	(26,938)	(22,810)	18%	77,985	56,135	39%
Net Profit Attributable to Shareholders	(1,616)	(1,369)	18%	4,679	3,368	39%
Earnings Per Share	(0.10)	(0.06)	80%	0.30	0.21	39%

Review of 4th Quarter

The company earned total income of \$73.6 million in the quarter ended 31 December 2022 compared to \$70.6 million in the quarter ended 31 December 2021; an increase of \$3 million (4%). This performance is attributable to the fact that some major revenue initiatives were not executed by the end of fourth quarter as planned. These initiatives include but are not limited to local and regional business development and product development activities. The recruitment of new sales team members began during the year but was not effected until December 2022 as new sales team members committed to begin in 2023. The slow recruitment process was a result of us ensuring that we find the right fit for the organization as it relates to its vision and core values. Also, of impact to the revenues was preparing for the possible regulatory and/or IFRS changes which is scheduled to take effect in 2023. The General Insurance market has been particularly strained given rising cost structures and lowered commission rates as a result of the increased risks related to natural and other disasters.

Commission Income increased by 3%. The Employee Benefits and General Divisions both saw increases of 21% and 22% respectively over their prior quarter's comparative performance. While the International and Individual life divisions saw a decrease of 16% and 2% respectively.

Operating expenses of \$103 million for the quarter ended, increased by \$10.3 million or 11% when compared to the prior comparative period. Areas that contributed to the increase in total expenses for the quarter include; professional

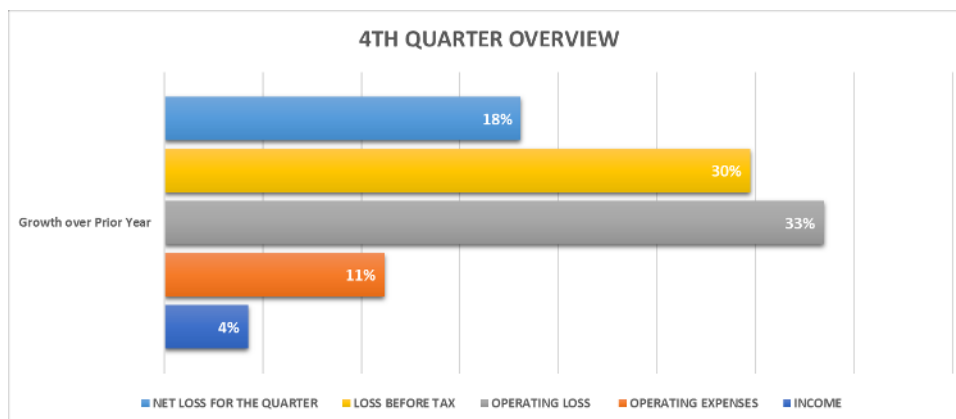
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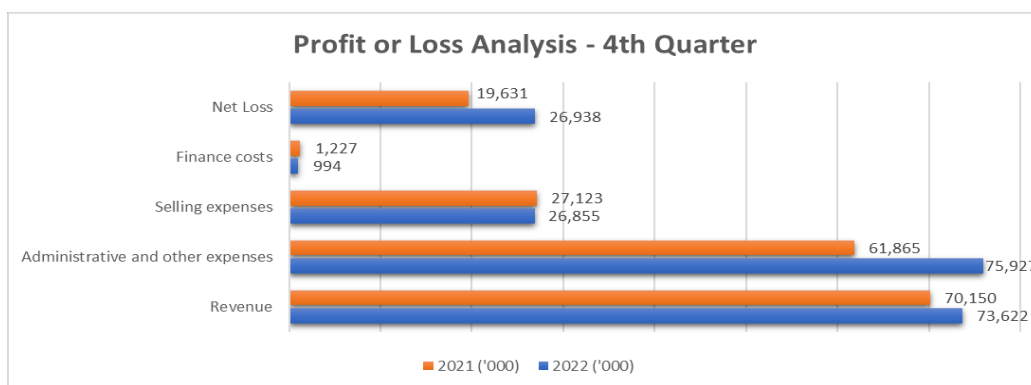
AUDITED FINANCIAL REPORT TO THE SHAREHOLDERS CONT'D

fees regarding legal consultation, staff costs associated with the investment in our operating software and systems for full implementation in January 2023. The investment was necessary to improve the internal and external customer experience.

Finance related charges for the quarter decreased by \$398,022 (29%) when compared to the prior year comparative period. The reduction was attributable to a paydown on our existing mortgage loan as well as reduction of interest expense on lease liability.



