

## CHAIRMAN'S REPORT

Dear Shareholder,

Our positive momentum continued in 2023 with continued growth in core business performance across our operations in the English-speaking and Dutch Caribbean markets. For the year ended 31<sup>st</sup> December, 2023, un-audited profit attributable to equity shareholders was \$713 million, up \$249 million or 54% over the prior year's results of \$464 million. Earnings per share increased to \$3.07 versus \$2.00 in the comparative period. Equity value per share was \$16.50 versus its comparative of \$12.48. For the quarter ending 31<sup>st</sup> December, 2023, un-audited profit attributable to equity shareholders was \$331 million, marginally ahead of the corresponding period last year by \$0.3 million. This was primarily due to higher insurance service expenses and higher net insurance finance expenses offset by higher insurance revenues and higher net income from investing activities.

Consistent with our previous statements in 2023, we highlight that your Group implemented International Financial Reporting Standard (IFRS) 17 Insurance Contracts effective 1<sup>st</sup> January, 2023. IFRS 17 replaced IFRS 4 Insurance Contracts and materially changed the financial statements in terms of presentation, recognition, and measurement of insurance contracts mainly in the Life, Health and Pension segment. As well, the Group, in accordance with transition provisions of IFRS 17, restated the prior year comparative results and recognised the total impact on initial application of IFRS 17 in the opening consolidated statement of financial position as at 1<sup>st</sup> January, 2022. The impact of this restatement resulted in a decrease in the 2022 un-audited profits attributable to equity shareholders by \$636 million or 58% from \$1.1 billion reported under IFRS 4 to \$464 million under IFRS 17.

Our Life, Health and Pension (LHP) segment contributed insurance revenues of \$2.704 billion, up from \$2.413 billion in the prior year by \$291 million or 12%. Insurance revenue increased on all lines as clients continued to service their policies coupled with new business growth across all territories. This year-over-year increase in revenue was partially offset by increased insurance service expenses mainly due to health claims and directly attributable expenses.

The Property and Casualty (P&C) segment also reported increases in insurance revenues of \$2.742 billion up from \$2.457 billion in the prior year by \$285 million or 12%, principally from operations in the Trinidad, Jamaica and Dutch Caribbean markets. All business lines experienced growth except Marine. Insurance service expenses were \$1.2 million, 6% lower than the prior year mainly from favorable claims experience for property. Reinsurance markets continue to tighten thus resulting in increased reinsurance expenses primarily on the property book of business.

Revenue from the Brokerage segment was \$228 million, up 3% from the prior year. This was mainly due to increase in fee and commission income from our operations in the Netherlands.

Net income from investing activities also increased by \$1.1 billion over the prior year to \$1.9 billion. This increase was mainly due to a year-over-year increase in net fair value gains of \$897 million which included an unrealised net fair value gain of \$157 million from the reclassification of financial assets backing life and annuity portfolios being transferred from amortised costs and fair value through other comprehensive income to fair value through the profit and loss. The change aimed at diversifying financial assets and reducing the mismatch gap of assets and liabilities on insurance portfolios. The remaining year-over-year movement of \$744 million includes net fair value gains achieved from all main classes of investments, with local equities being a significant contributor. Foreign exchange gains in the current year versus prior year losses also contributed to the favorable results. Your Group continues to closely monitor volatile markets and rebalance portfolios, as necessary. Net insurance finance expenses increased by \$775 million over the prior year mainly from our LHP segment. Among other items, finance expenses include the flow through of the portion of net income from investment activities that is associated with insurance products with an investment component. For the reporting year, the impact of those interest rate movements was less favorable to the Group's insurance liabilities; however, the impact was favorable for our clients as they earned higher investment income of \$437 million in the current period due to growth in the policyholders' underlying funds, which resulted in higher expenses for the Group.

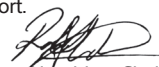
The Asset Management segment also reported year-over-year growth in after-tax profit for the year of 51%. The Group continues to focus efforts on developing this segment through third-party business, increased structuring, and trade activities.

