



2023 Q3: QUARTERLY REPORT

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**Unaudited Financial Statements
as at**

30 September 2023



1. Report to Stockholders

The Directors take pleasure in presenting the unaudited financial statements of IronRock Insurance Company Limited (“IronRock”) for the quarter ended 30 September 2023.

Adoption of New Accounting Standard

IronRock adopted a new accounting standard - IFRS 17 ‘Insurance contracts’ - effective January 1, 2023 and these interim financial statements are IFRS 17 compliant. The impact of adopting IFRS 17 is discussed in Note 3 of the interim financial statements.

Managing Director's Report

The local market continues to be influenced by the dramatic increase in property rates caused by the reduced availability of catastrophe reinsurance capacity. As we have adequate Property capacity, we have benefited from these developments and revenue generated from Property insurance has increased significantly. As mentioned in our previous reports, our other classes are all recording good growth, led by our Marine Cargo portfolio. Claims have been moderate, however, operating expenses are being adversely affected by inflation and additional costs related to the adoption of IFRS 17.

The investment climate has remained relatively stable, with elevated short term interest rates leading to depressed equity prices. We continue to focus on the short end of the market.

Financial Review

For the Third Quarter

Insurance Revenue amounted to \$380.4 million an increase of 49% when compared to the same period in 2022. The higher cost of catastrophe reinsurance and increased reinsurance cessions, resulted in Reinsurance Contract Expenses increasing by 58% to \$224.8 million. Insurance Contract Expenses totalled \$143.9 million. Our Insurance Service result was \$11.6 million, an increase of \$2.2 million compared to 2022.

Total Investment and Other Income of \$32.4 million and Other Expense amounting to \$29.6 million resulted in a profit before tax of \$14.5 million compared to a profit of \$14.9 million in 2022.

Year-to-date

Our Insurance Service result has improved to \$27.7 million, and compares favourably with the result in the prior year of \$10.6 million. The improvement is due primarily to increased revenue and moderate claims. Investment and Other Income of \$70.6 million and Other Operating Expenses of \$87.6 million grew by 26% and 12% respectively when compared to the prior year. Thus for the 9 months ended September 30, 2023, IronRock’s profit before tax was \$10.7 million versus a loss of \$11.6 million in the prior year.

Total Assets amount to \$1.27 billion, up 19% Year over Year, and Shareholders’ Equity continues to grow and now totals to \$640.6 million.

Subsequent Event

An earthquake of magnitude 5.4, according to the United States Geological Survey, affected Jamaica on October 30, 2023 at 10:57 am. We do not expect to incur significant claims from this earthquake.

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



R. Evan Thwaites
Managing Director

2.1 Statement of Comprehensive Income

For the Period ended 30 Sept 2023

(expressed in Jamaican dollars)

| | Unaudited 3 months ended | | Unaudited 9 month ended | | Restated Unaudited Year ended |
|--|-----------------------------|----------------|----------------------------|------------------|-------------------------------------|
| | 30-Sept-23 | 30-Sept-22 | 30-Sept 23 | 30-Sept 22 | 31-Dec-22 |
| | \$'000 | \$'000 | | | \$'000 |
| Insurance Revenue | 380,417 | 254,957 | 1,007,623 | 733,324 | 991,895 |
| Reinsurance Contracts Expense | (224,792) | (142,107) | (608,291) | (377,284) | (439,102) |
| Insurance Service Contracts Expense | (143,954) | (103,418) | (371,572) | (345,444) | (491,371) |
| Insurance Service results | 11,671 | 9,432 | 27,759 | 10,596 | 61,422 |
| Other income | | | | | |
| Investment income | 22,106 | 20,937 | 52,206 | 49,322 | 57,573 |
| Other Income | 10,309 | 11,181 | 17,437 | 6,552 | 7,535 |
| Gain / (loss) on sale of fixed assets | - | - | - | - | - |
| Total other income | 32,415 | 32,119 | 70,643 | 55,875 | 65,108 |
| Other operating expenses | (29,605) | (26,678) | (87,662) | (77,687) | (103,604) |
| | 2,810 | 5,441 | (17,019) | (21,812) | (38,496) |
| Profit / (Loss) before taxation | 14,481 | 14,873 | 10,740 | (11,217) | 22,926 |
| Taxation | - | - | - | - | (2,375) |
| Net profit / (loss) for period | 14,481 | 14,873 | 10,740 | (11,217) | 20,551 |
| Profit / (Loss) per stock unit | \$ 0.07 | \$ 0.07 | \$ 0.05 | \$ (0.05) | \$ 0.10 |