The company was unable to fully execute its planned strategic initiatives regarding expansion and inorganic growth during the fourth quarter. However, the costs associated with the execution of those activities were critical and were undertaken by the company during the period. These activities resulted in an uptick in operating expenses for the quarter under review, when compared to the prior comparative period, resulting in an increase in the Loss After Tax of 18%.



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Raymond H. Walker, B.Sc., CLU, MBA (Executive Chairman); Tania Waldron-Gooden, MBA, B.Sc. (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., Joyce West-Johnson, FCCA, CA, M.Sc., B.Sc. (Hons.), JP; Dr. Leo Walker, MBBS, DM.



AUDITED FINANCIAL REPORT TO THE SHAREHOLDERS CONT'D

Company Performance for the Year Ended December 31, 2022

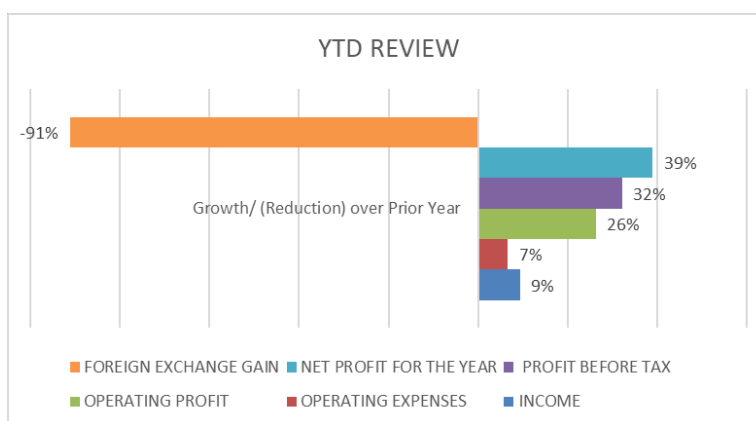
At the end of the year, Net Profit increased by \$21.9 million (39%) over the prior year. The company earned total income of \$505.9 million compared to \$463 million for comparative year; an increase of \$42.9 million (9%). The growth was because of improved sales efforts across all four of the company's divisions which contributed to a cumulative increase of \$45.7 million (11%) in commission income. However, in other operating income the year over year decrease of \$4.4 million (91%) in foreign exchange gain negatively impacted overall revenue.

The 11% increase in commission income was mainly attributable to the International Insurance and Employee Benefits Divisions which contributed 39% and 37% respectively. The General Insurance and Individual Life Divisions equally contributed 12% of the cumulative increase over prior year. All divisions experienced growth in commission when compared to the prior year's comparative period.

Operating expenses of \$426.6 million for the year ended was mainly attributable to an increase of \$25.2 million or 10% in administrative and other expenses when compared to 2021. Areas that contributed to the increase in expenses included staff costs, product development initiatives, professional fees, repairs and maintenance, registration fees arising from increased license and regulatory fees and depreciation on additions to property, plant, and equipment. These increased costs are related to setting the stage for expansionary activities.

Finance charges for the financial year saw a reduction of \$1.8 million (32%) and this was primarily due to a paydown on principal of mortgage denominated in foreign currency, in addition to a reduction in interest expense on lease liability.

The Company had a tax credit of \$2.6 million reflecting an increase of \$3.5 million over the comparative period; directly related to an increase in deferred tax movements on property, plant and equipment.



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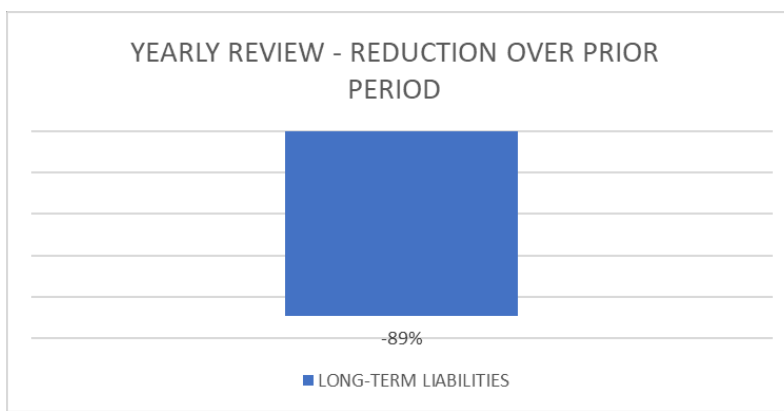
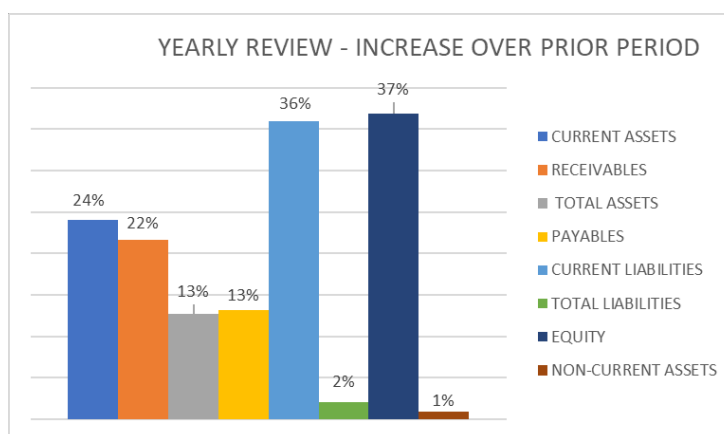


