2024 Q1: QUARTERLY REPORT

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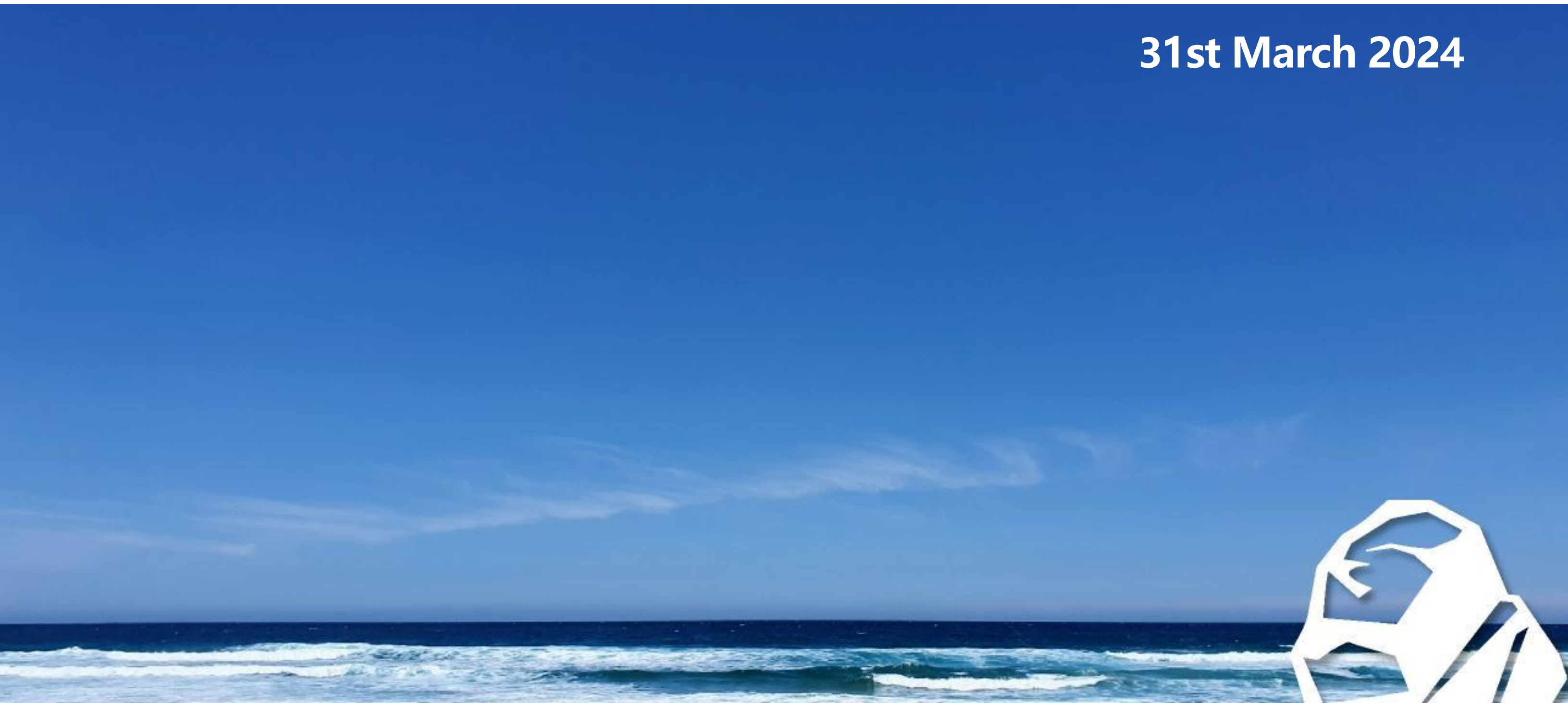
Unaudited Financial Statements as at

31st March 2024



1. Report to Stockholders

The Directors take pleasure in presenting the unaudited financial statements of IronRock Insurance Company Limited (“IronRock”) for the quarter ended 31 March 2024.

Managing Director's Report

The quarter under review was charachterised by strong revenue growth, continued increase in expenses and a reduction in claims incurred. The growth in revenue was facilitated by our successful reinsurance treaty renewal which resulted in IronRock obtaining a significant increase in capacity for property risks; but we are also pleased to report good growth in our other non-property portfolios, particularly Marine Cargo.

