Guardian Group
Guardian Holdings Limited

Guardian Holdings Limited
Summary Consolidated Financial Statements

Year ended 31st December, 2022

Expressed in Trinidad and Tobago Dollars

CHAIRMAN'S REPORT

Dear Shareholder,

The Group recorded profit after taxation for the financial year 2022 in excess of a billion dollars. Despite continued volatility in the investment markets brought about by geopolitical events and economic challenges, the Group remained resilient and continues to focus on optimising performance, capitalising on emerging opportunities, while at the same time managing and mitigating known and emerging risks. Profit attributable to equity holders amounted to $1,100 million, a 41% increase over the $782 million recorded in 2021. Earnings per share increased to $4.74 compared to $3.37 in prior year.

The Group's net result from insurance activities increased by 45% to $1,537 million, up from $1,061 million reported in 2021. Gross Written Premiums also increased to $7,297 million, 4% more than the $7,030 million reported for financial year 2021. The excellent performance was driven by our Life, Health and Pension (LHP) segment, which contributed an after tax profit of $1,158 million, up 40% over the prior year. As communicated previously, this year the operations achieved returns from our transformation programme as well as synergies from the alignment of our LHP operations in Trinidad and Tobago and Jamaica. During the year, these activities resulted in long-term cost savings that had the effect of creating favourable reserve movements.

The Property and Casualty including Brokerage (P&C) segment also reported increases in after tax profit of $49 million or 30% over 2021, principally from organic growth in Trinidad and Tobago and Jamaica.

After tax profits from our investing and non-insurance related activities, including asset management, declined year over year by $63 million or 31%. Additionally, net income from investing activities also experienced declines of $276 million or 17% from $1,611 million for the corresponding period in 2021 to $1,335 million in 2022. This was due to volatile market conditions which adversely impacted our investment portfolios.

Operating expenses increased by 3% year over year and are mainly related to our growth strategies across the Group's business segments coupled with our IFRS 17 implementation activities in preparation for compliance with the impending standard.

With the dawn of 2023, IFRS 17 Insurance Contracts became effective for annual reporting periods beginning on or after 1st January, 2023. The Group has embraced the change and is well poised to report in 2023 in accordance with the requirements of the new accounting standard.

As we continue to navigate changes, both planned and unforeseen, the Group remains steadfast, resolute and prepared to successfully face the road ahead. Based upon this performance, our Directors have proposed a final dividend of 52 cents per share, which will bring the total dividend to 72 cents per share. This dividend will be paid to Shareholders on record on 14th March, 2023, when the register of members will be closed for this purpose. The Directors have fixed a date for the Annual General Meeting (AGM) of 4th May, 2023 at 1:30 p.m. at the Guardian Corporate Centre, 1 Guardian Drive, Westmoorings. The AGM will be held in person with the option of virtual attendance via a live online webcast. The formal Notice of Annual Meeting with the Directors' Report and audited consolidated financial statements for the financial year ended 31st December, 2022 will be communicated to Shareholders in due course.

Patrick Hylton
Chairman Guardian Holdings Limited
27 February 2023

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF GUARDIAN HOLDINGS LIMITED

Our opinion
In our opinion, the accompanying summary consolidated financial statements of Guardian Holdings Limited (the Company) and its subsidiaries (together, the Group), are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in note 1.

The summary consolidated financial statements
The Group's summary consolidated financial statements derived from the audited consolidated financial statements for the year ended 31 December 2022 comprise:

- the summary consolidated statement of financial position as at 31 December 2022;
- the summary consolidated statement of income for the year then ended;
- the summary consolidated statement of comprehensive income for the year then ended;
- the summary consolidated statement of changes in equity for the year then ended;
- the summary consolidated statement of cash flows for the year then ended; and
- the related notes to the summary consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our audit report thereon
We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 27 February 2023. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited consolidated financial statements of the current period.

Management's responsibility for the summary consolidated financial statements
Management is responsible for the preparation of the summary consolidated financial statements on the basis described in note 1.

