

Management Report 2021

Guardian Group Fatum is a member of the Guardian Holdings Limited (GHL) Group of companies, strongly capitalized financial institutions in the English and Dutch Caribbean with its headquarter in Port of Spain, Trinidad and Tobago where the parent company's shares are listed on the Trinidad and Tobago and Jamaican Stock Exchange as well.

The years 2020 and 2021 brought along tremendous challenges for our Group with the Covid pandemic. The main challenges revolved around the general economic instability among other factors. These adverse environmental factors have already started to abate in 2022. In 2021 our markets were spared from catastrophic losses due to hurricanes.

It is in this context that we are very happy to report that we overcame the main challenges in 2021 and can look back at another very satisfactory year. Our staff demonstrated commitment and resolve in quickly instigating digital channels to service our customers.

This management report is based on the results of the Guardian Group Fatum consolidated figures.

Insurance Operations

Gross Written Premiums (GWP) from all Guardian Group Fatum insurance operations increased by ANG 11.4 Million (3%) to ANG 425.7 Million in 2021 from ANG 414.3 Million in 2020.

Gross Written Premiums from the Property and Casualty operations increased by ANG 16.1 Million or 7% to ANG 256.6 Million (2021) from ANG 240.5 Million (2020) primarily as a result of growth in our Dutch book of business.

Main reasons for the outstanding insurance activities results are lower claims for the General Insurance companies due to lower claims payments resulting from the lockdown. Gross Written Premiums from Health operations decreased by ANG 3.7 Million or 12.5% to ANG 25.6 Million (2021) from ANG 29.3 Million (2020). For Health, the GWP is lower due the shrinking market in connection with the Curacao law I on health insurance business.

Gross Written Premiums of the Life operations decreased by ANG 1.0 Million (1%) to ANG 143.5 Million (2021) from ANG 144.5 Million (2020). The Life insurance operational results are positively influenced by lower Net claims incurred in 2021 compared to 2020.

In our successful brokerage line of business, we have seen our fee income grow; We have been servicing considerably more fee income with the same efficient organizational infrastructure.

Investments

Higher income from investing activities of ANG 9.6M was due to the following

- Investment income increased by ANG 0.1 Million. This was largely attributed to more interest income from the held to maturity portfolio (local government bonds and deposits). We capitalized on increasing rates on time deposits to maximize returns on any excess cash.
- Other revenue was ANG 4.7 Million higher due to favorable foreign exchange results of ANG 3.8 Million higher mostly on the Euro positions and higher interest on group life current accounts.

Operating expenses

The Guardian Group Fatum operating expenses increased slightly by ANG 6.6 Million (6%) to ANG 118.9 Million in 2021 from ANG 112.3 Million in 2020.

We continued with a project to realize optimal efficiencies via digitizing and implementing robotics in our Life, General Insurance and Finance departments. We continue to seek inorganic growth opportunities while rigorous cost control throughout the Group; this remains a key performance objective.

Combined results

The combined results for Guardian Group Fatum Life, Health and General Insurance business for the year 2021 as included in the financial highlights was ANG 35.4 Million, as compared to ANG 36.8 Million in 2020. The key technical ratios of all lines of business remained satisfactory despite the difficult circumstances. The Guardian Group Fatum solvency position continued to be strong and well in excess of the local requirements of the Central Bank of Curaçao and Sint Maarten and the Central Bank of Aruba and remains a solid base for future growth of our company.

Change in accounting policy

One of the most defining events for the global insurance industry is undoubtedly the issuance of the new insurance accounting standard, IFRS 17, after a two-decade long journey embarked upon by the International Accounting Standard Board (IASB). It is the first comprehensive international accounting standard for insurance contracts. Our Group has already started preparing for the implementation of IFRS 17 to ensure timely and complete compliance with this new standard which is effective from January 1, 2023.

Strategic initiatives

In 2021 we continued working on the implementation of a new strategic plan designed to create an organization geared towards retaining and growing our customer base through an enhanced customer experience. We are happy to report that many positive impacts of our plan are starting to become evident and have significantly contributed to our results.

We will continue to deploy our plan which includes increased levels of automation, straight-through-processing, customer self-service and data-analytics.

Moving forward, with confidence

In 2021 we continued to work on a variety of initiatives to make our companies ready for the future challenges. The effects are already becoming visible. Developments with regard to climate change are being closely monitored.

The geopolitical situation in Eastern Europe intensified in February 2022, with Russia's invasion of Ukraine. Guardian Group Fatum does not have direct exposure to Ukraine, Russia, or Belarus, nor do we expect to have material indirect exposures regarding to the sanctions imposed.

