Demonstrating very strong support to the proposed IFC capital raising transaction, the Shareholders of Guardian Holdings Limited voted unanimously in approving the agreement for the IFC, a member of the World Bank Group, and the IFC African, Latin American and Caribbean (ALAC) Fund to invest US$75 million in equity in the company.

GHL's Group CEO Jeff Mack identified several benefits of this investment with shareholders at the Special General Meeting held in Guardian’s Westmoorings head office on September 1st. He noted that “it increases financial flexibility, improves cash flow by eliminating higher debt service cost, lowers the company’s leverage ratio, while providing additional capital in support of GHL’s strategic growth plans. At the same time, the transaction brings in a strong, reputable partner who has the funds available for follow on investments.”

The investment includes US$56.25 million for IFC’s account and US$18.75 million from the IFC ALAC Fund, which is managed by IFC Asset Management Company. The transaction is part of IFC’s strategy to expand its investment activities in the insurance sector, with the goal of increasing availability of insurance products that address individual needs, such as health insurance, and access to insurance products for smaller businesses, microfinance institutions, and agribusinesses. The effort involves partnering with global and regional insurance companies that are focused on expanding in emerging markets. GHL will help the IFC fulfill its mandate.

James Scriven, IFC Director of Financial Markets, said, “This investment aligns with our priorities for the region by deepening the financial sector and improving access to services for segments not currently served by insurance companies, while strengthening our partnership with a strong local player, helping it grow and expand into new markets.”

Sujoy Bose, Head of IFC ALAC Fund, added, “IFC ALAC Fund is pleased to partner with Guardian Holdings Limited, a leader in the Caribbean insurance sector, where market penetration is low compared to international standards. This infusion of capital will allow the company to expand its insurance services in this underserved market.”

Arthur Lok Jack, Chairman of Guardian Holdings, expressed confidence that “this long-term partnership will foster new growth opportunities for the GHL Group, our shareholders, stakeholders and the wider community.” He went on to further note for the shareholders that the elimination of US$50 million in debt previously owed to the IFC, which will now be converted into common equity at a premium above GHL’s share price, will be accretive to GHL’s future earnings. The conversion will remove debt service costs related to the loan of over US$4 million annually, while eliminating the need to set aside funds to pay off the $US50 million principal at the end of the loan’s term.

Arthur Lok Jack
Chairman
September 5, 2010