Insurance Revenue totalled $401.4 million, an increase of $91 million, or 29% when compared to the previous year. Reinsurance Contract Expenses increased by 46% to $251.6 million, reflecting, in the main, increased cessions to our reinsurance treaties resulting from the increase in gross premium written, while Insurance Service Contracts Expense reduced slightly to $135.9 million, primarily due to the improved claims experience mentioned previously. As a result, our Insurance Service Result amounted to $13.8 million compared to a loss of $0.8 million in 2023.

We continue to benefit from the relatively high interest rates and consequently our investment income grew by 79% to $29 million versus $16.2 million in in the corresponding quarter of 2023. Other operating expenses increased by 31% to $39.9 million and thus our pre-tax profit for the quarter under review amounted to $5.7 million, an improvement of $17.4 million when compared to the pre-tax loss of $11.6 million in 2023.

Our cash and investments now amount to $1.1 billion, up 21% when compared to $946 million at the end of the corresponding period in 2023.

Total Assets have increased by 21% when compared to 2023 and now total $1.54 billion and Shareholders’ Equity amounts to $762.2 million, up $103.3 million or 16% when compared to the first quarter of 2023.

We thank our staff, clients, and brokers for their continued support.

Thwaites

R. Evan Thwaites
Managing Director

2.1 Statement of Comprehensive Income

For the Period ended 31 Mar 2024

(expressed in Jamaican dollars)

	Unaudited 3 months ended		Audited Year ended
	31-Mar-24	**31-Mar-23**	**31-Dec-23**
	$'000	**$'000**	**$'000**
Insurance Revenue	401,447	310,407	1,395,361
Reinsurance Contracts Expense	(251,627)	(171,624)	(710,554)
Insurance Service Contracts Expense	(135,963)	(139,589)	(565,090)
Insurance Service results	**13,856**	**(807)**	**119,717**
Interest revenue	21,045	16,370	62,670
Other Investment revenue	8,038	149	11,388
Net Impairment gain/loss on financial asset	(13)	(319)	4,745
Investment return	**29,070**	**16,200**	**78,803**
Net Insurance and Investment results	42,926	15,393	198,520
Net finance expenses from insurance contracts	-	-	9,497
Net finance income from reinsurance contracts	-	-	(6,478)
	42,926	**15,393**	**201,539**
Other Income	(229)	3,208	20,067
Other operating expenses	(36,928)	(30,230)	(118,506)
Profit / (Loss) before taxation	**5,769**	**(11,629)**	**103,100**
Taxation	(240)	-	(19,136)
Net profit / (loss) for period	**5,528**	**(11,629)**	**83,964**
Profit / (Loss) per stock unit	**$0.03**	**($0.05)**	**$0.39**

2.2 Statement of Financial Position

As at 31 March 2024

(expressed in Jamaican dollars)

	Unaudited		Audited
	31-Mar-24	**31-Mar-23**	**31-Dec-23**
	$'000	**$'000**	**$'000**
ASSETS			
Property plant and equipment	15,473	22,968	15,648
Intangible assets	2,711	2,509	2,972
Deferred taxation	-	6,318	-
Investments	565,368	787,323	529,078
Asset for Remaining Coverage	311,795	236,501	429,779
Short Term Investment	144,441	-	101,442
Receivables	11,858	10,880	52,081
Taxation recoverable	45,776	43,207	41,508
Due from related party	746	2,984	746
Cash and cash equivalents	440,952	158,613	395,923
	1,539,121	**1,271,303**	**1,566,177**
LIABILITIES AND SHAREHOLDER EQUITY			
Other Accounts Payables	44,672	40,138	37,372
Liability for Remaining Coverage	734,731	572,292	777,045
Deferred Tax Liability	3,507	-	3,417
Total Liabilities	782,910	612,430	817,834
Shareholders' equity	756,211	658,873	748,343
	1,539,121	**1,271,303**	**1,566,177**

R. Evan Thwaites
Managing Director

Wayne Hardie
Finance Director

2.3 Statement of Changes in Shareholder' Equity

For the Period ended 31 March 2024

(expressed in Jamaican dollars)

	Ordinary share capital	Capital reserve	Fair value	Retained earnings	Total
	$'000	$'000	$’000	$'000	$'000
Balances as at 31 December 2022	**465,540**	**139,340**	**(6,274)**	**71,896**	**619,645**
Net profit / (loss) for the period	-	-		(11,629)	(11,629)
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-		-	
Balances as at 31 March 2023	**465,540**	**139,340**	**(6,274)**	**60,267**	**658,873**
Balances as at 31 December 2023	**465,540**	**139,340**	**(5,443)**	**148,876**	**748,314**
Net Profit / Loss for the period	-	-	-	5,258	5,258
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-	2,309	-	2,309
Balances as at 31 March 2024	**465,540**	**139,340**	**(3,074)**	**154,405**	**756,211**

