2024 Q4: QUARTERLY REPORT

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Unaudited Financial Statements as at

31st December 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 December 2024.

Managing Director's Report

IronRock concluded the final quarter of 2024 with strong revenue growth, achieving sustained growth across key portfolios. The revenue growth, particularly in our Motor and Marine portfolios, solidifies our market presence and reinforces the appropriateness of our underwriting strategy. Claims incurred showed significant improvement over Q4 2023, reflecting the benefits of our prudent underwriting approach and disciplined risk selection.

Investment performance for the quarter continued to show growth over 2023, but market conditions, particularly interest rate movements, have put pressure on expected returns.

Financial Review

For the Fourth Quarter

Insurance Revenue amounted to $466.3 million, an increase of 20% when compared to the corresponding period in 2023, reflecting sustained premium growth across key business lines. Our Reinsurance Contract Expenses totalled $165.7 million, increasing 62% over Q4 2023 primarily due to increased reinsurance premium cessions driven by the growth in our portfolios.

Insurance Service Expenses amounted to $193.2 million, remaining flat when compared to Q4 2023. As a result, we produced an Insurance Service Result of $107.3 million, up 17% from $91.9 million in Q4 2023.

Our Investment Return stood at $25.9 million, remaining relatively stable when compared to Q4 2023, despite ongoing pressures in financial markets. Other Operating Expenses increased by 83% to $56.4 million, reflecting continued inflationary pressures and ever-increasing regulatory costs.

Year-to-date:

For the full year 2024, Insurance Revenue grew by 26%, reaching $1.75 billion, compared to $1.39 billion in 2023, Reinsurance Contract Expenses rose by 32% to $939.5 million, and Insurance Service Expenses totalled $667.6 million, a 18% increase over 2023. Despite this, our Insurance Service Result for the year improved by 23%, totalling $147.6 million, compared to $119.7 million in 2023.

Our Investment Return amounted to $104.3 million, a 32% increase over $78.8 million in 2023, reflecting strategic investment management in a challenging interest rate environment.

Other Operating Expenses increased to $174.8 million, compared to $118.5 million in 2023, largely due to regulatory and operational costs. Despite these cost increases, we generated a pre-tax profit of $86.7 million, compared to $103.1 million in 2023.

As of 31 December 2024, Total Assets stood at $1.68 billion, compared to $1.56 billion at the same point last year. Shareholders’ Equity increased to $803.4 million, reflecting a 7% growth from $748.3 million in 2023.

We extend our gratitude to our staff, clients, brokers, and partners for their continued support.

R. Evan Thwaites
Managing Director

2.1 Statement of Comprehensive Income

For the Period ended 31 December 2024

(expressed in Jamaican dollars)

	Unaudited 3 months ended	Unaudited 3 months ended	Unaudited Year ended	Audited Year ended
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
	$'000	**$'000**	**$'000**	**$'000**
Insurance Revenue	466,322	387,738	1,754,804	1,395,361
Reinsurance Contracts Expense	(165,699)	(102,263)	(939,523)	(710,554)
Insurance Service Contracts Expense	(193,281)	(193,517)	(667,643)	(565,090)
Insurance Service results	**107,342**	**91,958**	**147,638**	**119,717**
Interest revenue	22,385	19,253	89,851	62,670
Other Investment revenue	8,054	990	19,416	11,388
Net Impairment gain/loss on financial asset	(4,506)	5,363	(4,970)	4,745
Investment return	**25,933**	**25,606**	**104,297**	**78,803**
Net Insurance and Investment results	**133,275**	**117,564**	**251,935**	**198,520**
Net finance expenses from insurance contracts	-	9,497	-	9,497
Net finance income from reinsurance contracts	-	(6,478)	-	(6,478)
	133,275	**120,583**	**251,935**	**201,539**
Other Income	1,493	2,622	9,516	20,067
Other operating expenses	(56,416)	(30,843)	(174,790)	(118,506)
Profit / (Loss) before taxation	**78,352**	**92,362**	**86,661**	**103,100**
Taxation	(14,756)	(19,165)	(13,999)	(19,165)
Net profit / (loss) for period	**63,594**	**73,197**	**72,662**	**83,935**
Profit / (Loss) per stock unit	**$0.30**	**$0.34**	**$0.34**	**$0.39**

2.2 Statement of Financial Position

As at 31 December 2024

(expressed in Jamaican dollars)

