

Guardian Holdings Limited

Summary Consolidated Financial Statements

Third Quarter Results to 30th September, 2024

CHAIRMAN'S REPORT

Dear Shareholders,

Consistent with our strategy, we continue to make great strides in perfecting and protecting our core across several dimensions including capital management, risk management, technology investments, operational efficiency, product development and people and culture. The Group's strong capitalisation and diversified business model has 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 Board is pleased to report that for the nine months ended 30th September 2024, the Group recorded unaudited profit attributable to equity shareholders of \$598 million exceeding the prior year's restated results of \$464 million by \$134 million or 29%. This exceptional performance was mainly driven by improved net insurance service result, higher net investment income, higher insurance brokerage fees and commission income and lower other operating expenses partially offset by higher net insurance finance expenses and higher finance charges.

Our positive momentum continued in 2024, delivering another quarter of robust results despite third quarter profits being impacted by additional incurred claims from Hurricane Beryl. Compared to the prior quarter this year, third quarter profits of \$197 million surpassed second quarter performance by \$30 million or 18% mainly due to higher net income from investing activities and lower net insurance finance expenses offset by lower insurance service results, higher operating expenses and higher taxation. Correspondingly, third quarter profits also outperformed the prior year's quarterly profits of \$85 million by \$112 million or by 132% mainly due to higher net income from investing activities and higher insurance service results partially offset by higher net insurance finance expenses.

Before presenting further commentary on the Group's year-to-date financial performance, we highlight that in the prior year's third quarter publication, the Group reported unaudited nine months 2023 results of profit attributable to equity shareholders of \$382 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 year-to-date nine months 2023 comparative results from \$382 million to \$464 million. The succeeding commentary on the 2024 performance of your Group refers to the restated 2023 financial statements as opposed to those previously reported.

Further to highlighting your Group's year-over-year profitability growth achievement of 29% above, we also report that balance

sheet metrics remain strong, and we continue to create value for shareholders in the current operating environment. The Group remains sufficiently capitalised and compliant with regulatory ratios. On September 20, 2024, CariCRIS reaffirmed the assigned ratings of CariAA- on the regional rating scale and jmAAA on the Jamaican national scale for Guardian Holdings Limited with a stable outlook. When compared to the prior year's nine-month results, the Group's equity / book value per share increased from \$15.70 to \$18.58, return on equity increased from 19% to 20%, earnings per share increased from \$2.00 to \$2.58 and interim dividends paid increased from \$0.22 to \$0.23.

Insurance revenue grew by \$363 million or 9% over the prior year mainly from continued growth in core business across the Group's diversified product offerings in the English-speaking and Dutch Caribbean markets. The Life, Health and Pension (LHP) segment contributed insurance revenue of \$2.2 billion, up from \$2 billion in the prior year by \$183 million or 9%. Insurance revenue increased on all lines except Group 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 impacted by a higher level of health claims and directly attributable expenses. Total gross claims paid by the LHP Segment for the current period amounted to \$2.2 billion compared to \$1.8 billion in the prior year.

Property and Casualty (P&C) also reported higher insurance revenue of \$2.2 billion, up from \$2 billion in the prior year by \$180 million or 9%, principally from operations in the Trinidad, 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 largely offset by higher insurance service expenses from higher incurred claim expenses. Total gross claims paid by the P&C Segment for the current period amounted to \$494 million compared to \$325 million in the prior year. The impact of net claims incurred from Hurricane Beryl is reported in the above results. The P&C segment continues to closely manage the general tightening of reinsurance markets. For the reporting period, reinsurance expenses declined over the prior year benefitting from a higher level of incurred claims recovery.

Net income from investing activities increased by \$51 million mainly from higher investment income and higher realized gains partially offset by lower net fair value gains and impairment losses. 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 normalized year-over-year increase in net fair value gains and net income from investing activities of \$119 million and \$225 million respectively. Your Group continues to closely monitor volatile markets and rebalance portfolios, as necessary.