2.4 Statement of Cash Flows

For the Period ended 31 Mar 2024

(expressed in Jamaican dollars)

	Unaudited 3 months ended		Audited Year ended
	31-Mar-24	31-Mar-23	31-Dec-23
	$'000	$'000	$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) after taxation	5,528	(11,629)	83,964
Depreciation	1,724	2,998	5,507
Deferred taxation	-	-	9,735
Expected credit Loss	13	319	(4,745)
Fair Value Thru Profit and Loss	(4,765)	1,224	3,295
Taxation	90	-	9,401
Loss / (Gain) on sale of investment	(3,273)	(1,373)	(6,391)
Loss / (Gain) on sale of Fixed Asset	-	(122)	(122)
Interest income	(21,045)	(16,370)	(70,962)
	(21,728)	(24,953)	29,682
Changes in:			
Receivables	40,223	3,073	(37,306)
Reinsurance contract assets	114,984	37,401	(152,875)
Due from Parent Company	-	-	2,238
Taxation paid	(4,299)	(3,304)	(11,005)
Other payables	7,300	(80)	2,129
Finance lease Obligation		4,975	
Insurance contract liabilities	(42,314)	41,458	246,211
	115,894	83,523	49,392
Net cash provided by / (used in) operating activities	**94,166**	**58,570**	**79,074**

2.4 Statement of Cash Flows (con't)

For the Period ended 31 Mar 2024

(expressed in Jamaican dollars)

CASH FLOW FROM INVESTING ACTIVITIES			
Decrease / (Increase) in:			
Investments, net	(25,896)	(328,447)	(80,332)
Proceeds form disposal of Investment			104,334
Proceeds form disposal of Fixed Assets		122	122
Disposal / (Acquisition) of fixed assets	(1,288)	(7,210)	(1,662)
Intangibles		-	(1,200)
Short term Investments	(42,998)	186,804	
Repurchase agreements purchase	-	90,000	90,000
Interest received	21,045	16,370	70,138
Net cash provided by / (used in) investing activities	**(49,137)**	**(42,361)**	**181,400**
CASH FLOW FROM FINANCING ACTIVITIES			
Increase / (Decrease) in:			
Dividend Payment	-	-	(6,955)
Net cash provided by / (used in) financing activities	**-**	**-**	**(6,955)**
Net increase / (decrease) in cash and cash equivalents	**45,029**	**16,209**	**253,519**
Opening cash and cash equivalents	395,923	142,404	142,404
Closing cash and cash equivalents	**440,952**	**158,613**	**395,923**

3. Notes to the Unaudited Financial Statements

For the period ended 31 March 2024

1. Identification

IronRock Insurance Company Limited (the Company) was incorporated June 9,2015 and is domiciled in Jamaica, with its registered office at 1b Braemar Avenue, Kingston 10. The principal activity of the Company is the underwriting of general insurance business. The Company is a subsidiary of Granite Group Limited, a company incorporated and domiciled in St. Lucia.

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange in March 2016.

2. Insurance licence

The company is registered under the Insurance Act 2001 (Act).

3. Basis of preparation

The financial statements are prepared on the historical cost basis. The unaudited financial results for the current period have been prepared in accordance with International Accounting Standard 34 – Interim Financial Statements.

IFRS 17 - Insurance Contracts

Accounting estimates:

In applying IFRS 17 measurement requirements, the following inputs and methods were used that included significant estimates.

Discount rates

The company used a bottom-up approach to determine discount rates, where applicable. Risk-free discount rates were determined using observed rates for Government of Jamaica bonds. The Company's claims settlement period is not expected to exceed the period over which observable market prices are available.

Risk adjustment for non-financial risk

Risk adjustments for non-financial risk was determined to reflect the compensation that the company would require for bearing non-financial risk and its degree of risk aversion. The risk adjustments for non-financial risk was determined for the liabilities for incurred claims of all contracts using a confidence level technique. They were allocated to groups of contracts based on an analysis of the risk profiles of the groups. To determine the risk adjustments for non-financial risk for reinsurance contracts, the company applied these techniques both gross and net of reinsurance and derived the amount of risk being transferred to the reinsurer as the difference between the two results.

IFRS 9 - Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2022, with early adoption permitted. However, the company has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. Consequently, the company will apply IFRS 9 for the first time on 1 January 2023.

