

Guardian Holdings Limited

Summary Consolidated Financial Statements

Second Quarter Results to 30th June, 2024

CHAIRMAN'S REPORT

Dear Shareholders,

Your Board is pleased to report that for the six months ended 30th June 2024, the Group recorded unaudited profit attributable to equity shareholders of \$401 million exceeding the prior year's restated results of \$378 million by \$23 million or 6%. This solid performance was achieved from the sustained growth of our diverse operations across the English-speaking and Dutch Caribbean markets and against a backdrop of complexities in the external environment from elevated levels of inflation, economic uncertainties, volatilities in global financial markets and changes in the market landscape. Our businesses and customers in Jamaica and the Eastern Caribbean were impacted by the passage of Hurricane Beryl in early July and are in the process of damage assessment and restoration. Guardian Group stands ready to assist its staff and customers in their recovery efforts. The impact of net claims incurred from Hurricane Beryl is still being assessed and will be reflected in the Group's third quarter results.

Before presenting further commentary on the Group's half-year financial performance, we highlight that in the prior year's half yearly publication, the Group reported unaudited half year 2023 results of profit attributable to equity shareholders of \$251 million. This was subsequently updated to include the non-recurring net fair value gain of \$174 million arising from the model change implemented by our Jamaican operations, thereby reclassifying financial assets supporting life and annuity portfolios from amortised costs and fair value through other comprehensive income to fair value through the profit and loss. The change was also reported in the Group's audited results for the year ended 31st December 2023. This update coupled with IFRS 17 related refinements increased the first half-year 2023 comparative results from \$251 million to \$378 million. The succeeding commentary on the 2024 performance of your Group refers to the restated 2023 financial statements as opposed to those previously reported.

The year-over-year improvement in profits of \$23 million or 6% noted above was mainly driven by improved net insurance service result, higher insurance brokerage fees and commission income, lower net insurance finance expenses, lower other operating expenses and lower taxation expense partially offset by lower net investment income. The Group's balance sheet metrics remain strong and capital levels are robust. Your Group continues to create value for its shareholders in the current operating environment. When compared to the prior year's six-month results, the Group's equity value per share increased from \$14.88 to \$18.04 and earnings per share increased from \$1.63 to \$1.73. This upward

trend in ratios was achieved although the prior year's results included a one-off net fair value gain referenced earlier that did not recur in the current period.

Insurance revenue grew by \$262 million or 10% over the prior year from continued growth in core business driven by the Group's deliberate focus on key strategies and transformational initiatives to deliver the greatest possible value to our clients through our customer service and product offerings. The Life, Health and Pension (LHP) segment contributed insurance revenue of \$1.4 billion, up from \$1.3 billion in the prior year by \$94 million or 7%. Insurance revenue increased on all lines except Individual Health, 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.

Property and Casualty (P&C) also reported higher insurance revenue of \$1.5 billion, up from \$1.3 billion in the prior year by \$169 million or 13%, principally from operations in the Trinidad and Tobago, Jamaica and Dutch Caribbean markets. Both the property and motor lines of business experienced revenue growth as they continued to build strong momentum. The year-over-year growth in revenue was partially offset by higher insurance service expenses and higher net expenses from reinsurance contracts held. Notably, reinsurance markets continued to generally tighten thus resulting in increased reinsurance expenses primarily on the property book of business.

Net income from investing activities decreased by \$93 million mainly from lower current year net fair value gains of \$171 million when compared to the prior year. Excluding the previously referenced non-recurring net fair value gain of \$174 million in the prior year's results, the Group would have achieved a normalised year-over-year increase in net fair value gains of \$2 million. Other year-over-year movements in net income from investing activities include higher investment income, higher realised gains and a lower level of impairment losses partially offset by reduced foreign exchange gains and lower fee income. Your Group continues to closely monitor volatile markets and rebalance portfolios, as necessary.

Net insurance finance expenses decreased by \$3 million over the prior year, mainly from our LHP segment partially offset by an increase in the P & C 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.

The Insurance Brokerage segment recorded fee and commission income of \$131 million, up 11% from the prior year. This was mainly due to increased income from our operations in the Netherlands, Dutch Caribbean and Cayman Islands.