Net insurance finance expenses increased by \$58 million or 11% 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 period, this impact was less favorable to the Group's insurance liabilities; however, the impact was favorable for our clients as they earned higher investment income of \$212 million in the current period due to growth in the policyholders' underlying funds, which resulted in higher expenses for the Group.

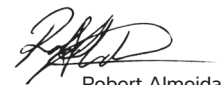
The Insurance Brokerage segment recorded fee and commission income of \$191 million, up 8% from the prior year. This was mainly due to increased income from our operations in the Netherlands, Dutch Caribbean and Cayman Islands.

The Asset Management segment reported a marginal year-over-year decline in after-tax profit for the period of 2% from higher finance charges partially offset by improved net investment income results and 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 \$9 million or 1% year-over-year from a reduction in controllable expenses from the active management of operating expenses.

Your Group remains focused on completing its journey to perfect and protect our core which remains at the heart of our operations, so as to increase the organization's generation of free cash flow per share, which is essential to enabling resilience and sustainable growth. As we continue to implement planned changes, the Group remains resolute on optimizing performance whilst building out the phases of our strategic journey geared toward further technological enhancements, exploring new markets, strengthening our product portfolio, and improving our service delivery.

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



Robert Almeida
Chairman
Guardian Holdings Limited
30th October 2024

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 9-Months Sep 2024 TT\$'000	Unaudited 9-Months Sep 2023 TT\$'000 (Restated)	Unaudited 3-Months Sep 2024 TT\$'000	Unaudited 3-Months Sep 2023 TT\$'000 (Restated)	Audited 12-Months Dec 2023 TT\$'000
Insurance revenue	4,343,210	3,980,196	1,479,005	1,378,355	5,439,385
Insurance service expenses	(2,857,597)	(2,585,887)	(1,054,998)	(869,653)	(3,684,312)
Net expenses from reinsurance contracts held	(872,159)	(904,203)	(212,423)	(334,463)	(1,053,315)
Insurance service result	613,454	490,106	211,584	174,239	701,758
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	606,962	578,618	194,378	192,649	791,611
Investment income from financial assets measured at fair value through profit or loss	440,835	406,967	152,926	152,238	567,020
Net realised gains/(losses) on financial and other assets	53,135	(19,158)	45,470	(8,622)	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)	186,079	67,532	44,159	(71,992)	209,533
Fee income	63,781	61,589	19,568	3,092	84,730
Other income	106,929	108,355	22,360	19,226	147,030
Net impairment (losses)/gains on financial assets	(9,966)	14,476	(38)	44,597	2,197
Investment contract benefits	(52,844)	(48,097)	(19,871)	(16,722)	(64,869)
Net income from investing activities	1,394,911	1,343,874	458,952	314,466	1,914,299
Finance expenses from insurance contracts issued	(589,694)	(523,134)	(169,235)	(103,872)	(787,051)
Finance income/(expenses) from reinsurance contracts held	4,283	(4,360)	1,899	(2,265)	(795)
Net insurance finance expenses	(585,411)	(527,494)	(167,336)	(106,137)	(787,846)
Net insurance and investment result	1,422,954	1,306,486	503,200	382,568	1,828,211
Fee and commission income from brokerage activities	130,137	122,329	40,117	38,462	155,893
Net income from all activities	1,553,091	1,428,815	543,317	421,030	1,984,104
Other operating expenses	(635,007)	(643,516)	(229,312)	(230,098)	(900,176)
Other finance charges	(141,994)	(132,628)	(48,536)	(43,927)	(176,779)
Operating profit	776,090	652,671	265,469	147,005	907,149
Share of after tax profits of associated companies	13,313	9,052	3,437	2,228	15,259
Profit before taxation	789,403	661,723	268,906	149,233	922,408
Taxation	(185,623)	(193,569)	(70,075)	(62,177)	(221,412)
Profit for the period	603,780	468,154	198,831	87,056	700,996
Profit attributable to non-controlling interest	(5,317)	(4,418)	(1,417)	(1,573)	(5,178)
Profit attributable to owners of the company	598,463	463,736	197,414	85,483	695,818
Earnings per share					
- Basic and diluted	\$ 2.58	\$ 2.00			\$ 3.00

