

CHAIRMAN'S REPORT

Dear Shareholder,

The Group has had a solid performance in the six months to 30 June 2021. Profits attributable to equity shareholders amounted to \$256 million, an increase of \$91 million over the \$165 million profit recorded in the same period last year. Earnings per share increased to \$1.10 versus \$0.71 in the comparative period last year.

Net income from investing activities increased by \$454 million from \$316 million in the prior period to \$770 million in the current period. This increase was primarily on account of net fair value gains which recorded a favourable movement of \$420 million, from a loss of \$309 million in the prior period to a gain of \$111 million in this period, driven by net positive movements in the Group's regional equity portfolios. Your Group continues to closely monitor the investment markets and rebalance portfolios as necessary.

Net result from insurance activities was \$417 million, a 24% decrease from the \$551 million reported in the corresponding period last year. This is largely driven by our Trinidad Life, Health and Pension business that experienced an increase in policy lapses and a decrease in premium collection as a result of the lockdowns triggered by COVID-19. Gross premiums increased year-over-year by \$210 million or 6% and net premiums increased by \$30 million or 1%. The Life, Health and Pension business segment recorded 4% growth in gross premiums primarily from the Trinidad and Jamaican markets. The integration of the life insurance and annuities portfolio acquired by Guardian Life Limited at the end of Q3 2020 from NCB Insurance Company Limited, has contributed to the increase in this segment's results for the half-year. The Property and Casualty business segment also recorded growth in gross premiums by 8% primarily from fronting arrangements, and our operations in the Netherlands.

Operating expenses were \$769 million, a 24% increase over the \$618 million reported in the corresponding period last year. The Group is closely monitoring expenses as it continues to incur costs associated with the implementation of IFRS 17 (Insurance Contracts) as well as with our Group wide transformation initiatives.

I am happy to report that during the second quarter of 2021, the Group cross-listed its shares on the Jamaica Stock Exchange (JSE) and that the listing has been well received by Jamaican investors.

The Group continues its solid performance notwithstanding the ongoing COVID-19 pandemic. Vaccination activities are continuing in our region; however, the emergence of variants contributes to an uncertain path towards full economic recovery. As a result, economic headwinds continue to persist in all of our operating territories.

Based upon the overall performance for the half-year under review, your directors have proposed an interim dividend of 18 cents (2020: nil) to be paid to shareholders on record on 12 August 2021 when the register of members will be closed for this purpose.



Patrick Hylton
Chairman Guardian Holdings Limited
29 July 2021

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 6-Months Jun 2021 TTS'000	Unaudited 6-Months Jun 2020 TTS'000	Unaudited 3-Months Jun 2021 TTS'000	Unaudited 3-Months Jun 2020 TTS'000	Audited 12-Months Dec 2020 TTS'000
Gross written premiums	3,730,914	3,520,838	1,689,282	1,542,412	6,556,531
Net written premiums	2,250,559	2,221,063	998,633	982,924	4,381,660
Net result from insurance activities	417,012	550,953	208,969	370,208	1,413,229
Net income from investing activities	769,949	315,627	437,545	288,881	988,637
Fee and commission income from brokerage activities	71,984	72,741	35,271	32,961	144,325
Net income from all activities	1,258,945	939,321	681,785	692,050	2,546,191
Net impairment losses on financial assets	(58,789)	(24,167)	(53,762)	(36,862)	(15,695)
Operating expenses	(768,637)	(618,473)	(459,565)	(309,357)	(1,372,256)
Finance charges	(102,991)	(73,245)	(52,271)	(36,529)	(153,847)
Operating profit	328,528	223,436	116,187	309,302	1,004,393
Share of after tax profits of associated companies	9,012	10,730	5,439	5,942	17,705
Profit before taxation	337,540	234,166	121,626	315,244	1,022,098
Taxation	(77,247)	(80,608)	(38,605)	(120,783)	(243,844)
Profit after taxation	260,293	153,558	83,021	194,461	778,254
(Surplus)/deficit attributable to participating policyholders	(2,500)	13,853	(2,018)	7,699	2,038
Profit for the period	257,793	167,411	81,003	202,160	780,292
Profit attributable to non-controlling interests	(1,650)	(2,816)	(977)	(1,107)	(5,834)
Profit attributable to equity holders of the company	256,143	164,595	80,026	201,053	774,458
Earnings per share					
- Basic	TT\$1.10	TT\$0.71			TT\$3.34