Financial assets — Classification

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 includes three principal measurement categories for financial assets — measured at amortised cost, FVOCI and FVTPL — and eliminates the previous IAS 39 categories of loans and receivables, and available-for-sale financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impact assessment

IFRS 9 will affect the classification and measurement of financial assets held at 1 January 2023 as follows.

- Most underlying items of Participating contracts and certain other financial investments are designated as at FVTPL under IAS 39. They will also be measured at FVTPL under IFRS 9.
- Debt investments that are classified as available-for-sale under IAS 39 may, under IFRS 9, be measured at amortised cost, FVOCI or FVTPL, depending on the circumstances.
- Equity investments that are classified as available-for-sale under IAS 39 will be measured at FVTPL under IFRS 9. However, some of these equity investments are held for long term strategic purposes and will be designated as at FVOCI on 1 January 2023; consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognised in profit or loss, and no gains or losses will be reclassified to profit or loss on disposal of these investments.

Financial assets — Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. This will require considerable judgement about how changes in economic factors affect ECL, which will be determined on a probability-weighted basis.

The new impairment model will apply to the company's financial assets measured at amortised cost, debt investments at FVOCI.

IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12-month ECL or lifetime ECL. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument; 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The company will measure loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised will be 12-month ECL.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive).

The key inputs into the measurement of ECL are the term structures of the PD, LGD and EAD. ECL for financial assets for which credit risk has not significantly increased are calculated by multiplying the 12-month PD by the respective LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by the respective LGD and EAD.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the company will use to derive the default rates of its portfolios. This includes the PDs provided in the default study and the LGDs provided in the recovery studies.

Changes in accounting policies resulting from the adoption of IFRS 9 will be applied retrospectively, except as described below.

The comparative period will be restated in accordance with IFRS 9's transition requirements, IFRS 9 does not apply to financial assets that had already been derecognised at 1 January 2023; however, the company will elect to apply the classification overlay in IFRS 17 to financial assets derecognised in 2022 to present comparative information as if the classification and measurement (including impairment) requirements of IFRS 9 had been applied to such financial assets, by using reasonable and supportable information to determine how they would be classified and measured on initial application of IFRS 9.

4. Accounting Policies

The same accounting policies and methods of computations are followed in the interim financial statements as compared with the most recent annual audited financial statements and the recent adoption of IFRS 9 and 17.

5. Earnings per share

Earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue over that period.

4. Disclosure of Shareholdings

As at 31 March 2024

Top Ten Shareholders

		Connected Parties	Shares Held	Combined Holdings	% of Issued Shares
1.	Granite Group Limited		109,000,000	109,000,000	**50.93%**
2.	Mayberry Jamaican Equities Limited		41,776,754	41,776,754	**19.52%**
3.	Catherine Adella Peart		7,000,000	7,000,000	**3.27%**
4.	Mayberry Managed Client Accounts		5,765,573	5,765,573	**2.69%**
5.	Sigma Global Venture		4,000,000	4,000,000	**1.87%**
6.	Sharon Harvey-Wilson		1,563,360	3,768,339	**1.76%**
	Jeremy Wilson	*2,204,979*			
7.	PWL Bamboo Holdings Limited		2,924,094	2,924,094	**1.37%**
8.	W. David McConnell		2,420,000	2,420,000	**1.13%**
9.	R. Evan Thwaites		2,050,000	2,050,000	**0.96%**
10.	Michelle Mayne		2,000,000	2,000,000	**0.93%**
	Total			**180,704,760**	**84.44%**
	Total Issued Shares			**214,000,000**	**100.00%**

Directors & Senior Officers

	Connected Parties	Shares Held	Combined Holdings	% of Issued Shares
Directors				
W. David McConnell		2,420,000	112,231,000	**52.44%**
Granite Group Limited	*109,000,000*			
St. Elizabeth Holdings Limited	*811,000*			
R. Evan Thwaites		2,050,000	111,050,000	**51.89%**
Granite Group Limited	*109,000,000*			
Gary Peart		-	48,776,754	**22.79%**
Mayberry Jamaican Equities Limited	*41,776,754*			
Catherine Peart	*7,000,000*			
Wayne N. Hardie		1,025,727	1,025,727	**0.48%**
Christian Tavares-Finson		666,000	666,000	**0.31%**
Senior Officers				
Yvonne Daley		250,000	250,000	**0.12%**
Maurice Bolt		200,000	200,000	**0.09%**

"Success seems to be connected with action.
Successful people keep moving"

- Conrad Hilton Sr.