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 9-Months Sep 2024 TT\$'000	Unaudited 9-Months Sep 2023 TT\$'000 (Restated)	Unaudited 3-Months Sep 2024 TT\$'000	Unaudited 3-Months Sep 2023 TT\$'000 (Restated)	Audited 12-Months Dec 2023 TT\$'000
Profit for the period	603,780	468,154	198,831	87,056	700,996
Other comprehensive income/(loss)					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations	(45,648)	(40,673)	(25,211)	(19,684)	(38,310)
Net fair value gain/(losses) on debt securities at fair value through other comprehensive income	75,477	(71,869)	80,138	(68,136)	51,754
Net change in allowance for expected credit losses on debt securities at fair value through other comprehensive income	(2,706)	(13,135)	738	(15,852)	(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/(expenses) from insurance contracts issued	36,917	407,430	(45,734)	273,787	298,910
Finance (expenses)/income from reinsurance contracts held	(45)	358	(94)	177	256
Taxation relating to components of other comprehensive income	10,155	(37,011)	6,214	(30,018)	(40,523)
Net other comprehensive income that may be reclassified subsequently to profit or loss	74,150	302,680	16,051	140,274	315,641
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Gains/(losses) on property revaluation	4,980	(6,233)	4,980	(6,233)	(5,746)
Remeasurement of pension plans	(36,912)	22,309	(36,912)	22,309	(1,237)
Remeasurement of post-retirement medical benefit obligations	(2,499)	654	(2,499)	654	(15,282)
Share of other comprehensive income/(loss) of associated companies	125	(43)	42	39	3,148
Taxation relating to components of other comprehensive income	(351)	(320)	(283)	(320)	(3,357)
Net other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss	(34,657)	16,367	(34,672)	16,449	(22,474)
Other comprehensive income/(loss) for the period, net of taxation	39,493	319,047	(18,621)	156,723	293,167
Total comprehensive income for the period, net of taxation	643,273	787,201	180,210	243,779	994,163
Comprehensive income attributable to non-controlling interest	(5,358)	(4,410)	(1,381)	(1,516)	(5,114)
Comprehensive income attributable to owners of the company	637,915	782,791	178,829	242,263	989,049

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Sep 2024 TT\$'000	Unaudited Sep 2023 TT\$'000 (Restated)	Audited Dec 2023 TT\$'000
ASSETS			
Property, plant and equipment	663,436	719,739	707,850
Right-of-use assets	56,202	62,743	60,000
Investment properties	1,565,690	1,557,284	1,554,950
Intangible assets	740,661	659,661	686,385
Investment in associated companies	314,272	313,401	308,775
Investment securities	25,304,527	24,581,395	25,089,815
Loans and receivables	2,397,110	2,033,692	1,979,838
Properties for development and sale	156,028	180,817	167,423
Pension plan assets	81,370	105,261	92,994
Deferred tax assets	179,267	206,050	159,348
Reinsurance contract assets	977,208	881,746	721,646
Insurance contract assets	107,463	104,154	103,003
Taxation recoverable	252,136	193,485	200,388
Cash and cash equivalents	3,973,612	3,075,038	2,955,965
Total assets	36,768,982	34,674,466	34,788,380
EQUITY AND LIABILITIES			
Share capital	1,970,043	1,970,043	1,970,043
Reserves	(441,329)	(537,728)	(519,878)
Retained earnings	2,782,584	2,211,147	2,399,555
Equity attributable to owners of the company	4,311,298	3,643,462	3,849,720
Non-controlling interest in subsidiary	17,288	15,565	11,930
Total equity	4,328,586	3,659,027	3,861,650
Liabilities			
Insurance contract liabilities	23,030,517	22,045,093	22,201,811
Reinsurance contract liabilities	101,998	152,789	130,377
Financial liabilities	3,713,154	3,362,519	3,269,983
Lease liabilities	63,497	71,359	68,012
Investment contract liabilities	2,069,658	2,050,571	2,023,612
Third party interests in mutual funds	1,609,816	1,694,557	1,686,258
Pension plan liabilities	34,576	6,624	17,433
Post-retirement medical benefit obligations	128,210	107,481	122,876
Deferred tax liabilities	327,671	324,623	287,432
Provision for taxation	212,941	206,540	186,483
Other liabilities	1,148,358	993,283	932,453
Total liabilities	32,440,396	31,015,439	30,926,730
Total equity and liabilities	36,768,982	34,674,466	34,788,380