2.2 Statement of Financial Position

As at 30 September 2023
(expressed in Jamaican dollars)

| | Unaudited | | Restated Unaudited |
|---|------------------|------------------|-----------------------|
| | 31-Sept-23 | 31-Sept-22 | 31-Dec-22 |
| | \$'000 | \$'000 | \$'000 |
| ASSETS | | | |
| Property plant and equipment | 18,523 | 21,843 | 18,717 |
| Intangible assets | 3,233 | 2,708 | 2,548 |
| Deferred taxation | 6,318 | 7,992 | 6,318 |
| Investments | 554,793 | 641,305 | 735,848 |
| Asset for Remaining Coverage | 102,760 | 158,496 | 276,449 |
| Receivables | 13,051 | 15,044 | 13,953 |
| Taxation recoverable | 48,412 | 38,678 | 39,903 |
| Due from related party | 746 | 2,984 | 2,984 |
| Cash and cash equivalents | 522,312 | 175,373 | 142,405 |
| | 1,270,148 | 1,064,423 | 1,239,125 |
| LIABILITIES AND SHAREHOLDER EQUITY | | | |
| Other Accounts Payables | 37,488 | 35,879 | 35,243 |
| Liability for Remaining Coverage | 589,803 | 418,408 | 567,068 |
| Finance Lease Obligation | 2,258 | 1,709 | - |
| Total Liabilities | 629,549 | 455,996 | 602,311 |
| Shareholders' equity | 640,599 | 608,427 | 636,814 |
| | 1,270,148 | 1,064,423 | 1,239,125 |



R. Evan Thwaites
Managing Director



Wayne Hardie
Finance Director

2.3 Statement of Changes in Shareholder' Equity

For the Period ended 30 September 2023

(expressed in Jamaican dollars)

| | Ordinary share capital | Capital reserve | Retained earnings | Total |
|---|---------------------------|--------------------|----------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balances as at 31 December 2021 | 465,540 | 139,340 | 14,765 | 619,645 |
| Net profit / (loss) for the period | - | - | (11,217) | (11,217) |
| Other comprehensive income: | | | | |
| Fair value gain / (loss) on investments | - | - | - | - |
| Balances as at 30 September 2022 | 465,540 | 139,340 | 3,548 | 608,428 |
| Balances as at 31 December 2022 | 465,540 | 139,340 | 31,934 | 636,814 |
| Net Profit / Loss for the period | - | - | 10,740 | 10,740 |
| Dividend | - | - | (6,955) | (6,955) |
| Other comprehensive income: | | | | |
| Fair value gain / (loss) on investments | - | - | - | - |
| Balances as at 30 September 2023 | 465,540 | 139,340 | 35,719 | 640,599 |

2.4 Statement of Cash Flows

For the Period ended 30 September 2023
(expressed in Jamaican dollars)

| | Unaudited for period ended | | Restated audited Year ended |
|---|----------------------------|------------------------|-----------------------------------|
| | 30 Sept 2023 \$'000 | 30 Sept 2022 \$'000 | 31 Dec 2022 \$'000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit / (Loss) after taxation | 10,740 | (11,218) | 20,551 |
| Depreciation | 9,029 | 8,851 | 5,370 |
| Deferred taxation | - | - | 1,674 |
| Expected credit Loss | 618 | - | - |
| Fair Value Thru Profit and Loss | 1,857 | (1,412) | - |
| Loss / (Gain) on sale of investment | (3,963) | (8,623) | - |
| Loss / (Gain) on sale of Fixed Asset | (122) | - | - |
| Taxation | - | - | 701 |
| Interest income | (51,710) | (39,282) | (55,150) |
| | (33,551) | (51,684) | (26,854) |
| Decrease / (Increase) in current assets: | | | |
| Receivables | 902 | (4,540) | (3,449) |
| Asset for remaining coverage | 173,689 | (4,621) | (122,574) |
| Taxation paid | (8,509) | (5,712) | (7,638) |
| | 168,320 | (14,873) | (51,766) |
| Increase / (Decrease) in current liabilities: | | | |
| Other payables | 2,245 | 10,108 | 9,472 |
| Liability for Remaining Coverage | 22,735 | 31,541 | 180,201 |
| | 24,980 | 41,649 | 189,673 |
| Net cash provided by / (used in) operating activities | 159,749 | (24,908) | 29,158 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Decrease / (Increase) in: | | | |
| Investments, net | 182,543 | 66,530 | 176,105 |
| Disposal / (Acquisition) of fixed assets | 122 | - | (2,822) |
| Intangibles | (1,200) | - | - |
| Acquisition of fixed assets | (8,320) | (9,727) | - |
| Proceeds on sale of investments | - | 32,850 | - |
| Interest received | 51,710 | 39,282 | 51,330 |
| Net cash provided by / (used in) investing activities | 224,855 | 128,935 | 43,608 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Increase / (Decrease) in: | | | |
| Dividend Payment | (6,955) | - | - |
| Lease liability, net | 2,258 | 1,709 | - |
| Net cash provided by / (used in) financing activities | (4,697) | 1,709 | - |
| Net increase / (decrease) in cash and cash equivalents | 379,907 | 105,736 | 72,768 |
| Opening cash and cash equivalents | 142,405 | 69,637 | 69,637 |
| Closing cash and cash equivalents | 522,312 | 175,373 | 142,405 |