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6-Months Jun 2021 TTS'000	Unaudited 6-Months Jun 2020 TTS'000	Unaudited 3-Months Jun 2021 TTS'000	Unaudited 3-Months Jun 2020 TTS'000	Audited 12-Months Dec 2020 TTS'000
Profit for the period	257,793	167,411	81,003	202,160	780,292
Other comprehensive income/(loss)					
Exchange differences on translating foreign operations	(249,653)	(112,919)	(92,807)	(54,460)	(22,973)
Net (losses)/gains on debt instruments at fair value through other comprehensive income	(39,764)	(8,543)	18,634	216,731	98,789
Gains/(losses) on property revaluation	31	-	-	-	(6,248)
Actuarial gains on post-employment benefits	-	-	-	-	41,051
Other reserve movements	54	65	27	43	111
Income tax relating to components of other comprehensive income	7,734	(636)	(1,996)	(15,463)	(28,266)
Other comprehensive (loss)/income for the period, net of tax	(281,598)	(122,033)	(76,142)	146,851	82,464
Total comprehensive (loss)/income for the period, net of tax	(23,805)	45,378	4,861	349,011	862,756
Comprehensive income attributable to non-controlling interests	(1,635)	(2,850)	(975)	(1,156)	(6,091)
Comprehensive (loss)/income attributable to equity holders of the company	(25,440)	42,528	3,886	347,855	856,665

Basis of Preparation

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of income, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows.

The summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2020 audited consolidated financial statements consistently applied from period to period. Any new accounting standards or interpretations which became effective in this financial year have had no material impact on the Group. The areas of critical accounting estimate and judgement as disclosed in "Note 3" of the 31 December 2020 audited consolidated financial statements, have also remained unchanged.

Forward-looking statements

This statement may contain certain forward-looking statements, including but not limited to, statements as to future operating results and plans that involve risks and uncertainties. We use words such as "expects", "anticipates", "believes", or "estimates", the negative of these terms and similar expressions to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by those projected in the forward-looking statements for any reason.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Jun 2021 TT\$'000	Audited Dec 2020 TT\$'000
ASSETS		
Property, plant and equipment	687,954	701,168
Right-of-use assets	83,683	93,831
Investment properties	1,627,968	1,670,156
Intangible assets	759,105	797,794
Investment in associated companies	265,413	261,064
Investment securities	21,135,365	20,666,164
Investment securities of mutual fund unit holders	1,636,597	1,465,074
Loans and receivables	2,410,751	2,015,967
Properties for development and sale	106,445	117,585
Pension plan assets	80,354	76,286
Deferred tax assets	75,519	71,227
Reinsurance assets	1,377,842	1,071,541
Deferred acquisition costs	158,060	129,401
Taxation recoverable	148,913	166,269
Cash and cash equivalents	3,444,950	3,433,408
Cash and cash equivalents of mutual fund unit holders	305,923	287,997
Total assets	34,304,842	33,024,932
EQUITY AND LIABILITIES		
Share capital	1,970,043	1,970,043
Reserves	(599,384)	(317,746)
Retained earnings	3,274,265	3,018,068
Equity attributable to owners of the company	4,644,924	4,670,365
Non-controlling interest in subsidiary	7,159	5,523
Total equity	4,652,083	4,675,888
Liabilities		
Insurance contracts	19,610,456	18,823,849
Financial liabilities	3,351,493	3,277,504
Lease liabilities	96,758	103,669
Investment contract liabilities	2,663,289	2,696,558
Third party interests in mutual funds	1,440,279	1,301,361
Pension plan liabilities	91,635	92,401
Post-retirement medical benefit obligations	132,376	131,425
Deferred tax liabilities	401,699	420,017
Provision for taxation	55,940	149,111
Reinsurance liabilities	717,035	303,142
Other liabilities	1,091,799	1,050,007
Total liabilities	29,652,759	28,349,044
Total equity and liabilities	34,304,842	33,024,932

These consolidated financial statements have been approved for issue by the Board of Directors on 29 July 2021 and signed on its behalf:

Director:  Director: 

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Jun 2021 TT\$'000	Unaudited Jun 2020 TT\$'000	Audited Dec 2020 TT\$'000
Balance at beginning of period	4,675,888	3,964,220	3,964,220
Acquisition of non-controlling interests	-	-	(30,365)
Total comprehensive (loss)/income	(23,805)	45,378	862,756
Dividends	-	(118,333)	(120,723)
Balance at end of period	4,652,083	3,891,265	4,675,888

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Jun 2021 TT\$'000	Unaudited Jun 2020 TT\$'000	Audited Dec 2020 TT\$'000
Profit before taxation	337,540	234,166	1,022,098
Adjustment for specific items included on the accruals basis:			
- Finance charges	102,991	73,245	153,847
- Investment income	(555,242)	(491,031)	(1,023,054)
Interest and dividends received	530,700	478,897	1,056,027
Adjustments for non-cash items	(62,206)	352,208	322,671
Operating profit before changes in operating assets/liabilities	353,783	647,485	1,531,589
Net increase/(decrease) in insurance liabilities	763,754	305,860	(41,252)
Net purchases of investment securities	(652,488)	(68,489)	(264,556)
Net purchases of/additions to investment properties	(51,446)	(43,143)	(148,754)
Net movement in other operating assets and liabilities	(311,479)	(303,479)	103,042
Cash provided by operating activities	102,124	538,234	1,180,069
Interest paid	(109,253)	(83,883)	(181,475)
Net taxation paid	(160,405)	(41,459)	(115,922)
Net cash (used in)/provided by operating activities	(167,534)	412,892	882,672
Net cash used in investing activities	(23,992)	(27,413)	(355,131)
Net cash provided by/(used in) financing activities	247,719	(121,116)	700,435
Net increase in cash and cash equivalents	56,193	264,363	1,227,976

SEGMENT INFORMATION

	Life, health and pension business TT\$'000	Property and casualty business TT\$'000	Asset management TT\$'000	Other including consolidation adjustments TT\$'000	Group TT\$'000
Six months ended 30 June 2021					
Gross written premiums	1,930,291	1,800,623	-	-	3,730,914
Net written premiums	1,825,820	424,739	-	-	2,250,559
Underwriting revenue	1,803,454	635,941	-	-	2,439,395
Underwriting expenses	(1,698,125)	(336,872)	-	12,614	(2,022,383)
Net income from investing activities	649,085	42,660	62,859	15,345	769,949
Fee and commission income from brokerage activities	-	82,132	-	(10,148)	71,984
Net income from all activities	754,414	423,861	62,859	17,811	1,258,945
Net impairment gains/(losses) on financial assets	(54,324)	(3,748)	2,566	(3,283)	(58,789)
Operating expenses	(395,718)	(279,611)	(40,514)	(52,794)	(768,637)
Finance charges	(4,020)	(3,221)	(2,926)	(92,824)	(102,991)
Operating profit/(loss)	300,352	137,281	21,985	(131,090)	328,528
Six months ended 30 June 2020					
Gross written premiums	1,850,784	1,670,054	-	-	3,520,838
Net written premiums	1,738,132	482,931	-	-	2,221,063
Underwriting revenue	1,725,983	629,528	-	-	2,355,511
Underwriting expenses	(1,523,969)	(294,311)	-	13,722	(1,804,558)
Net income/(loss) from investing activities	275,374	4,440	60,302	(24,489)	315,627
Fee and commission income from brokerage activities	-	84,707	-	(11,966)	72,741
Net income/(loss) from all activities	477,388	424,364	60,302	(22,733)	939,321
Net impairment gains/(losses) on financial assets	(16,997)	(6,009)	1,320	(2,481)	(24,167)
Operating expenses	(292,664)	(245,124)	(29,358)	(51,327)	(618,473)
Finance charges	(3,349)	(2,712)	(995)	(66,189)	(73,245)
Operating profit/(loss)	164,378	170,519	31,269	(142,730)	223,436
Total Assets					
30 June 2021	26,765,986	5,382,171	2,553,692	(397,007)	34,304,842
31 December 2020	26,417,160	4,594,693	2,312,443	(299,364)	33,024,932