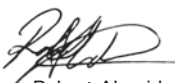
The Asset Management segment reported year-over-year growth in after-tax profit for the period of 52% from improved net investment income results together with lower operating expenses. The Group continues to focus efforts on developing this segment through third-party business, increased structuring, and trade activities.

Other operating expenses that were not attributable to insurance portfolios decreased by \$8 million or 2% year-over-year from a reduction in controllable expenses from the active management of operating expenses.

The Group remains sufficiently capitalised and compliant with regulatory ratios. The diversified business model also continues to position the teams well to respond to the changing business landscape and to navigate the ongoing uncertainties in our investment markets and the macro environment.

Based on the overall strong performance of the half year under review, your Directors have proposed an interim dividend of 23 cents (2023: 22 cents) to be paid to shareholders on record as at 16th August 2024 when the register of members will be closed for this purpose.

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
31st July 2024

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 6-Months Jun 2024 TT\$'000	Unaudited 6-Months Jun 2023 TT\$'000 (Restated)	Unaudited 3-Months Jun 2024 TT\$'000	Unaudited 3-Months Jun 2023 TT\$'000 (Restated)	Audited 12-Months Dec 2023 TT\$'000
Insurance revenue	2,864,205	2,601,841	1,452,683	1,344,069	5,439,385
Insurance service expenses	(1,802,599)	(1,716,234)	(898,621)	(896,323)	(3,684,312)
Net expenses from reinsurance contracts held	(659,736)	(569,740)	(334,072)	(298,035)	(1,053,315)
Insurance service result	401,870	315,867	219,990	149,711	701,758
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	412,584	385,969	206,829	198,087	791,611
Investment income from financial assets measured at fair value through profit or loss	287,909	254,729	142,203	127,780	567,020
Net realised gains/(losses) on financial and other assets	7,665	(10,536)	6,242	(29,273)	3,455
Gain on reclassification of financial assets measured at amortised cost to fair value through profit or loss	-	231,169	-	-	231,169
Loss on reclassification of financial assets measured at fair value through other comprehensive income to fair value through profit or loss	-	(57,577)	-	-	(57,577)
Net fair value gains/(losses)	141,920	139,524	(6,276)	190,607	209,533
Fee income	44,213	58,497	22,867	39,044	84,730
Other income	84,569	89,129	57,999	56,901	147,030
Net impairment (losses)/gains on financial assets	(9,928)	(30,121)	(11,076)	(33,362)	2,197
Investment contract benefits	(32,973)	(31,375)	(16,141)	(14,883)	(64,869)
Net income from investing activities	935,959	1,029,408	402,647	534,901	1,914,299
Finance expenses from insurance contracts issued	(420,459)	(419,262)	(205,591)	(267,536)	(787,051)
Finance income/(expenses) from reinsurance contracts held	2,384	(2,095)	1,061	(1,056)	(795)
Net insurance finance expenses	(418,075)	(421,357)	(204,530)	(268,592)	(787,846)
Net insurance and investment result	919,754	923,918	418,107	416,020	1,828,211
Fee and commission income from brokerage activities	90,020	83,867	35,585	33,752	155,893
Net income from all activities	1,009,774	1,007,785	453,692	449,772	1,984,104
Other operating expenses	(405,695)	(413,418)	(196,082)	(205,683)	(900,176)
Other finance charges	(93,458)	(88,701)	(49,421)	(44,141)	(176,779)
Operating profit	510,621	505,666	208,189	199,948	907,149
Share of after tax profits of associated companies	9,876	6,824	6,129	5,775	15,259
Profit before taxation	520,497	512,490	214,318	205,723	922,408
Taxation	(115,548)	(131,392)	(46,042)	(81,549)	(221,412)
Profit for the period	404,949	381,098	168,276	124,174	700,996
Profit attributable to non-controlling interest	(3,900)	(2,845)	(1,056)	(1,595)	(5,178)
Profit attributable to owners of the company	401,049	378,253	167,220	122,579	695,818
Earnings per share					
-Basic and diluted	\$ 1.73	\$ 1.63			\$ 3.00