Other operating expenses that were not attributable to insurance portfolios increased by \$47 million or 5% year-over-year. This was in part due to a combination of inflationary impacts on our cost structure, continued investment in IFRS 17 implementation and increased technological expenses. The Group continues to capitalise on cost containment opportunities to reduce operating expenses.

The Group's strong capitalisation and diversified business model positioned us well to respond to the changing business landscape and to navigate the ongoing uncertainties in our investment markets and the macro environment.

Your Group remains focused on completing its journey to perfect and protect the core which remains at the heart of our operations. As the teams continue to implement planned changes, the Group remains resolute on optimizing performance whilst building out the phases of our strategic journey geared toward increased use of digital technology and exploring new markets, products, and services.

I wish to thank the Board, management, staff and most importantly our customers for their loyalty and continuing support.



Robert Almeida - Chairman  
Guardian Holdings Limited  
11<sup>th</sup> February, 2024

## SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 12-Months Dec 2023 TT\$'000	Unaudited 12-Months Dec 2022 TT\$'000 (Restated)	Unaudited 3-Months Dec 2023 TT\$'000	Unaudited 3-Months Dec 2022 TT\$'000 (Restated)
Insurance revenue	5,446,077	4,869,396	1,356,974	1,236,122
Insurance service expenses	(3,656,506)	(3,341,883)	(952,262)	(736,862)
Net expenses from reinsurance contracts held	(1,049,219)	(821,173)	(157,494)	(207,688)
<b>Insurance service result</b>	<b>740,352</b>	<b>706,340</b>	<b>247,218</b>	<b>291,572</b>
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	791,610	910,994	65,431	230,463
Investment income from financial assets measured at fair value through profit or loss	567,111	358,466	304,541	107,617
Net realised gains/(losses) on financial and other assets	3,455	34,929	22,613	(2,838)
Net fair value gains/(losses)	366,872	(530,051)	264,319	33,471
Fee income	84,450	75,137	20,481	13,038
Other income	148,283	71,634	42,493	29,656
Net impairment gains/(losses) on financial assets	24,028	(36,469)	5,682	(36,911)
Investment contract benefits	(64,869)	(60,936)	(16,772)	(15,770)
<b>Net income from investing activities</b>	<b>1,920,940</b>	<b>823,704</b>	<b>708,788</b>	<b>358,726</b>
Finance expenses from insurance contracts issued	(788,946)	(17,108)	(250,455)	(11,363)
Finance (expenses)/income from reinsurance contracts held	(780)	2,219	(1,077)	1,105
<b>Net insurance finance expenses</b>	<b>(789,726)</b>	<b>(14,889)</b>	<b>(251,532)</b>	<b>(10,258)</b>
<b>Net insurance and investment result</b>	<b>1,871,566</b>	<b>1,515,155</b>	<b>704,474</b>	<b>640,040</b>
Fee and commission income from brokerage activities	155,893	156,462	33,564	44,280
<b>Net income from all activities</b>	<b>2,027,459</b>	<b>1,671,617</b>	<b>738,038</b>	<b>684,320</b>
Other operating expenses	(925,694)	(878,408)	(309,873)	(284,818)
Other finance charges	(176,779)	(203,377)	(44,189)	(48,263)
<b>Operating profit</b>	<b>924,986</b>	<b>589,832</b>	<b>383,976</b>	<b>351,239</b>
Share of after tax profits of associated companies	11,864	19,593	2,668	8,589
<b>Profit before taxation</b>	<b>936,850</b>	<b>609,425</b>	<b>386,644</b>	<b>359,828</b>
Taxation	(218,574)	(140,865)	(54,640)	(27,792)
<b>Profit for the period</b>	<b>718,276</b>	<b>468,560</b>	<b>332,004</b>	<b>332,036</b>
Profit attributable to non-controlling interest	(5,178)	(4,364)	(760)	(1,043)
<b>Profit attributable to equity holders of the company</b>	<b>713,098</b>	<b>464,196</b>	<b>331,244</b>	<b>330,993</b>
<b>Earnings per share</b>				
- Basic	\$ 3.07	\$ 2.00		

## SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 12-Months Dec 2023 TT\$'000	Unaudited 12-Months Dec 2022 TT\$'000 (Restated)	Unaudited 3-Months Dec 2023 TT\$'000	Unaudited 3-Months Dec 2022 TT\$'000 (Restated)
<b>Profit for the period</b>	<b>718,276</b>	<b>468,560</b>	<b>332,004</b>	<b>332,036</b>
<b>Other comprehensive income/(loss)</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign operations	(35,639)	(4,325)	6,460	78,978
Net fair value gain/(losses) on debt securities at fair value through other comprehensive income	109,327	(487,301)	227,124	39,678
Net change in allowance for expected credit losses on debt securities at fair value through other comprehensive income	(14,023)	(2,959)	(888)	(1,049)
Net (gains)/losses on debt securities at fair value through other comprehensive income reclassified to profit or loss on disposal	-	(660)	(3)	149
Finance income/(expenses) from insurance contracts issued	290,066	448,001	(187,853)	42,244
Finance income from reinsurance contracts held	283	776	283	776
Taxation relating to components of other comprehensive income	(38,763)	(16,889)	(37,501)	(46,898)
<b>Net other comprehensive income/(loss) that may be reclassified subsequently to profit or loss</b>	<b>311,251</b>	<b>(63,357)</b>	<b>7,622</b>	<b>113,878</b>
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
(Losses)/gains on property revaluation	(5,746)	65,286	487	119
Remeasurement of pension plans	(1,237)	41,341	(23,546)	(4,272)
Remeasurement of post-retirement medical benefit obligations	(15,282)	18,500	(15,936)	(444)
Other reserve movements	(199)	49	(156)	(53)
Taxation relating to components of other comprehensive income	(2,355)	(24,365)	(2,035)	(1,042)
<b>Net other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss</b>	<b>(24,819)</b>	<b>100,811</b>	<b>(41,186)</b>	<b>(5,692)</b>
<b>Other comprehensive income/(loss) for the period, net of taxation</b>	<b>286,432</b>	<b>37,454</b>	<b>(33,564)</b>	<b>108,186</b>
<b>Total comprehensive income for the period, net of taxation</b>	<b>1,004,708</b>	<b>506,014</b>	<b>298,440</b>	<b>440,222</b>
Comprehensive income attributable to non-controlling interest	(5,107)	(4,333)	(697)	(1,030)
<b>Comprehensive income attributable to equity holders of the company</b>	<b>999,601</b>	<b>501,681</b>	<b>297,743</b>	<b>439,192</b>

### SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Dec 2023 TT\$'000	Unaudited Dec 2022 TT\$'000 (Restated)	Unaudited 1 Jan 2022 TT\$'000 (Restated)
<b>ASSETS</b>			
Property, plant and equipment	707,864	756,153	679,813
Right-of-use assets	60,000	42,480	82,485
Investment properties	1,554,947	1,590,437	1,645,435
Intangible assets	686,383	668,441	664,606
Investment in associated companies	302,064	313,096	298,174
Investment securities	23,416,317	21,752,636	21,919,371
Investment securities of mutual fund unit holders	1,673,497	1,741,039	1,743,378
Loans and receivables	2,132,430	1,819,270	1,492,301
Properties for development and sale	167,422	96,122	101,482
Pension plan assets	92,993	111,909	61,610
Deferred tax assets	160,666	130,179	177,214
Reinsurance contract assets	663,598	869,703	768,120
Insurance contract assets	141,985	112,076	45,676
Taxation recoverable	200,388	191,600	183,043
Cash and cash equivalents	2,853,887	3,464,722	3,483,168
Cash and cash equivalents of mutual fund unit holders	102,078	144,389	323,296
<b>Total assets</b>	<b>34,916,519</b>	<b>33,804,252</b>	<b>33,669,172</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	1,970,043	1,970,043	1,970,043
Reserves	(522,844)	(830,312)	(804,013)
Retained earnings	2,380,862	1,755,940	1,395,017
<b>Attributable to equity holders of the company</b>	<b>3,828,061</b>	<b>2,895,671</b>	<b>2,561,047</b>
Non-controlling interest in subsidiary	11,930	11,155	8,997
<b>Total equity</b>	<b>3,839,991</b>	<b>2,906,826</b>	<b>2,570,044</b>
<b>Liabilities</b>			
Insurance contract liabilities	22,401,568	21,695,252	21,826,014
Reinsurance contract liabilities	129,139	483,450	254,843
Financial liabilities	3,269,982	3,305,274	3,521,703
Lease liabilities	68,013	54,288	96,245
Investment contract liabilities	2,023,610	2,021,559	1,992,053
Third party interests in mutual funds	1,686,258	1,563,727	1,599,412
Pension plan liabilities	17,433	40,294	38,459
Post-retirement medical benefit obligations	122,876	106,438	123,191
Deferred tax liabilities	286,463	252,331	272,594
Provision for taxation	182,785	273,771	275,541
Other liabilities	888,401	1,101,042	1,099,073
<b>Total liabilities</b>	<b>31,076,528</b>	<b>30,897,426</b>	<b>31,099,128</b>
<b>Total equity and liabilities</b>	<b>34,916,519</b>	<b>33,804,252</b>	<b>33,669,172</b>

These consolidated financial statements have been approved for issue by the Board of Directors on 11<sup>th</sup> February, 2024 and signed on its behalf:

Director:  Director: 

### SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital TT\$'000	Reserves TT\$'000	Retained earnings TT\$'000	Total attributable to equity holders of the company TT\$'000	Non- controlling interest TT\$'000	Total equity TT\$'000
<b>Twelve months ended 31 December 2023</b>						
<b>Balance at beginning of period - restated</b>	1,970,043	(830,312)	1,755,940	2,895,671	11,155	2,906,826
Deferred tax adjustment	-	-	104,485	104,485	-	104,485
Total comprehensive income	-	305,458	694,143	999,601	5,107	1,004,708
Transfer to/from retained earnings	-	2,010	(2,010)	-	-	-
Dividends	-	-	(171,696)	(171,696)	(4,332)	(176,028)
<b>Balance at end of period</b>	<b>1,970,043</b>	<b>(522,844)</b>	<b>2,380,862</b>	<b>3,828,061</b>	<b>11,930</b>	<b>3,839,991</b>
<b>Twelve months ended 31 December 2022</b>						
<b>Balance at beginning of period</b>	1,970,043	(799,010)	3,803,348	4,974,381	8,997	4,983,378
IFRS 17 transition adjustment	-	(5,003)	(2,408,331)	(2,413,334)	-	(2,413,334)
Total comprehensive income/(loss)	-	(17,532)	519,213	501,681	4,333	506,014
Transfer to/from retained earnings	-	(8,767)	8,767	-	-	-
Dividends	-	-	(167,057)	(167,057)	(2,175)	(169,232)
<b>Balance at end of period - restated</b>	<b>1,970,043</b>	<b>(830,312)</b>	<b>1,755,940</b>	<b>2,895,671</b>	<b>11,155</b>	<b>2,906,826</b>

### SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Dec 2023 TT\$'000	Unaudited Dec 2022 TT\$'000 (Restated)
<b>Cash flows from operating activities</b>		
Profit before taxation	936,850	609,425
Adjustment for specific items included on the accruals basis:		
- Other finance charges	176,779	203,377
- Investment income	(1,389,124)	(1,298,212)
Interest and dividends received	1,377,496	1,287,277
Adjustments for non-cash items	(277,825)	702,094
<b>Operating profit before changes in operating assets/liabilities</b>	<b>824,176</b>	<b>1,503,961</b>
Change in insurance contract assets/liabilities	1,077,809	229,711
Change in reinsurance contract assets/liabilities	(150,125)	126,130
Net increase in investment contracts	23,021	17,633
Purchase of investment securities	(10,694,492)	(8,306,660)
Proceeds from sale of investment securities	9,435,507	7,354,701
Purchase of/additions to investment properties	(6,374)	(69,288)
Proceeds from sale of investment property	22,473	229,529
Additions to properties for development and sale	(16,067)	(334)
Proceeds from sale of properties for development and sale	28,712	-
Net increase in loans and receivables	(322,976)	(371,838)
Net increase in other operating assets/liabilities	(227,319)	(22,902)
<b>Cash (used in)/provided by operating activities</b>	<b>(5,655)</b>	<b>690,643</b>
Interest paid	(200,818)	(242,407)
Net taxation paid	(252,442)	(167,124)
<b>Net cash (used in)/provided by operating activities</b>	<b>(458,915)</b>	<b>281,112</b>
<b>Cash flows from investing activities</b>		
Acquisition of brokerage portfolios	-	(25,297)
Acquisition of insurance portfolio	-	(1,680)
Purchase of property, plant and equipment	(48,385)	(63,702)
Proceeds from sale of property, plant and equipment	1,229	1,917
Purchase of intangible assets	(24,290)	(24,079)
<b>Net cash used in investing activities</b>	<b>(71,446)</b>	<b>(112,841)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings and repurchase agreements	365,603	683,403
Repayments of borrowings and repurchase agreements	(391,546)	(890,468)
Payment of principal portion of lease liabilities	(18,658)	(15,765)
Dividends paid to equity holders of the company	(171,696)	(167,057)
Dividends paid to non-controlling interests	(4,332)	(2,175)
Redemptions from mutual funds	(827,179)	(855,521)
Subscriptions to mutual funds	941,462	885,931
<b>Net cash used in financing activities</b>	<b>(106,346)</b>	<b>(361,652)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(636,707)</b>	<b>(193,381)</b>
Cash and cash equivalents at beginning of period	3,609,111	3,806,464
Net impairment loss	(4,084)	(303)
Exchange rate adjustments	(12,355)	(3,669)
<b>Cash and cash equivalents at end of period</b>	<b>2,955,965</b>	<b>3,609,111</b>
<b>Comprising:</b>		
Cash at bank and in hand	2,288,009	2,905,554
Short-term deposits (90 days or less)	581,430	575,033
Cash and cash equivalents	2,869,439	3,480,587
Cash and cash equivalents in mutual funds	102,340	144,597
Loss allowance	(15,814)	(16,073)
<b>2,955,965</b>	<b>3,609,111</b>	

