

CHAIRMAN'S REPORT

Dear Shareholders,

Your Group continues to demonstrate resilience and produce excellent performance. Global financial markets remain volatile, in part due to the Russia-Ukraine conflict, the related sanctions and economic fallout as well as global economic weakness. The outlook for financial markets over the short and medium-term remains uncertain and vulnerable to continued geopolitical tensions. Despite these challenges, we remain focused on enhancing our operating performance to counter these numerous disruptions.

For the nine-months ended 30th September 2022, profit attributable to equity shareholders was \$1.056 billion and represented a 131% increase over the corresponding period last year of \$457 million. Earnings per share increased to \$4.55 versus the comparative period of \$1.97.

As we have communicated on many occasions, the Group has been on a transformation journey centered on technology, people and processes. We have invested heavily in technology to bring world-class customer service to our markets, leverage the scale of our Group and reduce our operating costs. While in recent years we have reaped some of the benefits, we are now at a resultant juncture where the payback on this investment is rapidly accelerating. In 2022 the Group implemented many of these initiatives for our Life, Health and Pensions (LHP) segment with the alignment of our Trinidad and Jamaica operations bringing to reality operational synergies, cost savings and centers of excellence. These activities result in long-term cost savings which have the effect of creating favourable reserve movements contributing to the exceptional performance recorded for the year to date. Gross Written Premiums for the LHP segment increased by 6.5% from \$2.915 billion to \$3.105 billion. Investment income and fees were also up by 10%, an \$82 million increase. In addition, net insurance benefits and claims (inclusive of favourable reserve movements) were lower than prior year by 19%, \$429 million. All these factors contributed to a healthy uplift in LHP profit after tax of 116%, \$597 million over prior year.

Results from Property and Casualty and Brokerage segments of the business also reported growth year over year of 42%, \$43 million, whilst Asset Management declined by 42%, \$13 million.

The Group's net income from investing activities fell from \$1.153 billion to \$942 million, a reduction of 18%. This decrease was principally due to net fair value losses of \$153 million reflecting the difficulties in global financial markets in the current period, compared to net fair value gains in the prior period of \$133 million, resulting in an unfavourable movement of \$286 million. The unfavourable fair value movement was partially offset by an increase in investment income of \$70 million, arising from portfolio growth.

Operating expenses were \$1.147 billion, representing a 7% increase over the \$1.074 billion reported for the same period prior year. These primarily relate to costs associated with the implementation of IFRS 17 as well as with the group-wide transformation initiatives.

The Board is pleased with this quarter's performance and remains confident about the Group's future financial performance.



Patrick Hylton
Chairman
Guardian Holdings Limited
3rd November 2022

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 9-Months Sep 2022 TTS'000	Unaudited 9-Months Sep 2021 TTS'000	Unaudited 3-Months Sep 2022 TTS'000	Unaudited 3-Months Sep 2021 TTS'000	Audited 12-Months Dec 2021 TTS'000
Gross written premiums	5,566,148	5,369,133	1,753,624	1,638,219	7,030,325
Net written premiums	3,570,641	3,389,073	1,201,586	1,138,514	4,626,293
Net result from insurance activities	1,333,233	630,438	652,477	213,426	1,061,357
Net income from investing activities	941,976	1,152,615	371,534	382,666	1,610,506
Fee and commission income from brokerage activities	112,182	109,421	35,880	37,437	144,658
Net income from all activities	2,387,391	1,892,474	1,059,891	633,529	2,816,521
Net impairment gains/(losses) on financial assets	93,543	(76,470)	91,463	(17,681)	(136,024)
Operating expenses	(1,147,193)	(1,073,755)	(404,917)	(305,118)	(1,501,420)
Finance charges	(155,114)	(149,972)	(51,291)	(46,981)	(199,732)
Operating profit	1,178,627	592,277	695,146	263,749	979,345
Share of after tax profits of associated companies	13,513	16,562	2,648	7,550	34,020
Profit before taxation	1,192,140	608,839	697,794	271,299	1,013,365
Taxation	(113,058)	(136,321)	(67,884)	(59,074)	(215,018)
Profit after taxation	1,079,082	472,518	629,910	212,225	798,347
Surplus attributable to participating policyholders	(20,082)	(12,312)	(8,263)	(9,812)	(12,546)
Profit for the period	1,059,000	460,206	621,647	202,413	785,801
Profit attributable to non-controlling interests	(3,321)	(3,125)	(1,680)	(1,475)	(3,469)
Profit attributable to equity holders of the company	1,055,679	457,081	619,967	200,938	782,332
Earnings per share - Basic	\$4.55	\$1.97			\$3.37