Auditor's responsibility
Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

PricewaterhouseCoopers
Port of Spain
Trinidad, West Indies
27 February 2023

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Audited 12-Months Dec 2022 TT$'000	Audited 12-Months Dec 2021 TT$'000
Gross written premiums	7,297,291	7,030,325
Net written premiums	4,945,840	4,757,015
Net result from insurance activities	1,537,214	1,061,357
Net income from investing activities	1,334,700	1,610,506
Fee and commission income from brokerage activities	156,998	144,658
Net income from all activities	3,028,912	2,816,521
Net impairment losses on financial assets	(27,966)	(136,024)
Operating expenses	(1,540,899)	(1,501,420)
Finance charges	(203,377)	(199,732)
Operating profit	1,256,670	979,345
Share of after tax profits of associated companies	17,752	34,020
Profit before taxation	1,274,422	1,013,365
Taxation	(142,761)	(215,018)
Profit after taxation	1,131,661	798,347
Surplus attributable to participating policyholders	(26,910)	(12,546)
Profit for the year	1,104,751	785,801
Profit attributable to non-controlling interests	(4,364)	(3,469)
Profit attributable to equity holders of the company	1,100,387	782,332
Earnings per share		
- Basic	$ 4.74	$ 3.37

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 12-Months Dec 2022 TT$'000	Audited 12-Months Dec 2021 TT$'000
Profit for the year	1,104,751	785,801
Other comprehensive income/(loss)		
Exchange differences on translating foreign operations	(2,737)	(361,290)
Net losses on debt instruments at fair value through other comprehensive income	(490,920)	(131,294)
Gains/(losses) on property revaluation	65,286	(2,131)
Actuarial gains on post-employment benefits	59,841	40,331
Other reserve movements	49	117
Income tax relating to components of other comprehensive income	20,260	22,019
Other comprehensive loss for the year, net of tax	(348,221)	(432,248)
Total comprehensive income for the year, net of tax	756,530	353,553
Comprehensive income attributable to non-controlling interests	(4,333)	(3,474)
Comprehensive income attributable to equity holders of the company	752,197	350,079

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 Group
Guardian Holdings Limited

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Summary Consolidated Financial Statements

Year ended 31st December, 2022

Expressed in Trinidad and Tobago Dollars

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited Dec 2022 TT$'000	Audited Dec 2021 TT$'000
ASSETS		
Property, plant and equipment	756,153	679,813
Right-of-use assets	42,480	82,485
Investment properties	1,590,437	1,645,435
Intangible assets	805,548	808,844
Investment in associated companies	312,570	299,491
Investment securities	21,732,517	21,898,990
Investment securities of mutual fund unit holders	1,741,039	1,762,312
Loans and receivables	2,319,322	1,941,965
Properties for development and sale	96,122	101,482
Pension plan assets	111,909	61,610
Deferred tax assets	106,948	95,953
Reinsurance assets	1,264,745	1,100,732
Deferred acquisition costs	134,888	130,988
Taxation recoverable	191,563	183,007
Cash and cash equivalents	3,461,436	3,480,212
Cash and cash equivalents of mutual fund unit holders	144,389	304,362
Total assets	34,812,066	34,577,681
EQUITY AND LIABILITIES		
Share capital	1,970,043	1,970,043
Reserves	(1,210,981)	(799,010)
Retained earnings	4,800,459	3,803,348
Equity attributable to owners of the company	5,559,521	4,974,381
Non-controlling interest in subsidiary	11,155	8,997
Total equity	5,570,676	4,983,378
Liabilities		
Insurance contracts	19,180,220	19,503,373
Financial liabilities	3,305,274	3,521,703
Lease liabilities	54,288	96,245
Investment contract liabilities	2,674,875	2,645,659
Third party interests in mutual funds	1,563,727	1,599,412
Pension plan liabilities	40,294	38,459
Post-retirement medical benefit obligations	106,438	123,191
Deferred tax liabilities	249,922	272,303
Provision for taxation	274,018	275,519
Reinsurance liabilities	647,411	427,191
Other liabilities	1,144,923	1,091,248
Total liabilities	29,241,390	29,594,303
Total equity and liabilities	34,812,066	34,577,681

These consolidated financial statements have been approved for issue by the Board of Directors on 27 February 2023 and signed on its behalf :

Director: Director:

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited Dec 2022 TT$'000	Audited Dec 2021 TT$'000
Balance at beginning of year	4,983,378	4,675,888
Total comprehensive income	756,530	353,553
Other movements	-	(4,308)
Dividends	(169,232)	(41,755)
Balance at end of year	5,570,676	4,983,378