#### SEGMENT INFORMATION

	Life, health and pension business TT\$'000	Property and casualty business TT\$'000	Insurance brokerage business TT\$'000	Asset Management TT\$'000	Other including consolidation adjustments TT\$'000	Total TT\$'000
<b>Twelve months ended 31 December 2023</b>						
Insurance revenue	2,704,103	2,741,974	-	-	-	5,446,077
Insurance service expenses	(2,487,839)	(1,237,250)	-	-	68,583	(3,656,506)
Net income/(expenses) from reinsurance contracts held	130,887	(1,180,246)	-	-	140	(1,049,219)
<b>Insurance service result</b>	347,151	324,478	-	-	68,723	740,352
Net income/(loss) from investing activities	1,709,786	99,604	2,667	115,608	(6,725)	1,920,940
Net insurance finance expenses	(762,302)	(27,424)	-	-	-	(789,726)
<b>Net insurance and investment result</b>	1,294,635	396,658	2,667	115,608	61,998	1,871,566
Fee and commission income from brokerage activities	-	-	228,134	-	(72,241)	155,893
<b>Net income/(loss) from all activities</b>	1,294,635	396,658	230,801	115,608	(10,243)	2,027,459
Other operating expenses	(352,834)	(141,642)	(191,048)	(61,642)	(178,528)	(925,694)
Other finance charges	(1,562)	(3,354)	(965)	(5,209)	(165,689)	(176,779)
<b>Operating profit/(loss)</b>	940,239	251,662	38,788	48,757	(354,460)	924,986
Share of after tax profits of associated companies	-	4,597	-	-	7,267	11,864
<b>Profit/(loss) before taxation</b>	940,239	256,259	38,788	48,757	(347,193)	936,850
Taxation	(132,905)	(36,631)	(6,971)	(7,963)	(34,104)	(218,574)
<b>Profit/(loss) for the period</b>	807,334	219,628	31,817	40,794	(381,297)	718,276
<b>Twelve months ended 31 December 2022</b>						
Insurance revenue	2,412,813	2,456,583	-	-	-	4,869,396
Insurance service expenses	(2,084,929)	(1,319,755)	-	-	62,801	(3,341,883)
Net income/(expenses) from reinsurance contracts held	(24,009)	(797,303)	-	-	139	(821,173)
<b>Insurance service result</b>	303,875	339,525	-	-	62,940	706,340
Net income/(loss) from investing activities	641,902	81,598	369	126,631	(26,796)	823,704
Net insurance finance income/(expenses)	5,247	(20,136)	-	-	-	(14,889)
<b>Net insurance and investment result</b>	951,024	400,987	369	126,631	36,144	1,515,155
Fee and commission income from brokerage activities	-	-	221,336	-	(64,874)	156,462
<b>Net income/(loss) from all activities</b>	951,024	400,987	221,705	126,631	(28,730)	1,671,617
Other operating expenses	(387,428)	(158,397)	(175,866)	(84,190)	(72,527)	(878,408)
Other finance charges	(2,759)	(3,952)	(912)	(4,755)	(190,999)	(203,377)
<b>Operating profit/(loss)</b>	560,837	238,638	44,927	37,686	(292,256)	589,832
Share of after tax profits of associated companies	-	13,351	-	-	6,242	19,593
<b>Profit/(loss) before taxation</b>	560,837	251,989	44,927	37,686	(286,014)	609,425
Taxation	(81,476)	(57,183)	(6,856)	(10,703)	15,353	(140,865)
<b>Profit/(loss) for the period</b>	479,361	194,806	38,071	26,983	(270,661)	468,560
<b>Total Assets</b>						
31 December 2023	28,317,611	3,622,863	533,733	2,355,269	87,043	34,916,519
31 December 2022	27,025,703	3,943,281	562,640	2,468,775	(196,147)	33,804,252

#### Note 1: 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 2022 audited financial statements consistently applied from period to period, except for the adoption of IFRS 17 Insurance Contracts that became effective for the Group from 1 January 2023. Details on the Group's adoption of IFRS 17 Insurance Contracts are provided in Note 2 below.

#### Note 2: IFRS 17 Insurance Contracts

Effective 1 January 2023, IFRS 17 replaced IFRS 4 Insurance Contracts, materially changing the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Group's financial statements.

##### (a) Change in Accounting Policies

Refer to Note 2.1(d) of the Group's audited consolidated financial statements for the year ended 31 December 2022 for details of the Group's accounting policies under IFRS 17.

##### (b) Transition Approach

In accordance with the transition requirements of IFRS 17, the Group has restated its financial statements, and is therefore presenting:

- Within the summarised consolidated statement of financial position, an opening balance sheet as at 1 January 2022, the date of transition to IFRS 17. Differences between the carrying value of assets, liabilities and equity previously recorded and those under IFRS 17 were recorded to equity.
- Summarised consolidated statement of financial position as at 31 December 2022, now restated under the IFRS 17 regime.
- Summarised consolidated statements of financial position, income, comprehensive income, cash flows, and changes in equity as at and for the periods ended 31 December 2023 and 31 December 2022, in compliance with IFRS 17.