AUDITED FINANCIAL REPORT TO THE SHAREHOLDERS CONT'D

The total assets of the Company increased to \$706.5 million up from \$627 million for 2021-year end; an increase of \$79.5 million or 13%. This increase was mainly attributed to an increase in cash and cash equivalents and receivables.

A \$21 million increase in payables, directly linked to premiums booked for the year; offset against a cumulative \$16 million reduction in lease liabilities and loans, resulted in an uptick of \$4.8 million or 2% in total liabilities.

The Company's total Equity increased to \$463 million as at December 31, 2022, up from \$389 million for 2021-year end. The net increase of \$74 million or 19% is reflective of a dividend payment (\$3.36 million) made during the second quarter.



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AUDITED FINANCIAL REPORT TO THE SHAREHOLDERS CONT'D

Corporate Social Responsibility (CSR)

At Caribbean Assurance Brokers Limited (CAB), we take our Corporate Social Responsibility seriously and actively engage in initiatives that positively impact the communities where we operate. Our commitment to this cause is evident through our continuous sponsorship and donations towards various causes.

We are proud to have sponsored several events, including the Medical Association of Jamaica, where doctors island wide attended seminars engaging in discussions around Chronic Non-Communicable Diseases and Pandemic. The Jamaica Gasolene Retailers Association's (JGRA) 71st Anniversary Award, the Wesley Powel Track and Field Meet held at Excelsior High School, the Kiwanis Club of New Kingston Golf Tournament, and our yearly Christmas donation to the Reddie's Place of Safety, which houses children under protective care.

Moreover, we are committed to providing exceptional value to our customers through our Loyalty Programme. Our innovative approach allows our customers to access discounts and savings from over 200 merchants and Loyalty Partners across the island through a user-friendly app. These partners offer a diverse range of services, including pharmacies, hospitals, medical centers, medical labs, dental services, optical services, surgeons & specialists, spas, automotive dealerships, fashion, and retail services. Our Loyalty Programme is a reflection of our unwavering commitment to meeting the needs of our customers.

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!**

A handwritten signature in black ink, appearing to read "Tania Waldron-Gooden", is written over a horizontal line.

Tania Waldron-Gooden
Chief Executive Officer

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Notes to the Audited Financial Report

31 December 2022

6 TOP TEN SHAREHOLDERS:

	<u>Shares Held</u>	<u>% of Issued Shares</u>
Raymond Walker	107,100,000	40.80
Rion Hall & Veviene Hall	31,668,724	12.06
C&WJ Co-op Credit Union Limited	21,680,616	8.26
Dr. Karen Rajpat	18,899,952	7.20
Mayberry Jamaican Equities Limited	13,689,395	5.22
Gail Minott	13,402,600	5.11
Dr. Paul L. Brown	12,469,014	4.75
Nigel O. Coke	3,732,808	1.42
Bridgeton Management Services Limited	1,757,202	0.67
Norman Minott	1,701,500	0.65
Barrington Whyte	1,701,500	0.65
Total	<u>227,803,311</u>	<u>86.78</u>
Total Issued shares	<u>262,500,000</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	<u>1,570,500.00</u>	<u>0.60</u>
	<u>143,742,224.00</u>	<u>54.76</u>

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Notes to the Unaudited Financial Statements cont'd
31 December 2022

7 DIRECTORS & SENIOR OFFICERS CONT'D:

	<u>Shares Held</u>	<u>% of Issued Shares</u>
Senior Officers:		
Heather Muirhead-Brown	78,000.00	0.03
Michelle Harris	67,900.00	0.02
Krystal Gayle	17,200.00	0.01
Godfrey Heron	<u>1,759.00</u>	<u>0.001</u>
	<u>164,859.00</u>	<u>0.06</u>

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