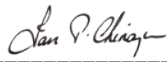
SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6-Months Jun 2024 TT\$'000	Unaudited 6-Months Jun 2023 TT\$'000 (Restated)	Unaudited 3-Months Jun 2024 TT\$'000	Unaudited 3-Months Jun 2023 TT\$'000 (Restated)	Audited 12-Months Dec 2023 TT\$'000
Profit for the period	404,949	381,098	168,276	124,174	700,996
Other comprehensive income/(loss)					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations	(20,437)	(20,989)	(56,267)	(48,110)	(38,310)
Net fair value (losses)/gains on debt securities at fair value through other comprehensive income	(4,661)	(3,733)	20,271	(10,804)	51,754
Net change in allowance for expected credit losses on debt securities at fair value through other comprehensive income	(3,444)	2,717	(1,300)	3,857	(14,023)
Net losses on debt securities at fair value through other comprehensive income reclassified to profit or loss on disposal	-	3	-	-	-
Cumulative loss on debt securities reclassified from fair value through other comprehensive income to fair value through profit or loss	-	57,577	-	-	57,577
Finance income from insurance contracts issued	82,651	133,643	29,071	101,744	298,910
Finance income from reinsurance contracts held	49	181	-	155	256
Taxation relating to components of other comprehensive income	3,941	(6,993)	(3,122)	(11,286)	(40,523)
Net other comprehensive income/(loss) that may be reclassified subsequently to profit or loss	58,099	162,406	(11,347)	35,556	315,641
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Losses on property revaluation	-	-	-	-	(5,746)
Remeasurement of pension plans	-	-	-	-	(1,237)
Remeasurement of post-retirement medical benefit obligations	-	-	-	-	(15,282)
Share of other comprehensive income/(loss) of associated companies	83	(82)	39	40	3,148
Taxation relating to components of other comprehensive income	(68)	-	490	-	(3,357)
Net other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss	15	(82)	529	40	(22,474)
Other comprehensive income/(loss) for the period, net of taxation	58,114	162,324	(10,818)	35,596	293,167
Total comprehensive income for the period, net of taxation	463,063	543,422	157,458	159,770	994,163
Comprehensive income attributable to non-controlling interest	(3,977)	(2,894)	(1,101)	(1,642)	(5,114)
Comprehensive income attributable to owners of the company	459,086	540,528	156,357	158,128	989,049

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Jun 2024 TT\$'000	Unaudited Jun 2023 TT\$'000 (Restated)	Audited Dec 2023 TT\$'000
ASSETS			
Property, plant and equipment	723,847	756,374	707,850
Right-of-use assets	56,768	51,480	60,000
Investment properties	1,548,803	1,562,452	1,554,950
Intangible assets	677,190	655,037	686,385
Investment in associated companies	312,654	311,566	308,775
Investment securities	25,200,992	24,808,949	25,089,815
Loans and receivables	2,352,260	2,051,217	1,979,838
Properties for development and sale	160,532	97,991	167,423
Pension plan assets	97,337	112,878	92,994
Deferred tax assets	181,035	221,665	159,348
Reinsurance contract assets	836,968	1,181,266	721,646
Insurance contract assets	141,884	139,265	103,003
Taxation recoverable	246,260	212,640	200,388
Cash and cash equivalents	3,600,726	2,807,314	2,955,965
Total assets	36,137,256	34,970,094	34,788,380
EQUITY AND LIABILITIES			
Share capital	1,970,043	1,970,043	1,970,043
Reserves	(461,856)	(671,707)	(519,878)
Retained earnings	2,677,648	2,153,908	2,399,555
Equity attributable to owners of the company	4,185,835	3,452,244	3,849,720
Non-controlling interest in subsidiary	15,907	14,049	11,930
Total equity	4,201,742	3,466,293	3,861,650
Liabilities			
Insurance contract liabilities	22,659,063	22,143,178	22,201,811
Reinsurance contract liabilities	196,298	521,783	130,377
Financial liabilities	3,638,852	3,298,767	3,269,983
Lease liabilities	64,408	60,957	68,012
Investment contract liabilities	2,068,073	2,042,509	2,023,612
Third party interests in mutual funds	1,657,660	1,730,690	1,686,258
Pension plan liabilities	18,448	38,993	17,433
Post-retirement medical benefit obligations	124,935	107,929	122,876
Deferred tax liabilities	328,149	281,508	287,432
Provision for taxation	192,782	204,982	186,483
Other liabilities	986,846	1,072,505	932,453
Total liabilities	31,935,514	31,503,801	30,926,730
Total equity and liabilities	36,137,256	34,970,094	34,788,380