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 9-Months Sep 2022 TTS'000	Unaudited 9-Months Sep 2021 TTS'000	Unaudited 3-Months Sep 2022 TTS'000	Unaudited 3-Months Sep 2021 TTS'000	Audited 12-Months Dec 2021 TTS'000
Profit for the period	1,059,000	460,206	621,647	202,413	785,801
Other comprehensive (loss)/income					
Exchange differences on translating foreign operations	(79,067)	(182,885)	(81,107)	66,768	(361,290)
Net losses on debt instruments at fair value through other comprehensive income	(529,698)	(74,454)	(128,768)	(34,690)	(131,294)
Gains/(losses) on property revaluation	65,167	2,196	65,167	2,165	(2,131)
Actuarial gains on post-employment benefits	64,557	27,991	64,557	27,991	40,331
Other reserve movements	102	82	48	28	117
Income tax relating to components of other comprehensive income	6,714	11,177	(29,489)	3,443	22,019
Other comprehensive (loss)/income for the period, net of tax	(472,225)	(215,893)	(109,592)	65,705	(432,248)
Total comprehensive income for the period, net of tax	586,775	244,313	512,055	268,118	353,553
Comprehensive income attributable to non-controlling interests	(3,303)	(3,112)	(1,663)	(1,477)	(3,474)
Comprehensive income attributable to equity holders of the company	583,472	241,201	510,392	266,641	350,079

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 2021 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 2021 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.

Guardian Holdings Limited

Summary Consolidated Financial Statements

Third Quarter Results to 30 September, 2022

Expressed in Trinidad and Tobago Dollars

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Sep 2022 TT\$'000	Unaudited Sep 2021 TT\$'000	Audited Dec 2021 TT\$'000
ASSETS			
Property, plant and equipment	768,103	701,676	679,813
Right-of-use assets	46,604	80,022	82,485
Investment properties	1,676,014	1,734,026	1,645,435
Intangible assets	780,456	771,285	808,844
Investment in associated companies	308,503	270,510	299,491
Investment securities	21,092,216	21,566,782	21,898,990
Investment securities of mutual fund unit holders	1,742,606	1,622,004	1,762,312
Loans and receivables	2,415,619	2,159,594	1,941,965
Properties for development and sale	88,935	107,641	101,482
Pension plan assets	108,000	68,227	61,610
Deferred tax assets	84,046	77,630	95,953
Reinsurance assets	1,342,560	1,227,918	1,100,732
Deferred acquisition costs	150,082	151,298	130,988
Taxation recoverable	175,389	161,448	183,007
Cash and cash equivalents	3,434,072	3,365,610	3,480,212
Cash and cash equivalents of mutual fund unit holders	242,657	367,917	304,362
Total assets	34,455,862	34,433,588	34,577,681
EQUITY AND LIABILITIES			
Share capital	1,970,043	1,970,043	1,970,043
Reserves	(1,327,420)	(561,568)	(799,010)
Retained earnings	4,748,173	3,461,337	3,803,348
Equity attributable to owners of the company	5,390,796	4,869,812	4,974,381
Non-controlling interest in subsidiary	12,300	8,634	8,997
Total equity	5,403,096	4,878,446	4,983,378
Liabilities			
Insurance contracts	19,101,392	19,594,463	19,503,373
Financial liabilities	3,361,104	3,352,283	3,521,703
Lease liabilities	56,247	94,159	96,245
Investment contract liabilities	2,684,559	2,719,033	2,645,659
Third party interests in mutual funds	1,487,605	1,553,567	1,599,412
Pension plan liabilities	32,136	57,069	38,459
Post-retirement medical benefit obligations	105,486	123,836	123,191
Deferred tax liabilities	265,024	428,026	467,790
Provision for taxation	245,155	61,023	80,032
Reinsurance liabilities	554,036	555,106	427,191
Other liabilities	1,160,022	1,016,577	1,091,248
Total liabilities	29,052,766	29,555,142	29,594,303
Total equity and liabilities	34,455,862	34,433,588	34,577,681