In closing, we would like to thank our shareholders and customers for their loyalty to Guardian Group, as well as our staff for their energy and commitment in pursuing our vision of becoming a world-class insurer.

Curaçao, 30 June 2022



Diego Fränkel,
President & CEO Fatum Holding

Independent Auditor's Report on the financial highlights of Fatum Life N.V., Fatum Health N.V. and Fatum General Insurance N.V.

Our opinion

The accompanying financial highlights 2021 of Fatum Life N.V., Fatum Health N.V. and Fatum General Insurance N.V., based in Curaçao are derived from the 2021 Annual Reports Automated Statements ("ARAS") of Fatum Life N.V., Fatum Health N.V. and Fatum General Insurance N.V. for the year ended December 31, 2021.

In our opinion the financial highlights are consistent, in all material respects, with the ARAS of Fatum Life N.V., Fatum Health N.V. and Fatum General Insurance N.V. in accordance with the Provisions for the Disclosure of Consolidated Financial Highlights of Insurance Companies issued by the Central Bank of Curaçao and Sint Maarten ("CBCS").

Financial Highlights

The financial highlights do not contain all the disclosures required by the Life insurance annual statement composition and valuation guidelines and the General insurance annual statement composition and valuation guidelines issued by the CBCS. Reading the financial highlights and our report thereon, therefore, is not a substitute for reading the audited ARAS of Fatum Life N.V., Fatum Health N.V. and Fatum General Insurance N.V. and our auditor's report thereon. The financial highlights of Fatum Life N.V., Fatum Health N.V. and Fatum General Insurance N.V. do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the ARAS of 30 June 2022.

The audited ARAS of Fatum Life N.V., Fatum Health N.V. and Fatum General Insurance N.V. and our auditor's report thereon

We have audited the ARAS of Fatum Life N.V., Fatum Health N.V. and Fatum General Insurance N.V. for the year ended December 31, 2021, from which these financial highlights consisting of balance sheet, explanatory notes to the balance sheet, profit and loss statement and analysis of unassigned earnings, were derived. These highlights have been completed in accordance with the Bank's Reporting Guidelines.

In our auditor's report dated 30 June 2022 we expressed an unmodified opinion on the ARAS from which these financial highlights were derived.

In our opinion, the disclosed financial highlights are consistent, in all material respects, with the ARAS from which they have been derived.

Responsibilities of the board of directors and the supervisory board of directors for the financial highlights

The board of directors is responsible for the preparation of the financial highlights derived from the ARAS, in accordance with the Provisions for the Disclosure of consolidated Financial Highlights of Insurance Companies. The supervisory board of directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the financial highlights

Our responsibility is to express an opinion on whether the financial highlights are consistent, in all material respects, with the ARAS, based on our procedures, which we conducted in accordance with international Standard 810 'Engagements to report on summary financial statements'.

Curaçao, 30 June 2022

Grant Thornton Curaçao
Marisol Roosberg RA

Notes to the Balance Sheet

Basic Principles

The financial highlights have been derived from the Annual Reports Automated Statements (ARAS) which are prepared in accordance with the Annual Statement Composition and Valuation Guidelines issued by the Central Bank of Curaçao and St. Maarten (CBCS). The accounting principles applied for the preparation of the ARAS follow the accounting principles used in the preparation of the financial statements of the Fatum Life N.V., Fatum Health N.V. and Fatum General Insurance N.V. The Entities applied International Financial Reporting Standards (IFRS).

The figures presented for each individual company in the financial highlights are unconsolidated. The significant accounting policies are set out below. These policies have been consistently applied in all the years presented, except as described below.

1. Office buildings and properties are stated at fair values less straight-line depreciation over the estimated useful lives of these assets. All other property, plant and equipment are stated at cost less straight-line depreciation over their estimated useful lives.
2. Since 2019 Fatum Life N.V. adopted IFRS 16 Leases. The right-of-use asset of leased properties are initially measured at cost and subsequent is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.
3. Unconsolidated affiliated companies and participations are accounted for using the equity method of accounting.
4. Current assets and financial assets include cash and short-term deposits, investment in debt and equity securities, interest receivable, receivables arising from insurance contracts and reinsurance contracts and other loans and receivables. The financial assets are measured as follow:
 - a. Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The carrying amounts of these assets are adjusted by any expected credit loss allowance recognised. Investments in local corporate bonds, government bonds of Curaçao and Aruba and deposits have been classified at amortised cost. In addition, commercial loans, policy loans, mortgage loans, receivables from insurance contracts and reinsurance contracts and other receivables are carried at amortised cost.
 - b. Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other