These consolidated financial statements have been approved for issue by the Board of Directors on 30th October, 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
Nine months ended 30 September 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	-	78,549	559,366	637,915	5,358	643,273
Dividends	-	-	(176,337)	(176,337)	-	(176,337)
Balance at end of period	1,970,043	(441,329)	2,782,584	4,311,298	17,288	4,328,586
Nine months ended 30 September 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	-	296,337	486,454	782,791	4,410	787,201
Dividends	-	-	(171,696)	(171,696)	-	(171,696)
Balance at end of period - restated	1,970,043	(537,728)	2,211,147	3,643,462	15,565	3,659,027

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Sep 2024 TT\$'000	Unaudited Sep 2023 TT\$'000 (Restated)	Audited Dec 2023 TT\$'000
Cash flows from operating activities			
Profit before taxation	789,403	661,723	922,408
Adjustment for specific items included on the accruals basis:			
- Other finance charges	141,994	132,628	176,779
- Investment income	(1,074,641)	(1,008,568)	(1,389,124)
Interest and dividends received	1,053,872	965,957	1,377,495
Adjustments for non-cash items	(214,639)	(146,503)	(269,105)
Operating profit before changes in operating assets/liabilities	695,989	605,237	818,453
Change in insurance contract assets/liabilities	899,420	909,663	995,669
Change in reinsurance contract assets/liabilities	(285,093)	(327,253)	(190,167)
Net increase in investment contracts	64,195	47,933	23,021
Purchase of investment securities	(6,865,254)	(8,393,778)	(10,694,492)
Proceeds from sale of investment securities	6,903,493	7,382,512	9,435,507
Purchase of/additions to investment properties	(2,743)	(2,630)	(6,378)
Proceeds from sale of investment property	7,869	22,395	22,473
Additions to properties for development and sale	(2,683)	(13,537)	(16,067)
Proceeds from sale of properties for development and sale	20,703	25,772	28,712
Net increase in loans and receivables	(423,297)	(254,535)	(199,870)
Net decrease/(increase) in other operating assets/liabilities	186,254	(175,041)	(231,840)
Cash provided by/(used in) operating activities	1,198,853	(173,262)	(14,979)
Interest paid	(119,557)	(117,711)	(200,818)
Net taxation paid	(182,898)	(194,284)	(243,112)
Net cash provided by/(used in) operating activities	896,398	(485,257)	(458,909)
Cash flows from investing activities			
Purchase of property, plant and equipment	(26,738)	(34,019)	(48,386)
Proceeds from sale of property, plant and equipment	18,459	718	1,229
Purchase of intangible assets	(43,014)	(9,385)	(24,290)
Net cash used in investing activities	(51,293)	(42,686)	(71,447)
Cash flows from financing activities			
Proceeds from borrowings and repurchase agreements	493,442	207,773	365,603
Repayments of borrowings and repurchase agreements	(84,648)	(175,387)	(391,546)
Payment of principal portion of lease liabilities	(13,265)	(14,117)	(18,658)
Dividends paid to equity holders of the company	(176,337)	(171,696)	(171,696)
Dividends paid to non-controlling interest	-	-	(4,339)
Redemptions from mutual funds	(695,260)	(609,982)	(827,179)
Subscriptions to mutual funds	649,231	759,722	941,462
Net cash provided by/(used in) financing activities	173,163	(3,687)	(106,353)
Net increase/(decrease) in cash and cash equivalents	1,018,268	(531,630)	(636,709)
Cash and cash equivalents at beginning of period	2,955,965	3,609,114	3,609,114
Net impairment gain/(loss)	2,109	5,176	(4,085)
Exchange rate adjustments	(2,730)	(7,622)	(12,355)
Cash and cash equivalents at end of period	3,973,612	3,075,038	2,955,965
Comprising:			
Cash at bank and in hand	2,870,155	2,558,418	2,390,345
Short-term deposits (90 days or less)	1,116,786	530,233	581,434
Cash and cash equivalents	3,986,941	3,088,651	2,971,779
Loss allowance	(13,329)	(13,613)	(15,814)
	3,973,612	3,075,038	2,955,965