3. Notes to the Unaudited Financial Statements

For the period ended 30 September 2023

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. The reconciliation of the changes to the retained earnings as at December 2022 are as follows:

| | | '000 |
|--------------|---------------------------------|-------------|
| Dec 31, 2022 | Audited Retained Earnings | 39,534 |
| | Discounted cost - Net | 11,170 |
| | Risk Adjustment - Net | (12,083) |
| | Investment Revaluation Reversal | 572 |
| | Expected Credit Loss | (7,258) |
| | Adjusted Retained Earnings | 31,934 |

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

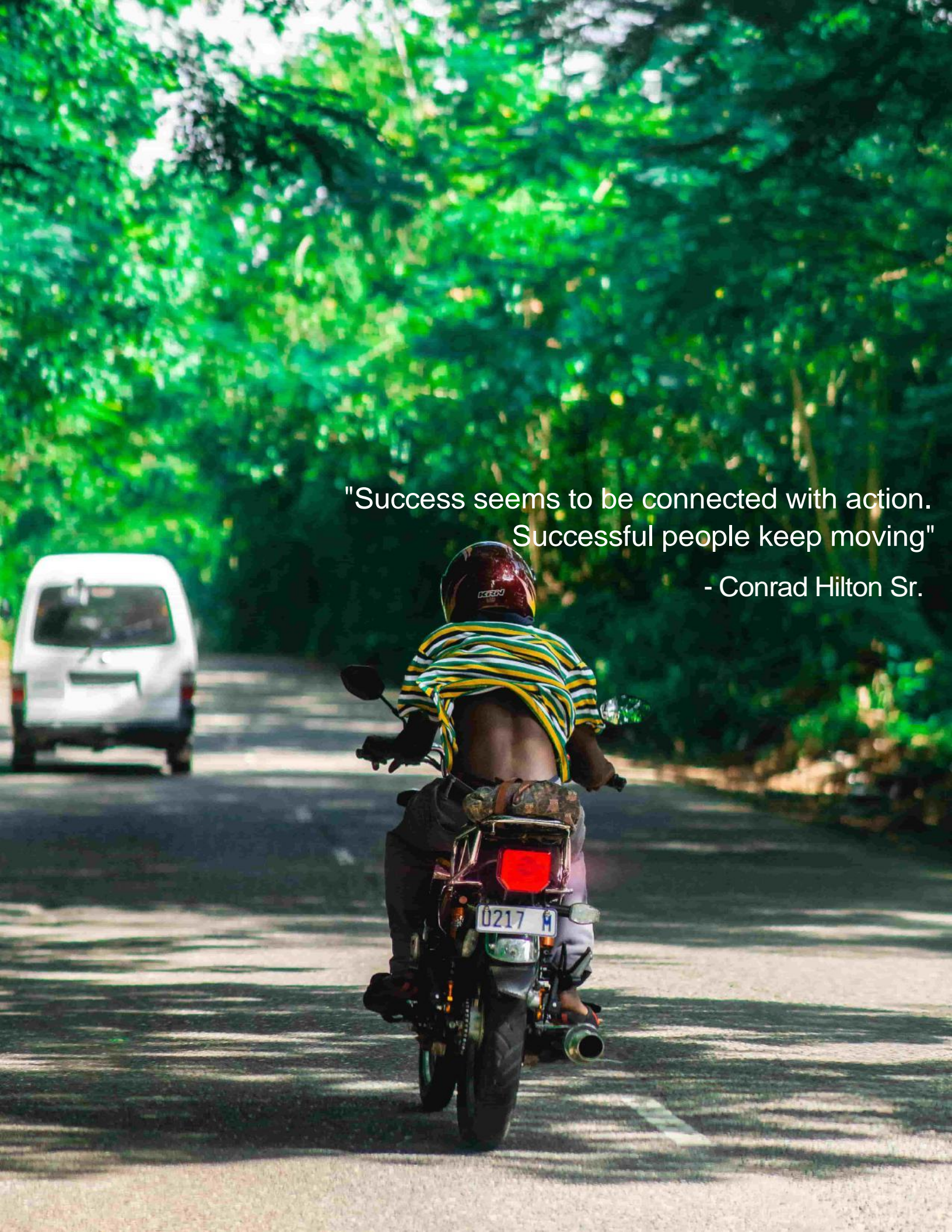
As at 30 September 2023

Top Ten Shareholders

| | <i>Connected Parties</i> | Shares Held | Combined Holdings | % of Issued Shares |
|-----|--|------------------------|--------------------------|---------------------------|
| 1. | Granite Group Limited | 109,000,000 | 109,000,000 | 50.93% |
| 2. | Mayberry Jamaican Equities Limited | 41,673,623 | 41,673,623 | 19.47% |
| 3. | Catherine Adella Peart | 7,000,000 | 7,000,000 | 3.27% |
| 4. | Mayberry Managed Client Accounts | 5,780,220 | 5,780,220 | 2.70% |
| 5. | Sigma Global Venture | 4,000,000 | 4,000,000 | 1.87% |
| 6. | Sharon Harvey-Wilson <i>Jeremy Wilson</i> | 1,563,360 2,204,979 | 3,768,339 | 1.76% |
| 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. | Michelle Mayne | 2,000,000 | 2,000,000 | 0.93% |
| 10. | Apex Pharmacy | 1,989,266 | 1,989,266 | 0.93% |
| | Total | | 180,555,542 | 84.37% |
| | Total Issued Shares | | 214,000,000 | 100.00% |

Directors & Senior Officers