Financial Highlights Balance Sheet

(In Thousands of ANG)

	Fatum Life N.V.		Fatum Health N.V.		Fatum Gen. Ins. N.V.	
	2021	2020	2021	2020	2021	2020
ASSETS						
Non-Admissible Assets	73,018	88,761	-	-	468	-
Investments:						
Real Estate	40,135	41,680	-	-	-	-
Unconsolidated Affiliated Companies and Other Participations	93,501	87,147	-	-	31,469	28,711
Stocks	89,220	78,707	-	-	318	638
Bonds and Other Fixed Income Securities	549,573	557,510	63,733	66,570	25	25
Participation in Non-Affiliated Investment Pools	-	-	-	-	-	-
Mortgage Loans	33,595	24,006	-	-	-	-
Other Loans	152,023	140,449	-	-	18,001	13,209
Deposits with Financial Institutions	147,458	127,920	263	1,341	27,462	29,335
Other Investments	-	-	-	-	-	-
Current Assets	73,655	66,642	9,372	4,380	101,760	86,427
Other Assets	3,237	2,116	159	90	3,294	2,011
From Separate Accounts Statement	6,521	6,581	-	-	-	-
TOTAL	1,261,936	1,221,519	73,527	72,381	182,797	160,356
EQUITY, PROVISIONS AND LIABILITIES						
Capital and Surplus						
Capital	46,637	46,637	6,194	6,194	32,730	32,730
Surplus	185,669	187,845	40,215	37,304	65,702	52,875
Less Treasury Stock	-	-	-	-	-	-
Subordinated Instruments	-	-	-	-	-	-
Provisions for Insurance Obligations						
Net Technical Provision for Life Insurances	994,906	953,950	-	-	-	-
Net Technical Provision for Accident and Sickness	-	-	-	-	-	-
Net Unearned Premium Provision	-	-	-	-	8,789	9,786
Net Claim Provision	-	-	3,568	4,558	20,005	19,081
Net Claim Adjustment Expense Provision	-	-	217	250	-	-
Funds Provision	-	-	-	-	-	-
Net Other Technical Provisions	-	-	7,019	9,520	-	-
Other Net Policy and Contract Provisions	6,735	6,947	-	-	-	-
Other Provisions and Liabilities	-	-	146	366	1,063	671
Current Liabilities	21,040	18,985	16,168	14,189	54,508	45,213
Other Liabilities	428	574	-	-	-	-
Contingent Liabilities	-	-	-	-	-	-
From Separate Accounts Statement	6,521	6,581	-	-	-	-
TOTAL	1,261,936	1,221,519	73,527	72,381	182,797	160,356

Profit & Loss Statement

	2021	2020	2021	2020	2021	2020
(Net Earned) Premiums and Other Policy Considerations	80,234	79,614	15,901	18,013	46,443	49,365
and Realized Capital Gains and Losses	58,361	54,693	3,249	3,378	3,988	5,621
Net Other Operational Income	2,496	720	(498)	(443)	1,436	640
Net Benefits / Claims Incurred	61,650	66,770	7,032	9,675	18,636	15,460
Change In Provisions for Insurance Obligations	43,429	28,366	-	-	-	-
Net Changes In Various Other Provisions	-	-	(2,501)	1,926	-	-
Net Claim Adjustment Expenses Incurred	-	-	(33)	(47)	-	-
Net Operational Expenditures / Underwriting Expenses Incurred	19,925	19,747	8,991	7,911	14,545	13,035
Net Other Operational Expenditures Incurred	907	1,480	82	394	1,832	1,105
Net Transfers to or from Separate Accounts	-	-	-	-	-	-
Other Changes Affecting Net Results	-	-	-	-	-	-
Profit Sharing to Policyholders	533	873	-	-	-	-
Extraordinary Results	-	-	-	-	-	-
Net Operational Results Before Corporate Taxes and Net Results From Separate Accounts	14,647	17,791	5,081	1,089	16,854	26,026
Corporate Taxes Incurred	(422)	1,011	2,170	463	2,684	3,112
Net Operational Results After Corporate Taxes and Before Net Results From Separate Accounts	15,069	16,780	2,911	626	14,170	22,914
Net Results from Separate Accounts	52	(27)	-	-	-	-
Net Operational Results	15,121	16,753	2,911	626	14,170	22,914
Net Unrealized Gains or Losses	3,194	(3,482)	-	-	-	-
Net Profit or Loss	18,315	13,271	2,911	626	14,170	22,914