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 12-Months Dec 2022 TT$'000	Audited 12-Months Dec 2021 TT$'000
Profit before taxation	1,274,422	1,013,365
Adjustment for specific items included on the accruals basis:		
- Finance charges	203,377	199,732
- Investment income	(1,301,421)	(1,210,911)
Interest and dividends received	1,290,363	1,164,191
Adjustments for non-cash items	280,779	(76,215)
Operating profit before changes in operating assets/liabilities	1,747,520	1,090,162
Net increase in insurance liabilities	13,447	602,379
Net purchases of investment securities	(870,488)	(1,566,091)
Net proceeds from sale of/(additions to) investment properties	160,241	(87,240)
Net movement in other operating assets and liabilities	(341,553)	82,600
Cash provided by operating activities	709,167	121,810
Interest paid	(242,407)	(218,346)
Net taxation paid	(167,044)	(246,049)
Net cash provided by/(used in) operating activities	299,716	(342,585)
Net cash used in investing activities	(112,841)	(125,489)
Net cash (used in)/provided by financing activities	(361,652)	565,835
Net (decrease) / increase in cash and cash equivalents	(174,777)	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
Twelve months ended 31 December 2022					
Gross written premiums	4,235,775	3,061,516	-	-	7,297,291
Net written premiums	4,019,273	926,567	-	-	4,945,840
Underwriting revenue	4,054,553	1,330,941	-	-	5,385,494
Underwriting expenses	(3,138,283)	(734,069)	-	24,072	(3,848,280)
Net result from insurance activities	916,270	596,872	-	24,072	1,537,214
Net income/(loss) from investing activities	1,172,058	60,839	128,399	(26,596)	1,334,700
Fee and commission income from brokerage activities	-	178,562	-	(21,564)	156,998
Net income/(loss) from all activities	2,088,328	836,273	128,399	(24,088)	3,028,912
Net impairment gains/(losses) on financial assets	(33,653)	3,781	3,168	(1,262)	(27,966)
Operating expenses	(786,899)	(567,760)	(87,206)	(99,034)	(1,540,899)
Finance charges	(2,759)	(4,866)	(6,275)	(189,477)	(203,377)
Operating profit/(loss)	1,265,017	267,428	38,086	(313,861)	1,256,670
Twelve months ended 31 December 2021					
Gross written premiums	4,018,624	3,011,701	-	-	7,030,325
Net written premiums	3,815,180	941,835	-	-	4,757,015
Underwriting revenue	3,832,741	1,307,231	-	-	5,139,972
Underwriting expenses	(3,307,833)	(796,656)	-	25,874	(4,078,615)
Net result from insurance activities	524,908	510,575	-	25,874	1,061,357
Net income from investing activities	1,345,570	88,995	165,632	10,309	1,610,506
Fee and commission income from brokerage activities	-	166,883	-	(22,225)	144,658
Net income from all activities	1,870,478	766,453	165,632	13,958	2,816,521
Net impairment losses on financial assets	(118,126)	(5,967)	(2,304)	(9,627)	(136,024)
Operating expenses	(765,352)	(564,195)	(77,576)	(94,297)	(1,501,420)
Finance charges	(6,677)	(7,262)	(6,396)	(179,397)	(199,732)
Operating profit/(loss)	980,323	189,029	79,356	(269,363)	979,345
Total Assets					
31 December 2022	27,328,906	5,316,393	2,458,847	(292,080)	34,812,066
31 December 2021	27,397,741	4,794,172	2,734,070	(348,302)	34,577,681

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. These summary financial statements are derived from the audited consolidated financial statements of Guardian Holdings Limited and its subsidiaries for the year ended 31 December 2022.

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 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 judgment as disclosed in "Note 3" of the 31 December 2022 audited consolidated financial statements, have also remained unchanged.

Note 2: IFRS 17 Update

Effective 1 January 2023, the Group will implement IFRS 17, 'Insurance Contracts'. The 2022 financial statements are therefore the last to be reported under the existing IFRS 4 regime. The new standard materially changes the recognition and measurement of insurance contracts and the corresponding presentation and disclosure in the Group's financial statements. Further information will be provided in the Group's publication of its financial results for the first quarter of 2023.