

CHAIRMAN'S REPORT

Dear Shareholder,

The Group has continued with a creditable and strong performance in the nine months to 30 September 2021. Profits attributable to equity shareholders amounted to \$457 million, a decrease of \$28 million over the \$485 million profit recorded in the same period last year. Earnings per share decreased to \$1.97 versus \$2.09 in the comparative period last year.

This performance comes in the face of the quarter being marred by a US\$10 million loss in Guardian Re, our Bermuda based reinsurance company. Guardian Re pools the Group's hurricane and earthquake risk and reinsures the bulk of the aggregate to external, professional reinsurance companies. As a corollary to this activity, Guardian Re also accepts inward reinsurance from external reinsurance companies. The risks accepted are a diversified pool of global risks. It is unfortunate that from within this diversified pool a loss of US\$10 million emerged relating to the German floods that have received widespread news coverage. The performance in the face of this event is testimony to the diversification of the Group's profit streams by line of business and geography, reflecting our deliberate strategy to create a Group able to produce steady profits allowing for the natural volatility of insurance business.

Net result from insurance activities was \$630 million, a 37% decrease over the \$998 million reported in the corresponding period last year. Much of this reduction is related to the temporary effects of the COVID-19 pandemic. Our life insurance operations in Jamaica have been experiencing an increase in mortality claims on account of the low COVID-19 vaccination rate of the population. Our life insurance operations in Trinidad & Tobago are experiencing persistency challenges on account of depressed economic activity triggered by COVID-19 related lockdowns. Gross premiums increased year-over-year by \$377 million or 8% and net premiums increased by \$121 million or 4%. As with the prior two quarters in 2021, 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 year to date.

Net income from investing activities increased by \$572 million from \$581 million in the prior period to \$1,153 million in the current period. This increase was primarily on account of net fair value gains which recorded a favourable movement of \$491 million, from a loss of \$358 million in the prior period to a gain of \$133 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.

Operating expenses were \$1,074 million, a 16% increase over the \$923 million reported in the corresponding period last year. The Group continues to closely monitor 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.

We are encouraged by our performance given the ongoing COVID-19 pandemic. Vaccination activities are continuing apace in our region which would lead to more positive economic conditions. Our diversified revenue sources position us well to navigate through the current environment as we continue to benefit from the positive impact of the deployment of our programme of transformation activities.



Patrick Hylton
Chairman Guardian Holdings Limited
5 November 2021

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 9-Months Sep 2021 TT\$'000	Unaudited 9-Months Sep 2020 TT\$'000	Unaudited 3-Months Sep 2021 TT\$'000	Unaudited 3-Months Sep 2020 TT\$'000	Audited 12-Months Dec 2020 TT\$'000
Gross written premiums	5,369,133	4,991,878	1,638,219	1,471,040	6,556,531
Net written premiums	3,389,073	3,267,840	1,138,514	1,046,777	4,381,660
Net result from insurance activities	630,438	998,199	213,426	447,246	1,413,229
Net income from investing activities	1,152,615	580,745	382,666	265,118	988,637
Fee and commission income from brokerage activities	109,421	106,830	37,437	34,089	144,325
Net income from all activities	1,892,474	1,685,774	633,529	746,453	2,546,191
Net impairment losses on financial assets	(76,470)	(24,792)	(17,681)	(625)	(15,695)
Operating expenses	(1,073,755)	(922,755)	(305,118)	(304,282)	(1,372,256)
Finance charges	(149,972)	(110,010)	(46,981)	(36,765)	(153,847)
Operating profit	592,277	628,217	263,749	404,781	1,004,393
Share of after tax profits of associated companies	16,562	18,946	7,550	8,216	17,705
Profit before taxation	608,839	647,163	271,299	412,997	1,022,098
Taxation	(136,321)	(170,989)	(59,074)	(90,381)	(243,844)
Profit after taxation	472,518	476,174	212,225	322,616	778,254
(Surplus)/deficit attributable to participating policyholders	(12,312)	13,877	(9,812)	24	2,038
Profit for the period	460,206	490,051	202,413	322,640	780,292
Profit attributable to non-controlling interests	(3,125)	(4,824)	(1,475)	(2,008)	(5,834)
Profit attributable to equity holders of the company	457,081	485,227	200,938	320,632	774,458
Earnings per share					
- Basic	TT\$1.97	TT\$2.09			TT\$3.34