These consolidated financial statements have been approved for issue by the Board of Directors on 31st July, 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	Equity attributable to owners of the company TT\$'000	Non- controlling interest TT\$'000	Total equity TT\$'000
Six months ended 30 June 2024						
Balance at beginning of period	1,970,043	(519,878)	2,399,555	3,849,720	11,930	3,861,650
Total comprehensive income	-	58,022	401,064	459,086	3,977	463,063
Dividends	-	-	(122,971)	(122,971)	-	(122,971)
Balance at end of period	1,970,043	(461,856)	2,677,648	4,185,835	15,907	4,201,742
Six months ended 30 June 2023						
Balance at beginning of period - restated	1,970,043	(834,065)	1,791,904	2,927,882	11,155	2,939,037
Recognition of deferred tax credits	-	-	104,485	104,485	-	104,485
	1,970,043	(834,065)	1,896,389	3,032,367	11,155	3,043,522
Total comprehensive income	-	162,358	378,170	540,528	2,894	543,422
Dividends	-	-	(120,651)	(120,651)	-	(120,651)
Balance at end of period - restated	1,970,043	(671,707)	2,153,908	3,452,244	14,049	3,466,293

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Jun 2024 TT\$'000	Unaudited Jun 2023 TT\$'000 (Restated)	Audited Dec 2023 TT\$'000
Cash flows from operating activities			
Profit before taxation	520,497	512,490	922,408
Adjustment for specific items included on the accruals basis:			
- Other finance charges	93,458	88,701	176,779
- Investment income	(715,410)	(653,878)	(1,389,124)
Interest and dividends received	709,089	640,977	1,377,495
Adjustments for non-cash items	(137,764)	(251,045)	(269,105)
Operating profit before changes in operating assets/liabilities	469,870	337,245	818,453
Change in insurance contract assets/liabilities	465,169	645,467	995,669
Change in reinsurance contract assets/liabilities	(47,656)	(255,189)	(190,167)
Net increase in investment contracts	48,062	34,178	23,021
Purchase of investment securities	(4,872,434)	(5,843,180)	(10,694,492)
Proceeds from sale of investment securities	4,944,396	4,857,447	9,435,507
Purchase of/additions to investment properties	(745)	(7,297)	(6,378)
Proceeds from sale of investment property	1,511	41,383	22,473
Additions to properties for development and sale	(5,145)	(99)	(16,067)
Proceeds from sale of properties for development and sale	14,550	-	28,712
Net increase in loans and receivables	(380,069)	(268,399)	(199,870)
Net decrease/(increase) in other operating assets/liabilities	32,946	(85,621)	(231,840)
Cash provided by/(used in) operating activities	670,455	(544,065)	(14,979)
Interest paid	(101,969)	(101,161)	(200,818)
Net taxation paid	(133,103)	(180,699)	(243,112)
Net cash provided by/(used in) operating activities	435,383	(825,925)	(458,909)
Cash flows from investing activities			
Purchase of property, plant and equipment	(43,670)	(23,534)	(48,386)
Proceeds from sale of property, plant and equipment	18,894	285	1,229
Purchase of intangible assets	(6,366)	(1,709)	(24,290)
Net cash used in investing activities	(31,142)	(24,958)	(71,447)
Cash flows from financing activities			
Proceeds from borrowings and repurchase agreements	432,011	166,333	365,603
Repayments of borrowings and repurchase agreements	(66,495)	(167,164)	(391,546)
Payment of principal portion of lease liabilities	(8,629)	(8,273)	(18,658)
Dividends paid to equity holders of the company	(122,971)	(120,651)	(171,696)
Dividends paid to non-controlling interest	-	-	(4,339)
Redemptions from mutual funds	(483,043)	(367,083)	(827,179)
Subscriptions to mutual funds	481,029	538,212	941,462
Net cash provided by/(used in) financing activities	231,902	41,374	(106,353)
Net increase/(decrease) in cash and cash equivalents	636,143	(809,509)	(636,709)
Cash and cash equivalents at beginning of period	2,955,965	3,609,114	3,609,114
Net impairment gain/(loss)	1,346	2,526	(4,085)
Exchange rate adjustments	7,272	5,183	(12,355)
Cash and cash equivalents at end of period	3,600,726	2,807,314	2,955,965
Comprising:			
Cash at bank and in hand	2,781,676	2,349,955	2,390,345
Short-term deposits (90 days or less)	833,503	470,910	581,434
Cash and cash equivalents	3,615,179	2,820,865	2,971,779
Loss allowance	(14,453)	(13,551)	(15,814)
Cash and cash equivalents at end of period	3,600,726	2,807,314	2,955,965