Guardian Holdings Limited

Summary Consolidated Financial Statements

Third Quarter Results to 30th September, 2024

Expressed in Trinidad and Tobago Dollars

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
Nine months ended 30 September 2024						
Insurance revenue	2,155,568	2,187,642	-	-	-	4,343,210
Insurance service expenses	(1,796,218)	(1,119,250)	-	-	57,871	(2,857,597)
Net expenses from reinsurance contracts held	(23,831)	(848,437)	-	-	109	(872,159)
Insurance service result	335,519	219,955	-	-	57,980	613,454
Net income/(loss) from investing activities	1,227,498	82,744	4,675	84,483	(4,489)	1,394,911
Net insurance finance expenses	(561,905)	(23,506)	-	-	-	(585,411)
Net insurance and investment result	1,001,112	279,193	4,675	84,483	53,491	1,422,954
Fee and commission income from brokerage activities	-	-	190,516	-	(60,379)	130,137
Net income/(loss) from all activities	1,001,112	279,193	195,191	84,483	(6,888)	1,553,091
Other operating expenses	(252,123)	(94,817)	(129,228)	(44,556)	(114,283)	(635,007)
Other finance charges	(3,712)	(2,018)	(836)	(4,747)	(130,681)	(141,994)
Operating profit/(loss)	745,277	182,358	65,127	35,180	(251,852)	776,090
Share of after tax profits of associated companies	-	3,572	-	-	9,741	13,313
Profit/(loss) before taxation	745,277	185,930	65,127	35,180	(242,111)	789,403
Taxation	(126,545)	(31,651)	(11,559)	(7,355)	(8,513)	(185,623)
Profit/(loss) for the period	618,732	154,279	53,568	27,825	(250,624)	603,780
Nine months ended 30 September 2023						
Insurance revenue	1,973,014	2,007,182	-	-	-	3,980,196
Insurance service expenses	(1,744,655)	(891,136)	-	-	49,904	(2,585,887)
Net expenses from reinsurance contracts held	(2,552)	(901,745)	-	-	94	(904,203)
Insurance service result	225,807	214,301	-	-	49,998	490,106
Net income from investing activities	1,167,468	74,843	2,160	84,234	15,169	1,343,874
Net insurance finance expenses	(510,588)	(16,906)	-	-	-	(527,494)
Net insurance and investment result	882,687	272,238	2,160	84,234	65,167	1,306,486
Fee and commission income from brokerage activities	-	-	175,647	-	(53,318)	122,329
Net income/(loss) from all activities	882,687	272,238	177,807	84,234	11,849	1,428,815
Other operating expenses	(239,505)	(96,740)	(149,166)	(45,620)	(112,485)	(643,516)
Other finance charges	(1,230)	(2,792)	(671)	(3,577)	(124,358)	(132,628)
Operating profit/(loss)	641,952	172,706	27,970	35,037	(224,994)	652,671
Share of after tax profits of associated companies	-	3,751	-	-	5,301	9,052
Profit/(loss) before taxation	641,952	176,457	27,970	35,037	(219,693)	661,723
Taxation	(129,589)	(19,411)	(7,866)	(6,748)	(29,955)	(193,569)
Profit/(loss) for the period	512,363	157,046	20,104	28,289	(249,648)	468,154
Total Assets						
30 September 2024	29,522,540	3,940,456	636,722	2,391,799	277,465	36,768,982
30 September 2023	27,851,074	3,921,674	625,126	2,386,211	(109,619)	34,674,466

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 September 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.