While retrospective application is required, if full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The Group therefore applied

the fair value approach to all long-term portfolios within the Life, Health, and Pensions businesses that were in issue as at 1 January 2022 and prior, and the full retrospective approach thereafter. For all other portfolios, the full retrospective approach was used for all relevant periods.

##### (c) Impact of Initial Application of IFRS 17

The initial application of IFRS 17 resulted in a reduction of total equity of \$2.413 billion as at 1 January 2022. The opening IFRS 17 statement of financial position and related adjustments are presented below:

	Audited 31-Dec-21 TT\$'000	Unaudited IFRS 17 Initial Application Adjustments 1-Jan-22 TT\$'000	Unaudited 1-Jan-22 TT\$'000
<b>ASSETS</b>			
Intangible assets	808,844	(144,238)	664,606
Reinsurance contract assets	1,100,732	(332,612)	768,120
Insurance contract assets	-	45,676	45,676
Deferred acquisition costs	130,988	(130,988)	-
Other assets	32,537,117	(346,347)	32,190,770
<b>Total assets</b>	<b>34,577,681</b>	<b>(908,509)</b>	<b>33,669,172</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	1,970,043	-	1,970,043
Reserves	(799,010)	(5,003)	(804,013)
Retained earnings	3,803,348	(2,408,331)	1,395,017
<b>Attributable to equity holders of the company</b>	<b>4,974,381</b>	<b>(2,413,334)</b>	<b>2,561,047</b>
Non-controlling interest in subsidiary	8,997	-	8,997
<b>Total equity</b>	<b>4,983,378</b>	<b>(2,413,334)</b>	<b>2,570,044</b>
Insurance contract liabilities	19,503,373	2,322,641	21,826,014
Reinsurance contract liabilities	427,191	(172,348)	254,843
Investment contract liabilities	2,645,659	(653,606)	1,992,053
Other liabilities	7,018,080	8,138	7,026,218
<b>Total liabilities</b>	<b>29,594,303</b>	<b>1,504,825</b>	<b>31,099,128</b>
<b>Total equity and liabilities</b>	<b>34,577,681</b>	<b>(908,509)</b>	<b>33,669,172</b>



### Note 2: IFRS 17 Insurance Contracts (continued)

The initial application adjustments arise principally from:

- *The introduction of the Contractual Service Margin (CSM)*  
This is a new liability that represents future unearned profits on long-term insurance contracts written.
- *The measurement of the Risk Adjustment*  
This is a concept in IFRS 17 that is similar to the Margins for Adverse Deviation that was previously estimated under IFRS 4. IFRS 17 does however introduce some specific considerations in the calculation and application of this item.
- *The determination of Discount Rates*  
IFRS 17 introduced some changes in how discount rates are determined, primarily removing from consideration the characteristics of the assets which support the related insurance liabilities.
- *Other measurement changes*  
This includes changes to the level at which contracts are aggregated for measurement purposes and how contract boundaries are defined.
- *Presentation changes*  
Several assets and liabilities experienced no change to their measurement but have been moved to other areas of the financial statements, including:
  - o Premiums receivable and Policy loans – These amounts were previously reported in loans and receivables and have now been reclassified to insurance contract liabilities/assets as they are insurance contract related.
  - o Deposits with/balances due from reinsurers – These amounts were previously reported in loans and receivables and have now been reclassified to reinsurance contract assets/liabilities as they are related to reinsurance contracts.
  - o Deposits and premiums received in advance – These amounts were previously reported in other liabilities and have now been reclassified to insurance contract liabilities/assets as they are insurance contract related.
  - o Amounts due to reinsurers – These amounts were previously reported in Other liabilities and have now been reclassified to reinsurance contract assets/liabilities as they are related to reinsurance contracts.
  - o Deferred acquisition costs – These were previously reported as a separate line within the assets section of the financial statements and have been reclassified to insurance contract liabilities/assets as they are insurance contract related.

#### 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.



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