These consolidated financial statements have been approved for issue by the Board of Directors on 3 November 2022 and signed on its behalf:

Director: 

Director: 

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Sep 2022 TT\$'000	Unaudited Sep 2021 TT\$'000	Audited Dec 2021 TT\$'000
Balance at beginning of period	4,983,378	4,675,888	4,675,888
Total comprehensive income	586,775	244,313	353,553
Other movements	-	-	(4,308)
Dividends	(167,057)	(41,755)	(41,755)
Balance at end of period	5,403,096	4,878,446	4,983,378

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Sep 2022 TT\$'000	Unaudited Sep 2021 TT\$'000	Audited Dec 2021 TT\$'000
Profit before taxation	1,192,140	608,839	1,013,365
Adjustment for specific items included on the accruals basis:			
- Finance charges	155,114	149,972	199,732
- Investment income	(956,080)	(886,128)	(1,210,911)
Interest and dividends received	932,466	855,672	1,164,191
Adjustments for non-cash items	120,618	(43,213)	(76,215)
Operating profit before changes in operating assets/liabilities	1,444,258	685,142	1,090,162
Net (decrease)/increase in insurance liabilities	(14,904)	765,788	602,379
Net purchases of investment securities	(297,183)	(1,083,259)	(1,566,091)
Net purchases of/additions to investment properties	(580)	(75,738)	(87,240)
Net movement in other operating assets and liabilities	(468,905)	(166,817)	82,600
Cash provided by operating activities	662,686	125,116	121,810
Interest paid	(157,939)	(155,767)	(218,346)
Net taxation paid	(129,611)	(203,100)	(246,049)
Net cash provided by/(used in) operating activities	375,136	(233,751)	(342,585)
Net cash used in investing activities	(82,855)	(58,370)	(125,489)
Net cash (used in)/provided by financing activities	(395,149)	320,181	565,835
Net (decrease)/increase in cash and cash equivalents	(102,868)	28,060	97,761

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	Total TT\$'000
Nine months ended 30 September 2022					
Gross written premiums	3,104,531	2,461,617	-	-	5,566,148
Net written premiums	2,943,893	626,748	-	-	3,570,641
Underwriting revenue	2,965,671	998,998	-	-	3,964,669
Underwriting expenses	(2,081,953)	(568,057)	-	18,574	(2,631,436)
Net result from insurance activities	883,718	430,941	-	18,574	1,333,233
Net income/(loss) from investing activities	812,413	44,843	90,197	(5,477)	941,976
Fee and commission income from brokerage activities	-	127,615	-	(15,433)	112,182
Net income/(loss) from all activities	1,696,131	603,399	90,197	(2,336)	2,387,391
Net impairment gains/(losses) on financial assets	95,252	(3,540)	1,466	365	93,543
Operating expenses	(591,829)	(434,502)	(58,740)	(62,122)	(1,147,193)
Finance charges	(1,910)	(3,725)	(4,799)	(144,680)	(155,114)
Operating profit/(loss)	1,197,644	161,632	28,124	(208,773)	1,178,627
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 result from insurance activities	258,171	353,085	-	19,182	630,438
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
Total Assets					
30 September 2022	27,383,710	5,290,032	2,570,110	(787,990)	34,455,862
31 December 2021	27,397,741	4,794,172	2,734,070	(348,302)	34,577,681