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
Six months ended 30 June 2024						
Insurance revenue	1,407,198	1,457,007	-	-	-	2,864,205
Insurance service expenses	(1,170,518)	(670,507)	-	-	38,426	(1,802,599)
Net expenses from reinsurance contracts held	(23,361)	(636,447)	-	-	72	(659,736)
Insurance service result	213,319	150,053	-	-	38,498	401,870
Net income from investing activities	800,834	65,802	1,747	64,569	3,007	935,959
Net insurance finance expenses	(393,358)	(24,717)	-	-	-	(418,075)
Net insurance and investment result	620,795	191,138	1,747	64,569	41,505	919,754
Fee and commission income from brokerage activities	-	-	131,049	-	(41,029)	90,020
Net income from all activities	620,795	191,138	132,796	64,569	476	1,009,774
Other operating expenses	(155,301)	(59,877)	(84,379)	(29,999)	(76,139)	(405,695)
Other finance charges	(2,266)	(1,536)	(539)	(2,991)	(86,126)	(93,458)
Operating profit/(loss)	463,228	129,725	47,878	31,579	(161,789)	510,621
Share of after tax profits of associated companies	-	3,713	-	-	6,163	9,876
Profit/(loss) before taxation	463,228	133,438	47,878	31,579	(155,626)	520,497
Taxation	(82,348)	(18,309)	(7,798)	(6,381)	(712)	(115,548)
Profit/(loss) for the period	380,880	115,129	40,080	25,198	(156,338)	404,949
Six months ended 30 June 2023						
Insurance revenue	1,313,498	1,288,343	-	-	-	2,601,841
Insurance service expenses	(1,152,279)	(595,927)	-	-	31,972	(1,716,234)
Net expenses from reinsurance contracts held	(19,533)	(550,279)	-	-	72	(569,740)
Insurance service result	141,686	142,137	-	-	32,044	315,867
Net income from investing activities	889,049	78,694	2,297	55,402	3,966	1,029,408
Net insurance finance expenses	(407,692)	(13,665)	-	-	-	(421,357)
Net insurance and investment result	623,043	207,166	2,297	55,402	36,010	923,918
Fee and commission income from brokerage activities	-	-	118,064	-	(34,197)	83,867
Net income from all activities	623,043	207,166	120,361	55,402	1,813	1,007,785
Other operating expenses	(159,556)	(62,088)	(84,768)	(32,126)	(74,880)	(413,418)
Other finance charges	(1,903)	(1,921)	(449)	(2,270)	(82,158)	(88,701)
Operating profit/(loss)	461,584	143,157	35,144	21,006	(155,225)	505,666
Share of after tax profits of associated companies	-	3,247	-	-	3,577	6,824
Profit/(loss) before taxation	461,584	146,404	35,144	21,006	(151,648)	512,490
Taxation	(102,209)	(17,500)	(6,540)	(4,458)	(685)	(131,392)
Profit/(loss) for the period	359,375	128,904	28,604	16,548	(152,333)	381,098
Total Assets						
30 June 2024	29,056,653	3,848,774	553,357	2,337,378	341,094	36,137,256
30 June 2023	27,736,446	4,293,552	601,510	2,489,500	(150,914)	34,970,094

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 2023 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 2023 audited consolidated financial statements, have also remained unchanged.

Note 2: Restatement

The Group has restated its June 2023 comparative numbers for a non-recurring net fair value gain of \$174 million from the reclassification of financial assets backing life and annuity portfolios being transferred from amortised cost and fair value through other comprehensive income to fair value through the profit or loss. There were also further adjustments related to the implementation of the new IFRS 17 accounting standard in the first year.

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.