| | <i>Connected Parties</i> | Shares Held | Combined Holdings | % of Issued Shares |
|---|--------------------------|--------------------|--------------------------|---------------------------|
| Directors | | | | |
| W. David McConnell | | 2,420,000 | 112,231,000 | 52.44% |
| <i>Granite Group Limited</i> | 109,000,000 | | | |
| <i>St. Elizabeth Holdings Limited</i> | 811,000 | | | |
| R. Evan Thwaites | | 1,750,000 | 110,750,000 | 51.75% |
| <i>Granite Group Limited</i> | 109,000,000 | | | |
| Gary Peart | | - | 48,673,623 | 22.74% |
| <i>Mayberry Jamaican Equities Limited</i> | 41,673,623 | | | |
| <i>Catherine Peart</i> | 7,000,000 | | | |
| Christopher Berry | | - | 46,586,983 | 21.77% |
| <i>Mayberry Jamaican Equities Limited</i> | 41,673,623 | | | |
| <i>PWL Bamboo Holdings Limited</i> | 2,924,094 | | | |
| <i>Apex Pharmacy Limited</i> | 1,989,266 | | | |
| Wayne N. Hardie | | 1,025,727 | 1,025,727 | 0.48% |
| Christian Tavares-Finson | | 666,000 | 666,000 | 0.31% |
| Anthony Bell | | - | 300,000 | 0.14% |
| <i>Jean Bell</i> | 300,000 | | | |
| Senior Officers | | | | |
| Yvonne Daley | | 250,000 | 250,000 | 0.12% |
| Maurice Bolt | | 200,000 | 200,000 | 0.09% |

A person is riding a motorcycle away from the camera on a paved road. The rider is wearing a red helmet and a yellow and green striped shirt. The motorcycle has a license plate that reads '0217 H'. In the background, a white van is driving away on the same road. The road is lined with lush green trees, and the scene is brightly lit, suggesting a sunny day.

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

- Conrad Hilton Sr.