Analysis of Unassigned Earnings

	2021	2020	2021	2020	2021	2020
Unassigned Earnings (Beginning of Year)	144,493	132,717	37,304	37,828	52,875	31,189
Net Profit or Loss	18,315	15,271	2,911	626	14,170	22,914
Distribution of Accumulated Earnings	-	3,495	-	1,150	-	2,141
Other Changes In Unassigned Earnings	-	-	-	-	(1,343)	913
Unassigned Earnings (End of Year)	162,808	144,493	40,215	37,304	65,702	52,875

Investment exhibit

	ANG	%	ANG	%	ANG	%
Investments						
In Curaçao and Sint Maarten	316,509	28,6%	263	0,4%	53,790	69,6%
Outside Curaçao and Sint Maarten	788,996	71,4%	63,733	99,6%	23,485	30,4%
Total Investments	1,105,505	100,0%	63,996	100,0%	77,275	100,0%

Fatum Life N.V., Fatum Health N.V. and Fatum General Insurance N.V. are insurance companies registered in Curaçao.

Notes to the Balance Sheet (continued)

comprehensive income. Movements in the carrying amount are taken through other comprehensive income except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. Foreign bonds have been classified as fair value through other comprehensive income.

- c. Equity investments are measured at fair value through profit or loss. Changes in the fair value of equity are recognized in the Profit & Loss.
5. Other assets include Furniture, Equipment and Vehicles which are stated at historical cost less accumulated depreciation.
6. At each reporting date, on a forward-looking basis, the expected credit losses (ECL) associated with the financial assets measured at amortised cost and fair value through other comprehensive income are assessed. Loss allowances for ECL are presented as follow:
 - a. Financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets in the balance sheet. Movement in ECL is recognised in the statement of income.
 - b. Debt instruments measured at fair value through other comprehensive income: the loss allowance is recognised in other comprehensive income with the corresponding entry recognised in the statement of income. The loss allowance does not reduce the carrying amount of the financial asset in the balance sheet.
7. For Life insurance, capitalized interest rate rebates are amortized at annual rate of 15% during the first four years and 10% during the next four years.
8. For Health Insurance provision for outstanding claims is calculated as a percentage of the net premium earned based on experience ratios of previous years. This provision is calculated on a non-actuarial basis.
9. For General Insurance provision for outstanding claims are stated at estimated cost per event. This provision is calculated on a non-actuarial basis.
10. The (reinsured) provision for life policy liabilities is principally calculated according to the net reserve method using mortality tables and interest rates customary in the industry, almost without exception in the range of 3-4%. This provision is calculated on an actuarial basis.
11. The Entities manage their insurance risks through their underwriting strategies, adequate reinsurance arrangements and proactive claims handling. The Entities only contract reinsurance protection with reinsurance companies that are at least "A-" rated.
12. Other Technical Provisions consist mainly of the aging reserve, which is used to compensate for the shortage in premiums charged for the elderly insured. The release of the aging reserve is meant to cover the difference between the targeted claims ratio and the operational claims ratio. The ageing reserve amounts to ANG 5,690 as per December 31, 2021 (2020: ANG 6,699).
13. Other and current liabilities consist of ceded premiums to reinsurance, accrued expenses, premiums received in advance, credit balances to agents and lease liability. All other and current liabilities are shown at face value, except for the lease liability (refer to note 2).

Contingent Liabilities

There is no contingent liability to report by year end 2021.

Capital and or Surplus Commitments

As of December 31, 2021, there are no commitments to report.

Covid-19 Pandemic

Since the year 2020 the Entities had to deal with the consequences of the COVID-19 virus.

With COVID-19's significant impact on economic activity and employment levels at a local and regional level, consumer's spending power has reduced significantly over a short period.

While uncertainty remains about the speed of economic recovery, the trajectory has undoubtedly been positive, with the development and distribution of vaccines and the gradual reopening of economies worldwide. The Entities assessed the impact of the COVID-19 virus and foresee no increased risk on the going concern of the Entities.

Subsequent events

In February 2022, in response to the violation of Ukraine's sovereignty, various sanctions were issued against Russia, Belarus, and parts of Ukraine. Fatum Life N.V., Fatum Health N.V. and Fatum General Insurance N.V. do not have direct exposure to Ukraine, Russia, or Belarus, nor do we expect to have material indirect exposures adhered to the sanctions imposed, i.e. the Entities closely monitor all transactions and assess them on an individual basis. However, the economic consequences of the situation in Ukraine and their impact on the Entities are at this time difficult to estimate.

There have been no other material post balance sheet events that could require disclosure or adjustment to the financial highlights of 31 December 2021.