	Unaudited 31-Dec-24	Audited 31-Dec-23
	$'000	**$'000**
ASSETS		
Property plant and equipment	16,199	15,648
Intangible assets	1,930	2,972
Deferred taxation	-	-
Investments	815,608	529,078
Securities purchased under resale agreement	150,606	-
Asset for Remaining Coverage	432,328	426,779
Short Term Investment	100,609	101,442
Receivables	38,308	52,081
Taxation recoverable	38,886	41,568
Due from related party		746
Cash and cash equivalents	87,047	395,923
	1,681,521	**1,566,237**
LIABILITIES AND SHAREHOLDER EQUITY		
Other Accounts Payables	63,773	37,372
Liability for Remaining Coverage	811,075	777,045
Deferred Tax Liability	3,243	3,507
Total Liabilities	878,091	817,924
Shareholders' equity	803,438	748,313
	1,681,521	**1,566,237**

R. Evan Thwaites
Managing Director

Wayne Hardie
Finance Director

2.3 Statement of Changes in Shareholder' Equity

For the Period ended 31 December 2024

(expressed in Jamaican dollars)

	Ordinary share capital	Capital reserve	Fair value Investment	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000
Balances as at 31 December 2022	**465,540**	**139,340**	**(6,274)**	**71,896**	**670,502**
Net profit / (loss) for the period	-	-	-	83,935	83,935
Other comprehensive income:	-	-	-	-	-
Dividends Paid	-	-	-	(6,955)	(6,955)
Fair value gain / (loss) on investments	-	-	-	-	831
Balances as at 31 December 2023	**465,540**	**139,340**	**(5,443)**	**148,876**	**748,313**
Balances as at 31 December 2023	**465,540**	**139,340**	**(5,443)**	**148,876**	**748,313**
Net Profit / Loss for the period	**-**	-	**-**	72,662	**72,662**
Other comprehensive income:					
Dividends Paid				(21,400)	**(21,400)**
Fair value gain / (loss) on investments	**-**	-	**3,855**	-	**3,855**
Balances as at 31 December 2024	**465,540**	**139,340**	**(1,588)**	**200,138**	**803,430**

2.4 Statement of Cash Flows

For the Period ended 31 December 2024

(expressed in Jamaican dollars)

	Unaudited	Audited
	31-Dec-24	31-Dec-23
	$'000	$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) after taxation	72,662	83,964
Depreciation	5,731	5,507
Deferred taxation	(264)	9,735
Expected credit Loss	4,970	(4,745)
Fair Value Thru Profit and Loss	(11,818)	3,295
Taxation	14,263	9,401
Loss / (Gain) on sale of investment	(7,598)	(6,391)
Loss / (Gain) on sale of Fixed Asset	-	(122)
Interest income	(89,850)	(70,962)
	(11,904)	29,682
Changes in:		
Receivables	13,773	(37,306)
Reinsurance contract assets	(5,549)	(152,875)
Due from Parent Company	746	2,238
Taxation paid	(11,581)	(11,005)
Other payables	26,401	2,129
Finance lease Obligation		
Insurance contract liabilities	34,030	246,211
	57,820	49,392
Net cash provided by / (used in) operating activities	**45,916**	**79,074**
CASH FLOW FROM INVESTING ACTIVITIES		
Decrease / (Increase) in:		
Investments, net	(268,229)	(80,332)
Proceeds from disposal of Investment		104,334
Proceeds from disposal of Fixed Assets		122
Disposal / (Acquisition) of fixed assets	(5,881)	(1,662)
Intangibles	86	(1,200)
Short term Investments	833	
Repurchase agreements purchase	(150,606)	90,000
Interest received	89,850	70,138
Net cash provided by / (used in) investing activities	**(333,392)**	**181,400**
CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (Decrease) in:		
Dividend Payment	(21,400)	(6,955)
Net cash provided by / (used in) financing activities	**(21,400)**	**(6,955)**
Net increase / (decrease) in cash and cash equivalents	**(308,876)**	**253,519**
Opening cash and cash equivalents	395,923	142,404
Closing cash and cash equivalents	**87,047**	**395,923**

3. Notes to the Unaudited Financial Statements

For the period ended 31 December 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 computation 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 December 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		48,499,583	48,499,583	**22.66%**
3	Catherine Adella Peart		7,000,000	7,000,000	**3.27%**
4	Sigma Global Venture		4,000,000	4,000,000	**1.87%**
5	Sharon Harvey-Wilson		1,563,360	3,768,339	**1.76%**
	Jeremy Wilson	*2,204,979*			
6	PWL Bamboo Holdings Limited		2,924,094	2,924,094	**1.37%**
7	W. David McConnell		2,420,000	2,420,000	**1.13%**
8	R. Evan Thwaites		2,050,000	2,050,000	**0.96%**
9	Michelle Mayne		2,000,000	2,000,000	**0.93%**
10	John Mahfood		1,688,609	1,688,609	**0.79%**
	Total			**183,350,625**	**85.68%**
	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		-	55,499,583	**25.93%**
Mayberry Jamaican Equities Limited	48,499,583			
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%**