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 9-Months Sep 2021 TT\$'000	Unaudited 9-Months Sep 2020 TT\$'000	Unaudited 3-Months Sep 2021 TT\$'000	Unaudited 3-Months Sep 2020 TT\$'000	Audited 12-Months Dec 2020 TT\$'000
Profit for the period	460,206	490,051	202,413	322,640	780,292
Other comprehensive income/(loss)					
Exchange differences on translating foreign operations	(182,885)	(127,587)	66,768	(14,668)	(22,973)
Net (losses)/gains on debt instruments at fair value through other comprehensive income	(74,454)	19,674	(34,690)	28,217	98,789
Gains/(losses) on property revaluation	2,196	(7,406)	2,165	(7,406)	(6,248)
Actuarial gains on post-employment benefits	27,991	17,466	27,991	17,466	41,051
Other reserve movements	82	79	28	14	111
Income tax relating to components of other comprehensive income	11,177	(7,552)	3,443	(6,916)	(28,266)
Other comprehensive (loss)/income for the period, net of tax	(215,893)	(105,326)	65,705	16,707	82,464
Total comprehensive income for the period, net of tax	244,313	384,725	268,118	339,347	862,756
Comprehensive income attributable to non-controlling interests	(3,112)	(5,089)	(1,477)	(2,239)	(6,091)
Comprehensive income attributable to equity holders of the company	241,201	379,636	266,641	337,108	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 Sep 2021 TT\$'000	Audited Dec 2020 TT\$'000
ASSETS		
Property, plant and equipment	701,676	701,168
Right-of-use assets	80,022	93,831
Investment properties	1,734,026	1,670,156
Intangible assets	771,285	797,794
Investment in associated companies	270,510	261,064
Investment securities	21,566,782	20,666,164
Investment securities of mutual fund unit holders	1,622,004	1,465,074
Loans and receivables	2,159,594	2,015,967
Properties for development and sale	107,641	117,585
Pension plan assets	68,227	76,286
Deferred tax assets	77,630	71,227
Reinsurance assets	1,227,918	1,071,541
Deferred acquisition costs	151,298	129,401
Taxation recoverable	161,448	166,269
Cash and cash equivalents	3,365,610	3,433,408
Cash and cash equivalents of mutual fund unit holders	367,917	287,997
Total assets	34,433,588	33,024,932
EQUITY AND LIABILITIES		
Share capital	1,970,043	1,970,043
Reserves	(561,568)	(317,746)
Retained earnings	3,461,337	3,018,068
Equity attributable to owners of the company	4,869,812	4,670,365
Non-controlling interest in subsidiary	8,634	5,523
Total equity	4,878,446	4,675,888
Liabilities		
Insurance contracts	19,594,463	18,823,849
Financial liabilities	3,352,283	3,277,504
Lease liabilities	94,159	103,669
Investment contract liabilities	2,719,033	2,696,558
Third party interests in mutual funds	1,553,567	1,301,361
Pension plan liabilities	57,069	92,401
Post-retirement medical benefit obligations	123,836	131,425
Deferred tax liabilities	428,026	420,017
Provision for taxation	61,023	149,111
Reinsurance liabilities	555,106	303,142
Other liabilities	1,016,577	1,050,007
Total liabilities	29,555,142	28,349,044
Total equity and liabilities	34,433,588	33,024,932

These consolidated financial statements have been approved for issue by the Board of Directors on 5 November 2021 and signed on its behalf:

Director:



Director:



SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Sep 2021 TT\$'000	Unaudited Sep 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)	(30,365)
Total comprehensive income	244,313	384,725	862,756
Dividends	(41,755)	(120,723)	(120,723)
Balance at end of period	4,878,446	4,197,857	4,675,888

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Sep 2021 TT\$'000	Unaudited Sep 2020 TT\$'000	Audited Dec 2020 TT\$'000
Profit before taxation	608,839	647,163	1,022,098
Adjustment for specific items included on the accruals basis:			
- Finance charges	149,972	110,010	153,847
- Investment income	(886,128)	(740,033)	(1,023,054)
Interest and dividends received	855,672	756,584	1,056,027
Adjustments for non-cash items	(43,213)	373,939	322,671
Operating profit before changes in operating assets/liabilities	685,142	1,147,663	1,531,589
Net increase/(decrease) in insurance liabilities	765,788	141,594	(41,252)
Net (purchases of)/proceeds from disposal of investment securities	(1,083,259)	152,716	(264,556)
Net purchases of/additions to investment properties	(75,738)	(111,156)	(148,754)
Net movement in other operating assets and liabilities	(166,817)	(216,267)	103,042
Cash provided by operating activities	125,116	1,114,550	1,180,069
Interest paid	(155,767)	(121,324)	(181,475)
Net taxation paid	(203,100)	(60,805)	(115,922)
Net cash (used in)/provided by operating activities	(233,751)	932,421	882,672
Net cash used in investing activities	(58,370)	(264,875)	(355,131)
Net cash provided by financing activities	320,181	648,264	700,435
Net increase in cash and cash equivalents	28,060	1,315,810	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
Nine months ended 30 September 2021					
Gross written premiums	2,914,854	2,454,279	-	-	5,369,133
Net written premiums	2,766,334	622,739	-	-	3,389,073
Underwriting revenue	2,766,729	961,477	-	-	3,728,206
Underwriting expenses	(2,508,558)	(608,392)	-	19,182	(3,097,768)
Net income from investing activities	977,195	56,717	112,087	6,616	1,152,615
Fee and commission income from brokerage activities	-	124,801	-	(15,380)	109,421
Net income from all activities	1,235,366	534,603	112,087	10,418	1,892,474
Net impairment losses on financial assets	(62,118)	(2,956)	(8,145)	(3,251)	(76,470)
Operating expenses	(547,245)	(405,335)	(57,755)	(63,420)	(1,073,755)
Finance charges	(5,070)	(5,380)	(4,987)	(134,535)	(149,972)
Operating profit/(loss)	620,933	120,932	41,200	(190,788)	592,277
Nine months ended 30 September 2020					
Gross written premiums	2,720,160	2,271,718	-	-	4,991,878
Net written premiums	2,569,238	698,602	-	-	3,267,840
Underwriting revenue	2,580,035	931,284	-	-	3,511,319
Underwriting expenses	(2,076,196)	(457,543)	-	20,619	(2,513,120)
Net income/(loss) from investing activities	519,527	29,448	99,400	(67,630)	580,745
Fee and commission income from brokerage activities	-	124,226	-	(17,396)	106,830
Net income/(loss) from all activities	1,023,366	627,415	99,400	(64,407)	1,685,774
Net impairment losses on financial assets	(7,141)	(12,367)	(1,861)	(3,423)	(24,792)
Operating expenses	(447,695)	(371,244)	(44,274)	(59,542)	(922,755)
Finance charges	(5,271)	(4,020)	(1,870)	(98,849)	(110,010)
Operating profit/(loss)	563,259	239,784	51,395	(226,221)	628,217
Total Assets					
30 September 2021	27,133,514	5,053,243	2,687,498	(440,667)	34,433,588
31 December 2020	26,417,160	4,594,693	2,312,443	(299,364)	33,024,932